

September 7, 2020

BSE Limited  
Corporate Relationship Department  
P.J. Towers, Dalal Street,  
Fort, Mumbai – 400001.

Dear Sir,

**Sub: Filing of Annual Report of the Company for the year ended 31<sup>st</sup> March, 2020**

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith 30<sup>th</sup> Annual Report for the year 2019 - 20 alongwith AGM Notice.

Kindly take the Annual Report on your records and upload the same on your website.

For **Black Rose Industries Limited**



**Nevil Avlani**  
**Company Secretary and Compliance Officer**

**Black Rose Industries Ltd.**

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**Factory : Shree Laxmi Co-op. Industrial Estate Ltd., Hatkanangale, Dist. Kolhapur, Maharashtra, INDIA**

**CIN: L17120MH1990PLC054828**



# Inflection Point

**BLACK ROSE**

BLACK ROSE INDUSTRIES LIMITED | ANNUAL REPORT 2019-20

## Inflection Point

Black Rose Industries Limited has been in existence for nearly three decades.

During this period, the Company extended from one business (distribution) to another (manufacture); within the manufacturing segment, the Company integrated forwards to the manufacture of a value-added product (which is now being reinforced with yet another round of value-added product manufacture).

The principal message that the Company intends to communicate is that the time has come to make the big leap in terms of scale, revenue, profitability and visibility.

The Company is at a springboard in its existence from where growth and value-enhancement will be quicker and more pronounced.

*We call it an inflection point.*

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#### Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



## Corporate snapshot

## Black Rose Industries Limited

A complementary model of two businesses –  
of chemical distribution and manufacturing.

Addressing the complete needs of clients.

Reinforcing the Company's position as a  
single-stop solution provider.

Taking the business of its customers ahead.



## Our vision

At Black Rose, we aim to be the leader in our products and markets by providing high quality service to our customers. We pursue excellence in all that we undertake and take steps to continuously improve ourselves. And through the innovative application of our knowledge and our infrastructure, we aim to grow profitably and responsibly.

## Management

The Company is being stewarded by Anup Jatia, Executive Director. Mr Jatia possesses 25 years of experience in global chemicals distribution and manufacturing activity with a rich global understanding of businesses, cultures and practices. He has been working closely with global manufacturing companies in accessing their technologies and processes in India.

## Board

Black Rose is managed professionally and its strategic direction is stewarded by a competent Board comprising eminent professionals drawn from various sectors, translating into a high standard of governance.

## Business

The Company is engaged in the business of distribution and manufacturing a range of speciality and performance chemicals, making it possible to service the anytime, anywhere and any quantity needs of customers.

## Manufacturing

The Company's manufacturing operations are located in Jhagadia, Gujarat. The Company commissioned India's first acrylamide plant in FY14, which now has an installed capacity of 20,000 MTPA for merchant sales and additional capacity for captive intermediate monomer requirements. The Company comprises an installed capacity of polyacrylamide liquid (40,000 MTPA) and polyacrylamide solid (10,000 MTPA under commissioning).

## Applications

Acrylamide: A speciality monomer used in the manufacture of polyacrylamides, which are in turn consumed in a number of downstream industries

Polyacrylamides: A class of performance chemicals used primarily in the water treatment and oil & gas sectors. They are also used in the production of ceramic tiles, paper, paint emulsions, textile, printing inks and sugar, among others.

## Distribution

The Company is engaged in the import and distribution of chemicals, working with brand-enhancing international principals. This business provides the Company with a ground-level understanding of and exposure to the Indian chemical market realities; it also reinforces the Company's foundation. The Company is engaged in chemical distribution within Japan through B.R. Chemicals Co., Ltd., its 100% subsidiary.

## Other businesses

The Company is engaged in the manufacture of fabrics and made-ups for industrial applications at Kolhapur (Maharashtra) coupled with renewable energy (wind energy installations in Gujarat and Rajasthan). These businesses contribute less than 1% to the Company's revenues.

## Financial performance

- Total revenue for FY 2019-20 was ₹ 253.14 crores compared to ₹ 214.24 crores in FY 2018-19
- Earnings before interest, depreciation, tax and amortisation (EBIDTA) for FY 2019-20 was ₹ 31.29 crores compared to ₹ 23.82 crores in FY 2018-19
- Profit before tax for FY 2019-20 was ₹ 26.41 crores compared to ₹ 18.58 crores in FY 2018-19
- Profit after tax for FY 2019-20 was ₹ 19.95 crores compared to ₹ 13.29 crores in FY 2018-19
- For FY 2019-20, the Company proposed a dividend of ₹ 0.35 per equity share i.e. 35%.

## International certifications

ISO 9001  
ISO 14001  
OHSAS 18001 (TUV Austria)  
EcoVadis

## Our brand-enhancing principals

### Japan

Koei Chemicals Co., Ltd.  
Kuraray Co., Ltd.  
Mitsubishi Gas Chemical Co., Ltd.  
Mitsui Chemicals, Inc.  
MT Aqua Polymer, Inc.  
Nippon A & L Inc.  
Okahata & Co. Ltd.  
Sumitomo Chemical Co., Ltd.  
Sumitomo Seika Chemicals Co., Ltd.  
Sun Medical Co., Ltd.  
Taoka Chemical Co., Ltd.  
Toray Fine Chemicals Co., Ltd.

### Germany

European Salt Company GmbH & Co.  
LANXESS Deutschland GmbH

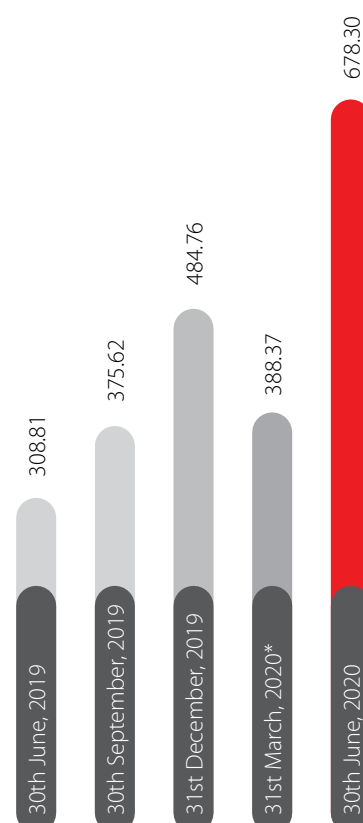
### Thailand

Bara Chemical Co. Ltd.  
GC Glycol Co., Ltd.

### China

Hebei Chengxin Co., Ltd.  
Shandong Exceris Chemical Co. Ltd.

## Growing market capitalisation (₹ in crores)



\* Market capitalisation was disrupted due to Covid-19 but subsequently recovered to pre-Covid levels

# How we performed in the last few years

## Operating revenues

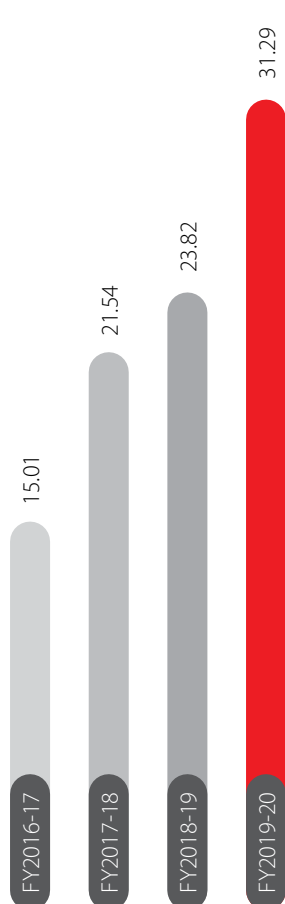
(₹ in crores)



**Outcome:** Aggregate sales increased by 18.17% to ₹ 252.29 crores in FY2019-20 due to increase in business operations.

## EBITDA\*

(₹ in crores)

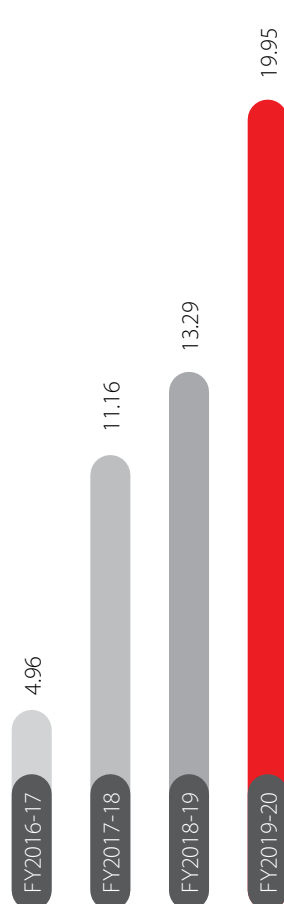


**Outcome:** The Company generated an attractive increase in EBITDA despite sectorial challenges.

*\*EBITDA is net of extraordinary expenses*

## Profit after tax

(₹ in crores)



**Outcome:** The Company reported a 50.11% growth in net profit following a growth in business throughput that helped amortise fixed costs effectively.

## EBIDTA margin

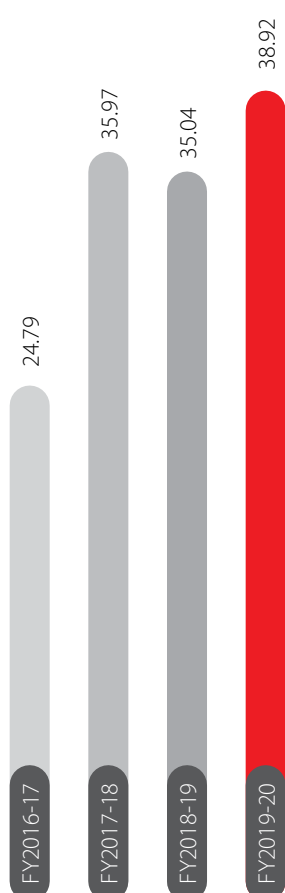
(%)



**Outcome:** The Company reported a 124 bps increase in EBIDTA margin in FY2019-20 due to superior realisations.

**ROCE**

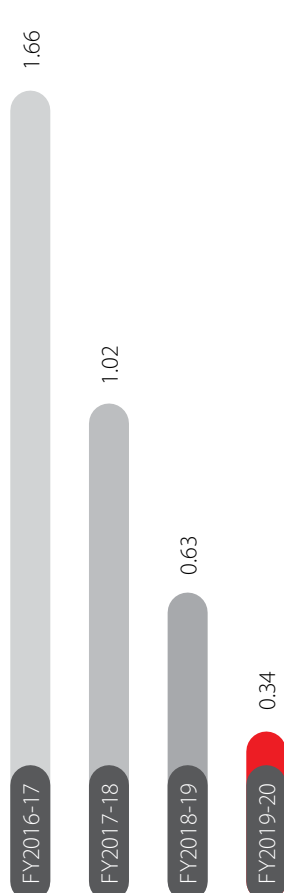
(₹ in crores)



**Outcome:** The Company reported a 387 bps increase in ROCE during FY2019-20.

**Gearing**

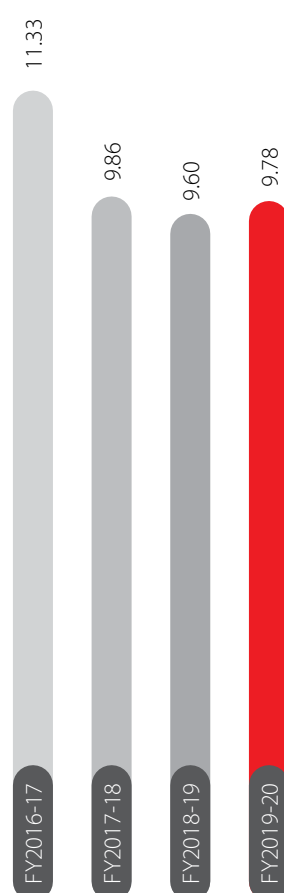
(X)



**Outcome:** The Company's gearing improved by 0.29x on account of debt repayment and increased net worth.

**Average debt cost**

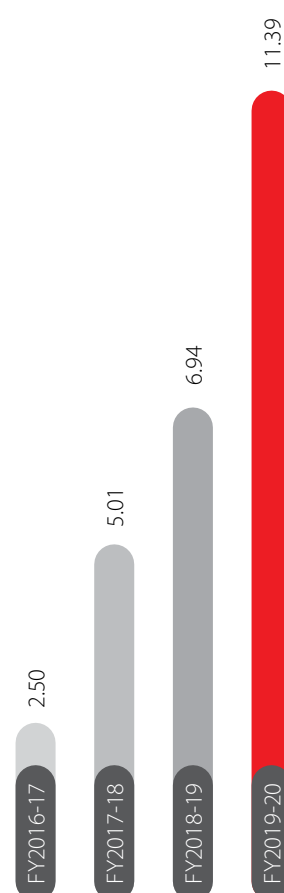
(%)



**Outcome:** This ratio should ideally be read in conjunction with net debt/operating profit (an increase indicating higher liquidity). The debt cost of the Company increased 17 bps during the year.

**Interest cover**

(X)



**Outcome:** The Company's interest cover strengthened by 445 bps during the year, indicating superior liquidity.





This is what we have been



A steady growth  
relationship-driven  
company



Engaged in two  
knowledge-driven  
businesses



Engaged in product  
distribution and  
manufacturing



Enhancing value for  
shareholders

## Our performance ambition

To be a respected integrated (distribution to manufacture to integrated manufacture) player in the speciality and performance chemicals niche in India

### Operating revenues

**252.29**

₹ in crores,  
2019-20

**650**

₹ in crores,  
2022-23  
(projected)

### Distribution business

**15.08**

% CAGR in revenues  
in three years ending  
2019-20

**>15**

% projected annual  
growth in revenues from  
this point onwards

## This is what we want to be



Engage in a larger basket of products to distribute and manufacture



Adding value across a larger scale and wider portfolio



Deeper focus on enhancing shareholder value in a substantial way



Strengthen focus on environment, society and governance

### Acrylamide manufacturing capacity

**14,000**

TPA capacity at the start of 2019-20

**32,000**

TPA capacity at the end of 2019-20

### Polyacrylamide capacity

**0**

TPA capacity at the start of 2019-20

**40,000**

TPA capacity at the end of 2020-21

# How we have made governance our foundation at Black Rose



## Focus

We have selected to focus on the manufacture and marketing of speciality and performance chemicals. We believe that this space is not commoditised, marked by relatively low competition. Engagements are based on a holistic appreciation of the value that a vendor like us can bring to the customer's table, providing us with superior margins and organizational stability that makes it possible to reinvest in the business without stretching the Balance Sheet. Over the years, our focus on the distribution and manufacture of speciality and performance chemicals has positioned us as a responsive solutions provider, strengthening our profitability, sustainability and respect.



## Governance at our core

Our commitment is not cosmetic; it is lived in various ways including a stated strategic direction that enhances stakeholder clarity, professionalisation of the management, investment in systems and processes, delegation of authority and accountability to executives and promoters seeing their role as trustees of stakeholder interests.



## Controlled growth

We believe that sustainability is generated through controlled and manageable growth as opposed to one-off profitability spikes. The Company allocated accruals and debt (moderate) into incremental investments, strengthening its Balance Sheet.



## Trust

At Black Rose, it would be easier to state that we are in the business of evoking and protecting trust. We believe that trust is the underlying element why customers seek material from us and, in doing so, share some of their privileged information, why vendors provide us resources, why employees trust their careers to us, why investors provide us risk capital, why financial partners provide debt and why communities support us. The result is that governance is not peripheral but integral to our existence.



## Long-term

We have invested in our business with a long-term focus. This approach has influenced virtually everything we have done including capital allocation (across locations, business segments of presence, selection of stakeholders, assets, technologies, brands, products and trade partners). This commitment to the long-term has replaced an arbitrage-driven approach with the perspective of long-term value creation



## Board of Directors

Our strategic navigation is influenced by our Board of Directors. This makes our Board the principal driver of what we are and what we do. We have prioritised Board composition, which comprises individuals of standing who have enriched our values, experience, multi-sectoral business understanding and strategic quality.



### Eco-system

We recognise the critical importance of addressing the needs of all stakeholders – employees, vendors, customers, community, shareholders and the government – in a sustainable way. We provide adequate value that makes it possible for them to benefit from our relationship, re-invest in their business and possess adequate capacity to service our growing needs. In doing so, we have not just grown our company; we have created an eco-system of relationships and alliances that has made our business sustainable.



### Process-driven

We believe that growth is best catalysed through processes and systems, leveraging information technology on the one hand and secured through checks and balances on the other. As an extension of this reality, we are increasingly data-driven, drawing information from across every aspect of our operations, which are in turn compared with retrospective averages and benchmarks leading to data-based decision-making.



### Doing things the right way

We are committed to doing the right things in the right way. We will not engage in anything remotely suspect and running against the established norms of moral values. We would rather walk away from business than compromise our ethical integrity. Over the years, this commitment has manifested in various ways within: our gender respect, intolerance for sexual harassment, impatience with ethical misconduct, openness to recruit without partialness, respect for the dignity of whoever we work with and the integrity of the environment. This approach has enhanced organisational clarity and predictability, which, in turn, has attracted like-minded stakeholders (resource providers, dealers, customers, employees and financial partners). The aggregate consolidation of stakeholders around this commitment has helped create an eco-system that is on the same ethical page.



### Audit and compliance-driven

We strengthened our audit-driven and compliance-driven approach, reinforcing the integrity of our financials. Our compliance process automation has graduated us from a paper-driven to digital discipline marked by alerts and stage-wise escalation of issues.



### Health, safety and environment

Our trust-driven culture has been reinforced by an impeccable Health, Safety & Environment track record. Our operations are clean, environmentally responsible and structured around moderated carbon footprint.



### Pride

We play the game for respect and pride. We resolved that when stakeholders referred to us, they would do so with a sense of respect; that when one asked about what kind of company we were, the principal recall would be one of 'people who can be trusted' and 'If Black Rose is addressing what we need, it will generate a solution that will meet or exceed expectations.'

*This is how we have grown our company and this is how we expect to conduct business going ahead.*



## Performance review, 2019-20

“At Black Rose, we believe that our substantial growth will enhance shareholder value as the Company is virtually debt-free; its integrated business is marked by high margins.”



Anup Jatia, Executive Director, reviews the 2019-20 performance of the year

**Was the management pleased with the performance of the Company during the year under review?**

The management was pleased with the way it performed during the year under review. At a time when the business climate turned sluggish – decline in growth rates of the global and Indian economies – Black Rose reported profitable growth. The Company revenues grew 18.17% and profit after tax strengthened 50.13%, which validates the competitiveness of our business model.

**What reasons translated into profitable growth?**

The Company reported higher sales volumes during the year under review. This endorses the fact that Black Rose delivered a superior value proposition to customers that made it possible to grow market share and wallet share in 2019-20. This resulted in an appreciable growth in our distribution and acrylamide business during the year under review, while we commenced the production of polyacrylamide that is likely to be scaled during the current financial year. I am pleased to report that the Company reported a contrarian performance that addressed the challenging realities of the day on the one hand and also strengthened the business foundation to generate disproportionate growth across the foreseeable future.

**How did the Company grow its distribution business?**

The biggest achievement of our distribution business was that at a time of subdued demand for speciality and performance chemicals, it grew 26.96% to ₹ 173.42 crores in revenues. The health of our business was reflected in that the business retained customers from the previous year; around 60% of our revenues were derived from customers engaged with us for three years or more. This foundation of volume visibility made it possible for this business to outperform the growth of the speciality and performance chemicals sector in 2019-20.



Besides, the Company negotiated larger allocations of specific fast-moving products from its international principals. The Company widened its product mix. We protected our overall service proposition that comprised timely product delivery, consistently high quality standard and stable terms of trade. The result of these reliability-enhancing attributes was that the Company protected its brand and position as a go-to partner.

#### **What is the outlook for the distribution business?**

The Company capitalised on a structural shift where downstream customers are moving away from traders towards organised distribution partners (like Black Rose). The traction is on account of various realities: that organised distributors do not just provide products but secure supply chains; that these distributors do not seek fleeting arbitrage opportunities as much as they seek relationship sustainability; that distributors do not shift from trading one product to another based on short-term market developments but develop long-term commitments to products and grades that enhance customer reliability.

#### **How did the Company's manufacturing business perform in 2019-20?**

The Company's manufacturing business (acrylamide and polyacrylamide) grew on the back of the same reasons that catalysed the growth of its distribution business. The Company focused on enduring relationships with customers that extended beyond price considerations to quality stability and timely delivery. The Company complemented this focus with a broad-based sectorial mix of customers that de-risked the business from an excessive dependence on a few sectors; the Company increased exports by 7.35% over the previous year that broad-based its presence from one country to ten countries; the Company addressed a growing traction of customers seeking non-China suppliers. The Company competently managed its raw material costs, protected mutual (customer and

proprietary) interests at a time of declining realisations and generated a larger share of volumes from transparent formula-based sales where the Company was seen as responsible even during volatile price movements.

#### **How did the Company take its acrylamide business ahead in 2019-20?**

The Company increased its acrylamide capacity for merchant sale by 43% during the year under review, effective from January 2020. We believe that the ₹ 4.1 crores expansion represents a game-changer: by the virtue of a large capacity expansion at a nominal capital expenditure, the Company significantly moderated its capital cost per tonne. The Company now possesses a competitive moat – global cost leadership - that should translate into rapid profitable growth. Besides, the Company's acrylamide conversion cost is attractively low as well, resulting in a dual advantage. We believe that the combination of scale and margins should translate into a substantial multi-year growth opportunity for the acrylamide business from this point onwards. We enjoy robust customer relationships; our product integrity has been established; we are more competitive than imports and we expect to market all our incremental output during the current financial year. Given the fact that our aggregated acrylamide capacity is only around 1% of the global appetite for this product and we have adequate space within our manufacturing facility to accommodate subsequent growth phases, we enjoy a positive visibility to grow our presence global across the foreseeable future.

#### **What is the outlook for the Company's polyacrylamide business?**

Polyacrylamide liquids were introduced towards the end of the last financial year. The time taken to grow this business is generally long on account of the various customer evaluations and performance trials needed during the approval process. The result is that growth from this business

The Company reported higher sales volumes during the year under review. This endorses the fact that Black Rose delivered a superior value proposition to customers that made it possible to grow market share and wallet share in 2019-20.

could be slow but secure because customers who engage with us once are likely to stay engaged across the long-term. The polyacrylamide liquids business that was commissioned during the last financial year will be complemented by the polyacrylamide solids business in the coming years.

#### **Where will the expansion of the manufacturing business graduate the Company across the foreseeable future?**

The expansions will prove to be a game-changer; they will provide Black Rose with attractive scale in products marked by a greater demand than supply in India as well as large international market opportunities. The Company is expected to grow standalone operating revenues from ₹ 252.29 crores in 2019-20 to an estimated ₹ 650 crores by FY 2022, indicating that the growth we have achieved in the last number of years is likely to be compressed into just the next few years.

At Black Rose, we believe that this substantial growth will enhance shareholder value as the Company is virtually debt-free; its complementary business model is marked by high margins. In view of this, we are optimistic of enhancing shareholder value across the coming years.

## Business model

# How we have selected to do business

## Solution provider

At Black Rose, we have positioned ourselves as an importer, distributor and manufacturer of a wide range of speciality and performance chemicals. The complement of what we import

and manufacture makes us a preferred vendor; our customers trust that whenever they have large, niche or unexpected requirements, we will leverage our extensive procurement network (captive

or outsourced) to provide material of the highest quality standard – on time and anywhere.

## Prudent expansion policy

We believe in phased capacity expansions. The Company believes in investing in production capacities, seeding products

in the market through its distribution network for some products or introducing products with large existing demand,

building markets, scaling capacity (at a capital cost lower than the greenfield quantum) and integrating forwards.

## Core products

We have selected to be present in the speciality chemicals and performance chemicals spaces. We believe that these spaces are large and growing; realisations

are less volatile than the commodity chemicals segment; decisions of purchase are not influenced completely by the lowest tendered price. Besides, the space

where we are present makes it possible to either grow production capacity or extend into adjacent synergic spaces.

## Knowledge-driven

By the virtue of being present in a well-sized distribution business, we possess a deep understanding of the eco-systems of our principals and customers. This reality

often provides a ring-side understanding of how demand-supply patterns may change. We use this insight to advise our principals and customers on how they

can benefit. The result is that we have graduated from mere material suppliers to a knowledge-driven partner that takes the business of its customers ahead.

## Integrated and complementary

A proportion of acrylamide is consumed within our company to manufacture polyacrylamide. This integration has helped grow our business: provided us with a wider value-chain, made it possible to absorb the price swings of products better, strengthened our quality control,

provided customers with the assurance of timely deliveries (since we manufacture the raw material within), enhanced the value / realisations of our end products and provided us with a wider flexibility in selling raw material in the markets or consuming within (based on prevailing

realisations and demand-supply realities). In our distribution business, we provide a basket of relevant products that address the ongoing needs of customers, graduating us into a preferred vendor.

## Relationship-driven

Our business is largely relationship-driven. Our service commitment and consistent quality control helped us in attaining multi-year relationship with our clients. In

2019-20, we generated around 60% of our revenues from customers of three years or more.

## Amortisation

Our manufacturing units of acrylamide and polyacrylamide are located in a single site

in Jhagadia. Commissioning these facilities in one location helped save infrastructure

costs, resulting in a lower capital cost per installed tonne.

## Significant player

The absence of major producers in Asia (outside Japan, Korea and China) and Africa is expected to help Black Rose emerge as a significant regional player. With global

customers seeking suppliers that represent an alternative to China, Black Rose is attractively positioned to capitalise.

## Technology

Superior R&D and technological capabilities helped Black Rose develop products and processes. This is expected to help the Company capitalize on licensing

opportunities as there will not be any restriction on accessing any market/ customers.

## Direct

Black Rose enjoys a direct distribution partnership with its principals. This has

helped the Company grow its footprint, influence and profitability.

## Black Rose has invested in its business to provide customers with a complete solution

### Complete business solution

Distribution + Manufacturing



### Distribution

Large portfolio > Servicing any-time and any-quantity needs of customers > Multi-year relationships (principals and customers) > High revenue visibility



### Manufacturing

Adequate scale > Cutting-edge technologies > Competitive manufacturing cost > High process and product integrity > Integrated forwards



### Environment compliance

High priority > Stringent norms > Process-driven compliance > Investment in HSE assets



### Attractive profitability

Robust cash flows > Steady receivables cycle > Accrual-driven reinvestment



**Black Rose: Partner of choice for stakeholders**

# The complement of our two business segments

## Our distribution business



### Overview

- The Company is positioned like a sectorial expert in India
- This represents a value-add for principals and customers
- This facilitates their strategic decision-making
- The business generated high revenue predictability from enduring customer relationships.



### Value

- The business is based around an efficient forecasting-based stock maintenance
- The business provides a significant advantage to principals and customers during tightness/oversupply through preferential allocation and pricing
- The business provides us with a unique insight into principals and customers
- The breadth and depth of our coverage makes us integral to both
- Customers see us as a company that can provide the right grade at the time and at the right price
  - Principals see us as a channel partner with a deep terrain understanding
- Providing access within India to manufacturing technologies and processes of principals.



### Strengths

- We possess a product specialisation with an in-depth understanding of a global demand-supply scenario
- The agile business model benefits from opportunities and is protected from challenges
- The business has been consistently margins-accretive



### Credibility

- Our fair pricing policy and credibility in volatile markets makes us a trusted partner
- We provide periodic deliveries that obviate the need to stock large quantities for long tenures
- This business is marked by high customer retention, increased wallet share and growing revenues

## Our manufacturing business

### Status

The Company is the first Indian manufacturer of acrylamide and has one of the largest polyacrylamide installed capacities

### Competitive

\*We plug the demand-supply gap in the country with adequate capacity

\*We possess attractive economies of scale

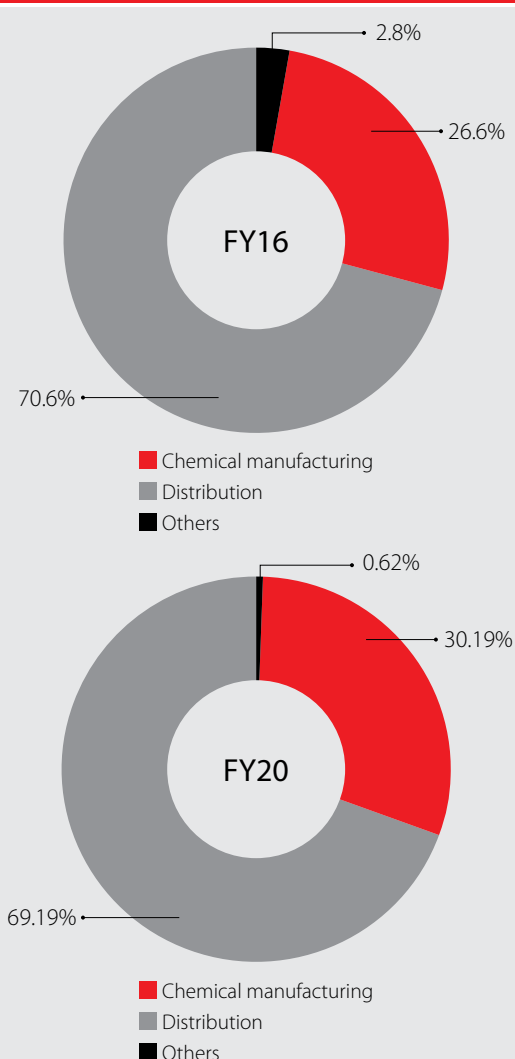
\*The business is integrated forwards, enhancing margins

\*The business enjoys cost leadership in India

### Customer value

The business addressed the downstream needs of the water treatment, oil, ceramic tile and mining industries, among others.

## Revenue mix





Segment overview

# Our distribution business

**69.19%**  
of revenues, 2019-20

## Overview

The Company entered the business of distribution in 2006. The Company has since grown to become an influential player in the distribution of speciality and performance chemicals in India. The Company had grown the business to address the needs of hundreds of customers in India by the close of 2019-20.

## Performance

The business grew 26.96% in 2019-20 despite manufacturing disruptions at the customer end and the pandemic-induced lockdown across India. The Company moved with speed to address the lockdown: it rented warehouse space in Vapi, shifted materials from the Bhiwandi warehouse and ensured that a second stock point was available in case of local lockdowns and disruptions.

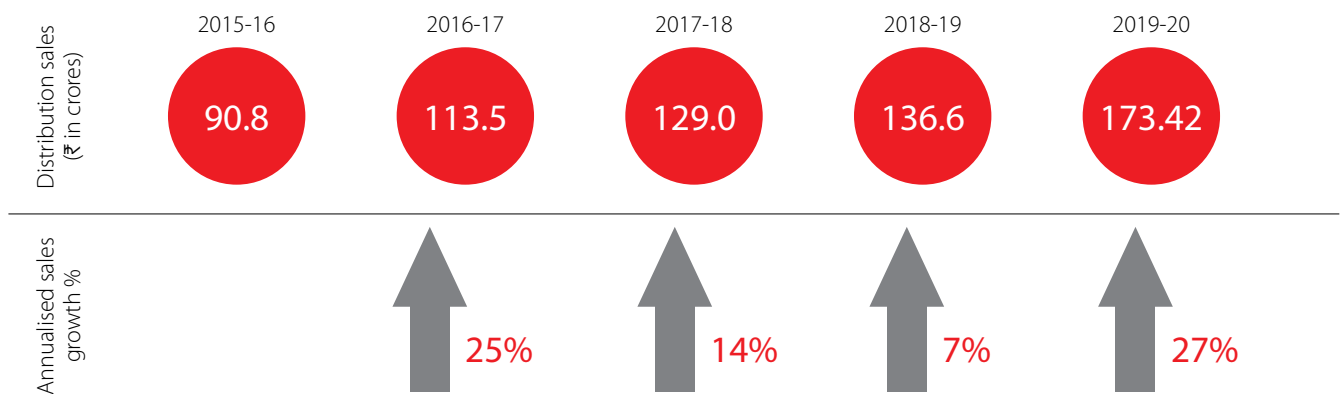
The Company introduced new products during the course of the year. The Company reported an increased offtake of resorcinol, acrylonitrile, ethanolamines, purified isophthalic acid and metaxylene. The growth reported in the financial year

was the result of an evolving mind-set of Indian users to prefer distributors over traders due to their ability to deliver without interruption even during global shortages (e.g. disruptions in the Chinese chemical manufacturing sector) and preferential pricing during global slowdowns.

## Outlook

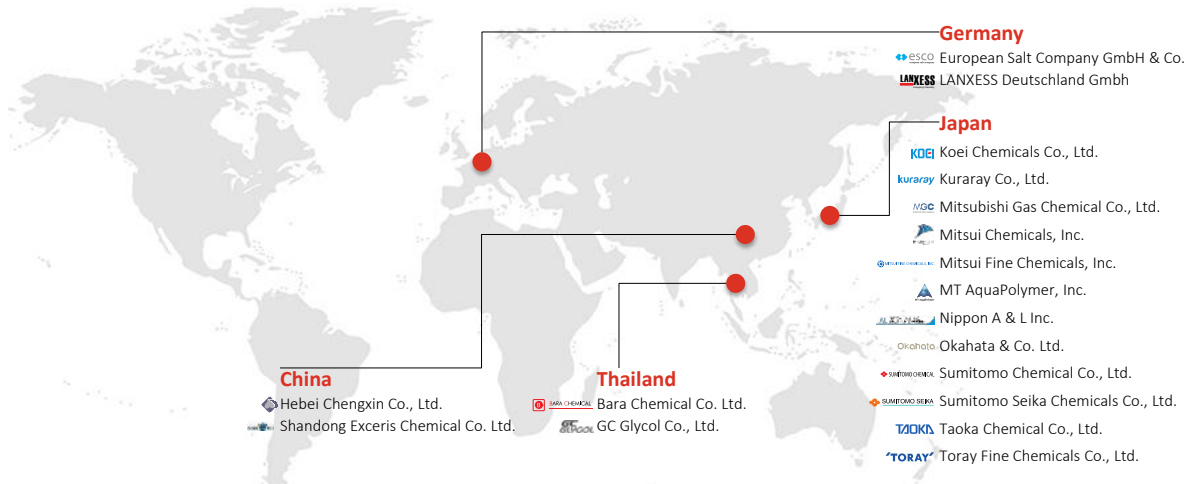
The product demand in the segment appears to be subdued during the first half of FY2021 on account of consumers deferring purchases due to the COVID-19 pandemic.

## Our chemical distribution business



## Black Rose works with brand-enhancing principals

Access to first-rate quality, strategic market support and ethical practices



## Segment overview

# Our acrylamide manufacturing business



## Origin

Until 2010, acrylamide was a key product distributed by Black Rose in India. When Mitsui Chemicals, the Company's principal, discontinued the manufacture of acrylamide solids and focused on producing only liquids, the Company perceived an opportunity. Instead of incurring high logistics cost on the import of acrylamide liquid, a product containing 50% of water, Black Rose requested for an exclusive manufacturing license from Mitsui Chemicals. Despite the lack of manufacturing experience, Mitsui accepted the request on account of Black Rose's strong terrain knowledge, direct end-user base and enduring relationship with Mitsui Chemicals.

## Investment

Black Rose received the license for Mitsui's bio-catalytic technology that made it possible to engage in environmentally-friendly zero liquid discharge with no by-products. The capital investment was relatively low and operating cost competitive compared with copper-based and other bio-catalytic technologies. The Company created adequate infrastructure for prospective expansions and extensions. The Company enhanced its manufacturing capacity in phases, protecting Balance Sheet integrity. Each round of incremental capex was conducted at a relatively low capital cost per ton.

## Strengths

The Company's product is respected for a high consistent quality, globally competitive technology, service-driven approach and a global distribution footprint.

## Brand

Black Rose's BRILMIDE® acrylamide is available in solution form, packed in drums, IBCs and tankers. It is used in the manufacturing of flocculants, ceramic binders, textile auxiliaries, adhesives, paint emulsions, paper chemicals and processing aids for mining, oil and gas chemicals, etc.

## Production

Commercial production commenced in September 2013 with a manufacturing capacity of 10,000 MTPA (expanded to 14,000 MTPA in November 2018). The present capacity consists of 20,000

MTPA for merchant sales and additional capacity for the captive consumption of intermediate monomer for polyacrylamide manufacture.

## Markets

The business did not just address the growing Indian appetite for this product; by the virtue of competitive manufacture, the Company exported a large proportion (45%, FY20) to ten countries.

## Performance

The Company completed capacity expansion and exported products for the first time to USA and Brazil.

## Outlook

The Company intends to widen its global footprint. Following increased capacity, the Company is in a position to address global demand while feeding its captive consumption for polyacrylamides.

## Demand and supply of acrylamide (50% basis)

Estimated figures	FY20	FY21	FY22
India domestic demand	26,000 MTPA	29,000 MTPA	36,000 MTPA
India actual production	26,000 MTPA	35,000 MTPA	51,000 MTPA
India exports	7,000 MTPA	10,000 MTPA	15,000 MTPA
India imports	7,000 MTPA	4,000 MTPA	500 MTPA
Global demand	3,000,000 MTPA	3,135,000 MTPA	3,276,000 MTPA

## Segment overview

# Our polyacrylamides manufacturing business



**0.11%**  
of revenues, 2019-20

## Polyacrylamides business: Industry scenario

Estimated figures	Polyacrylamide liquids	Polyacrylamide solids
Global market	US\$4.5 billion (2019)	
Global growth (estimated)	6.0% (2019-2025)	
Global producers	BASF, Kemira, SNF Group, MT Aqua, Mitsubishi Rayon and several Chinese producers	
Domestic demand	120,000 MTPA	100,000 MTPA
Domestic applications	Ceramic tiles, paper, paint emulsions, textile, printing inks and mining	Oil & gas: 90,000 MTPA Water treatment, sugar etc.: 10,000 MTPA
Domestic producers	BASF India, SNF India, Ion Exchange, Thermax, Pidilite, Jeson Industries, Visen Industries, Nalco and others	Imports from Europe and Asia (domestic production: <1%)

### Overview

Polyacrylamides represent a class of polymers that are water-soluble and formed from acrylamide or with other monomers. The product is used as flocculating agent, thickening agent, binder, super absorbent polymer, soil conditioner, filtering aid, lubricant and oil recovery agent.

### Capacity

The Company commissioned 6,600 TPA

of capacity of polyacrylamide liquid in January 2020 which was subsequently increased to 40,000 TPA in August 2020.

Polyacrylamide solid capacity of 10,000 TPA is under construction.

### Integration

The Company utilises captively produced acrylamide in the manufacture of polyacrylamide. The polyacrylamide manufacture enhances realisations while increasing market penetration and

distribution.

### R&D

The Company leverages its proprietary process and product knowledge to manufacture polyacrylamide

### Downstream sectors

Polyacrylamide is consumed in sectors with strong growth like water and waste water treatment, ceramic tiles, paper & pulp, sugar, base metal mining and oil & gas.





## Indian mining sector

India produces 95 minerals - the third largest producer of coal, fourth largest iron ore producer etc. India introduced Mineral Laws (Amendment) Bill, 2020, to initiate a new era in its coal & mining sectors,

widening the role of the private sector.

### Polyacrylamide in the mining industry

The mining industry consumes a large quantity of water, largely for washing

and flotation. Polyacrylamide is used to separate water and worthless gangue.

## Treatment (water/waste water/sewage)

India generates almost 62,000 million litres of sewage per day in urban areas, of which only 37% of is treated. India is ranked 120 among 122 countries in the Water Quality Index as 70% of its water is contaminated, putting a premium on treatment.

The Indian government announced an outlay of ₹ 123 bn for Clean India mission. Government urban development schemes like Jal Shakti Abhiyan, Swachh Bharat Mission, Atal Mission for Rejuvenation and

Urban Transformation (AMRUT), Smart Cities Mission and Namami Gange are likely to widen the wastewater treatment market.

### Polyacrylamide in wastewater treatment

In municipal wastewater treatment, polyacrylamide can be used in all solid-liquid separation processes including primary sewage treatment, activated sludge treatment and digested sludge treatment. In industrial wastewater

treatment, polymers and coagulants are used extensively for industrial processes involving paper, petrochemical, electroplating, textiles, oilfield chemical food, pharmaceutical, leather, breweries wineries and slaughter houses. Polyacrylamide is also used to treat water in mineral mining processes (coal, lead, dioxide, titanium, gold, zinc, iron, sand, phosphoric acid, silver, nickel, copper, steel, gravel, alumina, uranium and potash processing).

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## Paper

India's per capita paper consumption of about 13 kg is low compared to the world average of 57 kg and 300+ kg in advanced countries. Lifestyle changes and increased number of people entering the middle-class are expected to increase paper demand in India. An increase of 1 kg consumption per person could result in an increase in paper demand by one million tons. If the government eliminates single-

use plastic by 2022, it could, in turn, boost paper offtake.

### **Polyacrylamide in the paper industry**

Polyacrylamide is used as a reinforcing agent in paper manufacture. As a dry strengthening agent, it is suitable to be used in food packaging paper, bleached paperboard, toilet paper, tissue paper, surface cardboard, etc. As a wet

strengthening agent, it can be used in the manufacture of marine drawings, banknote paper, poster paper and high grade wrapping paper, among others. It is used as a dispersing agent, a common additive in paper making, to reduce fiber flocculation that can improve paper formation, known as the 'resistance' or 'suspension' of the flocculant.

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## Sugar

India's per capita sugar consumption of 19.6 kg is lower than the global average of 22.6 kg. The government announced a ₹ 6,268 crores subsidy for the export of 6 million tonnes (MT) of sugar for

2019-20 marketing year to help cash-strapped mills clear sugarcane arrears to farmers. The minimum support price of sugar was increased from ₹ 29 per kg to ₹ 31 per kg to enhance mill realisations.

### **Polyacrylamide in the sugar industry**

Polyacrylamide is widely used in sugar refining. It is used for settling mud in sugar cane juice

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## Textiles

The per capita consumption of technical textiles in India is 1.7kg compared to 10-12kg in developed countries. As incomes and aspirations rise, the consumption of apparel could increase. Besides, India could strengthen its presence as a global

provider of fibre, yarn, fabric and apparel supported by government policies.

### **Polyacrylamide in the textile industry**

Polyacrylamide is used as a textile sizing agent on account of its viscosity, which

can improve adhesion and permeability. Polyacrylamide's stable slurry properties, thickening, bonding and lubrication can improve textile quality. It is also used as a textile printing ink binder.

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## Ceramic tiles

India is the global ceramic tiles manufacturing hub. India's per capita ceramic tile consumption is 0.50 square meters per person compared to China (2.6 square meters per person) and Europe (5 to 6 square meters per person).

Ambitious programmes like Smart Cities Mission, Swachh Bharat Abhiyaan (Sanitation for All by 2019), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Housing for All by 2022 are expected to catalyse ceramic tile demand.

### **Polyacrylamide in the ceramic tiles industry**

Polyacrylamide liquid is used as a binder in the ceramic tiles manufacturing process and provides green (immediate) strength to tiles.





## Oil

India is a net importer of crude oil. The government is taking initiatives to enhance the country's crude output to reduce dependence on imports. This includes various reforms in the sector which are expected to drive India's oil output.

**Polyacrylamide in the oil industry**  
For oil extraction applications,

polyacrylamide is used to increase water viscosity to improve the effectiveness of the water flooding process. In a flooding application, the increased viscosity alters the mobility ratio between the injected fluid and reservoir oil, which leads to better sweep efficiencies and enhances oil recovery.

## Forms

Depending on the application, polyacrylamide is consumed in liquid and solid forms.

## Polyacrylamide liquid

The Company possesses an installed capacity of 40,000 TPA of this product. The Company launched its first polyacrylamide liquid product – Ceramic Binder CEO1 - in 2019-20. The product is replacing the

product manufactured by the existing industry leader. The Company's product has delivered superior results, generates strong customer traction and is poised to capture a large share of the market.

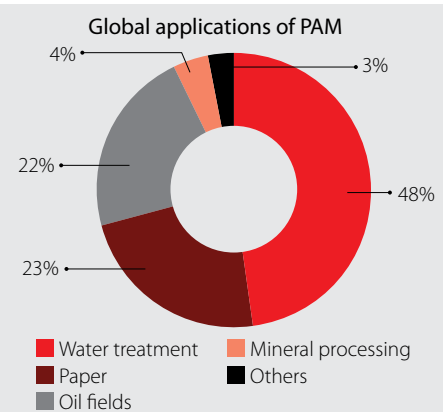
## Unprecedented opportunity - solids

Polyacrylamide solid is largely imported in India. The manufacture by Black Rose (capacity 10,000 TPA) is the first organised attempt to manufacture this product in

the country. Black Rose intends to address a sizable growth in demand in India and supply the world over. Liquids are locally produced.

## The significant polyacrylamide solids opportunity

- Capacity: 10,000 MTPA (in progress)
- Negligible domestic production
- To service waste water / sewage treatment industries in the initial phase; to address the domestic and international needs of MNC co-producers
- No significant PAM solid capacity anywhere in South Asia, Middle East, or Africa; opportunity for Black Rose to emerge as a significant regional player
- A number of users are shifting their sourcing of PAM solids out of China



### Global reality

3

MTPA, global market size of acrylamide

4.6

%, CAGR between 2019 and 2024

### Indian reality

100,000

MTPA, demand for polyacrylamide in India, 2020

<1

%, domestic polyacrylamide manufacturing in India, 2020

## Environment, Health and Safety Management

# How are strengthening our business sustainability



### Overview

A number of quality-respecting manufacturers are recognizing the benefits from sustainable business practices. Stringent environmental compliances are helping these companies reduce resource depletion, water scarcity, pollution and other harmful impacts.

A greater emphasis on sustainable manufacture comprises the manufacture of products through economically sound processes that moderate the consumption of energy and natural resources while reducing negative environmental impact, in addition to enhancing employee, community and product safety.

Besides, there is a growing emphasis on aligning business existence with United Nations' 10 principles for manufacturing responsibility and environmental sustainability covering Human

Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

### Our management's environment approach

Black Rose's overarching focus lies in consuming less and manufacturing more while minimising environment impact. It is the Company's conviction that the most successful, profitable and sustainable companies are ones benchmarked with the most stringent environmental standards.

At Black Rose, our operations are woven around the 4Rs – Recycling, Replacement, Reduction and Renewables. The Company has been progressively producing speciality and performance chemicals through 'greener' alternatives. It invested in low-carbon technologies that translated into enhanced resource

and energy efficiency. Over the years, the Company strengthened its environment commitment through various initiatives.

The Company invested in world-class technologies that generated the lowest proportion of waste and the lowest energy consumption.

The Company completely recycled and reused water; it reduced the generation of waste water; it optimized operational parameters to reduce energy consumption per unit product produced; it dedicated more than a third of the plant for green cover (planted more than 3,500 trees).

The operations did not generate emissions.

Across the years, the Company retained its position as a 'green' and clean company. The Company's operations were certified by ISO 14001 and OHSAS 18001 (TUV, Austria) and EcoVadis.



### Our management's safety approach

At Black Rose, we believe that no growth is worth the risks of transgressions that compromise human and environment safety. The Company graduated to the manufacture of products that are intrinsically 'greener' and cleaner with a lower carbon footprint. The Company remained accident-free since inception. The Company's extensively automated plant warranted the lowest manpower requirement in operations, minimizing the exposure of personnel to chemicals.

### Health

Black Rose's culture comprises an impeccable Health, Safety & Environment track record. The Company conducts routine health checks for employees, provides First-Aid training to key team members, promotes health awareness among employees and deploys a medical

doctor visit to the manufacturing premises to conduct examinations.

### EcoVadis

EcoVadis is a trusted provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains. Backed by a powerful technology platform and global team of domain expert, EcoVadis' sustainability scorecards provide detailed insights into environmental, social and ethical risks across 190 purchasing categories and 155 countries.

The Company received the Silver Medal from EcoVadis in recognition of its CSR achievements.

The Company invested in fire-fighting equipment, infrastructure, professionals, training, impact studies, monitoring and processes that prioritized environment integrity.



# Corporate Social Responsibility



India was the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment in the Companies Act, 2013.

At BRIL, the Company has been taking proactive steps in giving back to society directly or through implementing agencies.

The Company's CSR interventions include scholarships for marginalised students,

mental health awareness, initiatives to strengthen literacy, employability, educational infrastructure, as well as health and safety facilities in rural areas across and also various healthcare initiatives.

The detailed CSR activities of the Company has been covered in Annexure VI of the Board's Report forming part of this annual report.

**3,895,650**

(₹) Total CSR spends by the Company, 2019-20

The Company has also made donations to the following institutions

TATA Memorial Centre, promoting healthcare

Navarushti International Trust, providing education to girl child

Madhu Mehta Foundation, supporting daily wage earners and migrant workers



## BLACK ROSE INDUSTRIES LIMITED

Registered Office: 145/A, Mittal Tower, Nariman Point, Mumbai - 400 021, India.

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Tel.: +91 22 4333 7200 / 2282 4075 | Fax: +91 22 2287 3022

E-mail: investor@blackrosechemicals.com. Website: www.blackrosechemicals.com

## NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the members of the Company will be held on Tuesday, 29th September, 2020 at 11:30 a.m. (Indian Standard Time) through Video Conferencing (VC)/Other Audio Visual Means (OAVM) organized by the Company, to transact the following businesses. The venue of the meeting shall be deemed to be the Registered Office of the Company at 145/A, Mittal Tower, Nariman Point, Mumbai 400021.

### ORDINARY BUSINESS

1. To receive, consider and adopt:
  - a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Report of the Board of Directors and the 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 Dividend on equity shares for the financial year 2019-2020.
3. To appoint a Director in place of Mr. Anup Jatia, (DIN 00351425), who retires by rotation for compliance with the requirement of Section 152 of the Companies Act, 2013, and being eligible, offers himself for re-appointment.
4. To ratify the appointment of M/s. PKJ & Co., Chartered Accountants (ICAI Firm Registration Number 124115W) as approved by members at the Twenty Seventh Annual General Meeting, and to authorise the Board of Directors to fix their remuneration for the financial year ending 31st March, 2021.

### SPECIAL BUSINESS

#### 5. Approval of "BRIL Employee Stock Option Scheme 2020"

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

**"RESOLVED THAT** pursuant to the provisions of Section 62(1) (b) and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with rules framed thereunder and the Securities and Exchange Board of India ('SEBI') (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations') (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force) and in accordance with circulars/guidelines issued by SEBI, the Articles of Association of the Company, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended, the Foreign Exchange

Management Act, 1999, as amended and other applicable regulations, rules and circulars/guidelines in force, from time to time and subject to any approval(s) of any authorities as may be required, and subject to any such condition(s) or modification(s), if any, as may be prescribed or imposed by such authorities while granting such approval(s) and subject to acceptance of such condition(s) or modification(s) by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall include Nomination and Remuneration Committee constituted and designated by the Board to act as the 'Compensation Committee' under the SEBI Regulations or their delegated authority and to exercise its powers, including the powers conferred by this resolution), the consent of the members be and is hereby accorded for approval of BRIL Employee Stock Option Scheme 2020 ('BRIL ESOS 2020') and the Board be and is hereby authorised to grant, vest and allot under BRIL ESOS 2020, from time to time, and in one or more tranches, 510,000 options to the benefit of such person(s) who are permanent employees of the Company, whether working in India or outside India, and/or to the directors of the Company, whether whole-time or not but excluding independent director(s) and Non-Executive Director(s) and to such other persons as may be decided by the Board and/or permitted under SBEB Regulations (hereinafter referred to as 'Eligible Employees') but does not include an employee who is a promoter or a person belonging to the promoter group and a director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, to subscribe to such number of equity shares of the Company but not exceeding in aggregate of 510,000 equity shares of the face value of ₹ 1/- (Rupee One only) each at such price or prices, and on such terms and conditions, as may be determined by the Board in accordance with the provisions of BRIL ESOS 2020 and in due compliance with the SBEB Regulations and other applicable laws, rules and regulations.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure the fair and equitable benefits under BRIL ESOS 2020 are passed on to the eligible employees.



**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and the price of acquisition payable by the option grantees under the BRIL ESOS 2020 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 1/- per equity share, bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to devise, formulate, evolve, decide upon and bring into effect BRIL ESOS 2020 on such terms and conditions as contained in explanatory statement to this item in the notice and to modify, alter, vary, revise or amend the said terms or suspend, withdraw, revise or terminate BRIL ESOS 2020, subject to compliance with the SBEB Regulations, the Act and other applicable laws, rules and regulations, as may be prevailing at that time.

**RESOLVED FURTHER THAT** the equity shares may be allotted in accordance with BRIL ESOS 2020 directly to the employees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with BRIL ESOS 2020 and to take necessary steps for listing of the equity shares allotted under BRIL ESOS 2020 on the stock exchange, where the equity shares of the Company are listed as per the provisions of the Listing Regulations and other applicable laws, rules and regulations.

**RESOLVED FURTHER THAT** the equity shares so issued and allotted under BRIL ESOS 2020 shall rank pari passu with the then existing equity shares of the Company.

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to BRIL ESOS 2020.

**RESOLVED FURTHER THAT** the number of Employee Stock Options that may be granted to any Eligible Employee, in any financial year and in aggregate under the BRIL ESOS 2020 shall be less than 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company.

**RESOLVED FURTHER THAT** the Board, be and is hereby authorised to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorising or directing the Nomination and Remuneration Committee to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and

administration of BRIL ESOS 2020 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the members of the Company to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution, and further to execute all such deeds, documents, writings and to give such directions and/or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of BRIL ESOS 2020 and to take all such steps and do all acts as may be incidental or ancillary thereto.

**RESOLVED FURTHER THAT** subject to applicable provisions of the Act and other applicable laws, the Board be and is hereby authorised to delegate all or any powers conferred herein, to any committee of directors or chairman or managing director/ executive director of the Company with a power to further delegate to any executives or officer of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard."

6. **Appointment of Mr. Rishabh Rajendra Saraf (DIN 00161435) as a Non-Executive Independent Director of the Company to fill up the casual vacancy caused by resignation of Mr. Ameet Nalin Parikh**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") (including any modification or re-enactment thereof for the time being in force) and the Rules made thereunder read with Schedule IV to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable Regulations, if any and in accordance with the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded for the appointment of Mr. Rishabh Rajendra Saraf as a Non-Executive

Independent Director of the Company, to fill the casual vacancy caused by resignation of Mr. Ameet Nalin Parikh, who shall hold the office only up to the date up to which the Mr. Ameet Nalin Parikh would have held office, if it would have not been vacated due to resignation.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**7. Re-appointment of Mrs. Garima Tibrawalla (DIN: 00203909) as Non-Executive Independent Director of the Company to hold the office for a second term from 29th September, 2020 till the conclusion of 35th Annual General Meeting of the Company.**

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), Mrs. Garima Tibrawalla (DIN 00203909) who was appointed as a Non-Executive Independent Director of the Company and who holds office upto 28th September, 2020 and being eligible, be and is hereby re-appointed as an Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a second consecutive term commencing from 29th September, 2020 till the conclusion of 35th Annual General Meeting of the Company, on the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**8. Re-appointment of Mr. Anup Jatia (DIN 00351425) as Executive Director**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule V of the said Act (including any statutory modification(s) or re-enactment thereof for the time being in

force), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Anup Jatia (DIN 00351425), as Executive Director of the Company for a period of three years commencing from 1st May, 2021 at the remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter or vary the scope of remuneration of Mr. Anup Jatia, Executive Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by the resolution and the Companies Act, 2013.

**RESOLVED FURTHER THAT** Board of Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

**9. Appointment of Mr. Sandeep Chokhani (DIN 02346782) as a Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 152, 160, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sandeep Chokhani (DIN 02346782) who was appointed as an Additional Director (Non-Executive and Non-Independent) of the Company with effect from 1st April, 2020 and who holds office up to the date of this Annual General Meeting and in respect of whom on the recommendation of Nomination and Remuneration Committee proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors or the Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**10. Appointment of Mr. Sandeep Chokhani (DIN 02346782) as Whole-Time Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder,

read with Schedule V of the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Mr. Sandeep Chokhani (DIN 02346782), as Whole-Time Director of the Company for a period of three years commencing from 26th June, 2020 at the remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter or vary the scope of remuneration of Mr. Sandeep Chokhani, Whole-Time Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by the resolution and the Companies Act, 2013.

**RESOLVED FURTHER THAT** Board of Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

#### 11. Appointment Cost Auditors

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, (including and statutory modification(s) or re-enactment thereof for the time being in force) and subject to such guidelines and approval as may be required from the Central Government the appointment of M/s. Poddar & Co., Cost Accountants (Firm Registration Number 101734) as the Cost Auditors of the Company to conduct audit of cost accounting records maintained by the Company for the year ending on 31st March, 2021 at a remuneration and other terms as may be determined by the Audit Committee and finalised by the Board of Directors of the Company be and is hereby approved.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

**By order of the Board  
For Black Rose Industries Limited**

Place: Mumbai

Date: 28th August, 2020

**Nevil Avlani**

*Company Secretary*

#### REGISTERED OFFICE:

145/A, Mittal Tower,  
Nariman Point, Mumbai – 400 021.

### NOTES

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 5 to 11 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
2. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 30th AGM of the Company shall be conducted through VC/OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC/

OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 9 below and is also available on the website of the Company at [www.blackrosechemicals.com](http://www.blackrosechemicals.com)

3. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
4. Institutional/Corporate Members are requested to send duly certified copy of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22nd September, 2020 to Tuesday, 29th September, 2020 (both days inclusive).

#### ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

6. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI,

owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

7. Members holding shares in physical form at requested to visit the link <http://www.satellitecorporate.com/formprodure.php> and download Bank Mandate form. You are requested to duly fill the form and send a scanned copy of the form alongwith the required documents as mentioned in the form to the Registrar at [service@satellitecorporate.com](mailto:service@satellitecorporate.com). Members holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participants. In case of any queries/difficulties in registering the e-mail address, members may write to [service@satellitecorporate.com](mailto:service@satellitecorporate.com).
8. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at [www.blackrosechemicals.com](http://www.blackrosechemicals.com), on the website of Stock Exchange at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

#### PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM:

9. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice. Further, members can also use the OTP based login for logging into the e-voting system of NSDL.
10. For convenience of the members and proper conduct of AGM, members can login and join 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
11. Members who need assistance before or during the AGM with use of technology, can:- Send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or use Toll free no.: 1800 222 990; or Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) or at telephone number +91 99202 64780; or - Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone number +91 75066 82281.

12. Institutional Members are encouraged to attend and vote at the AGM through VC/OAVM. In case any Institutional Members, facing issues for participating in AGM can write to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
13. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
14. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

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

15. As the members will not be able to register themselves as speaker, members are requested to express their views/send their queries in advance mentioning their name, demat account number/folio number, email id, mobile number at [investor@blackrosechemicals.com](mailto:investor@blackrosechemicals.com). Questions/queries received by the Company till 5.00 p.m. on Sunday, 27th September, 2020 shall only be considered and responded during the AGM.
16. The Company reserves the right to restrict the number of questions to be answered.

#### PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

17. Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means.
18. The members, whose names appear in the register of members/list of beneficial owners as on Tuesday, 22nd September, 2020, are entitled to vote on the resolutions set forth in this notice. A person who is not a member as on the cut-off date should treat this notice of AGM for information purpose only.
19. Members may cast their votes on electronic voting system from any place (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Saturday, 26th September, 2020 and will end at 5.00 p.m. on Monday, 28th September, 2020. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they

shall not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>.

20. The details of the process and manner for remote e-voting are explained herein below:

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

How to Log-in to NSDL e-voting website?

- (a) Visit the e-voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com/>.
- (b) Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.
- (c) 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.
- (d) Your User ID details are given below:

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

(e) Your password details are given below

- i. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- ii. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial

password' and the system will force you to change your password.

iii. How to retrieve your 'initial password'?

- If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file.. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- If your email ID is not registered, please follow steps mentioned in Note No. 7 above.

(f) If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:

- i. 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](https://www.evoting.nsdl.com/).
- ii. Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com/).
- iii. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

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

How to cast your vote electronically on NSDL e-voting system?

- (a) 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.
- (b) 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.
- (c) Select 'EVEN' of Company for which you wish to cast your vote.
- (d) Now you are ready for e-voting as the voting page opens.
- (e) 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.
- (f) Upon confirmation, the message 'Vote cast successfully' will be displayed.



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

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

The instructions for members for e-voting on the day of the AGM are as under:

- (a) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (b) Only those members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- (c) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (d) For details of the person who may be contacted for any assistance connected with the facility for e-voting on the day of the AGM, please refer Note No. 11 above.

#### GENERAL INFORMATION:

21. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
22. The voting rights shall be as per the number of equity shares held by the member(s) as on Tuesday, 22nd September, 2020, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.
23. The Company has appointed M/s. P.C. Surana & Co., Chartered Accountants in Whole-Time Practice, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.
24. The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutinizer's Report shall also be placed on the website of the Company at [www.blackrosechemicals.com](http://www.blackrosechemicals.com).
25. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection

through electronic mode, basis the request being sent on [investor@blackrosechemicals.com](mailto:investor@blackrosechemicals.com)

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

#### DIVIDEND RELATED INFORMATION:

27. The Members, whose names appear in the register of members/ list of beneficial owners as on Tuesday, 22nd September, 2020, being the cut-off date will be paid the Final Dividend for the financial year ended 31st March, 2020, as recommended by the Board, if approved at the AGM.
28. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts; will be used by the Company for the payment of dividend. The Company or its registrar cannot act on any request received directly from the members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participant(s) of the members. Members holding shares in demat form are requested to intimate any change in their address and/or bank mandate immediately to their Depository Participants.
29. Members holding shares in physical form at requested to visit the link <http://www.satellitecorporate.com/formproducure.php> and download Bank Mandate form. You are requested to duly fill the form and send a scanned copy of the form alongwith the required documents as mentioned in the form to the Registrar at [service@satellitecorporate.com](mailto:service@satellitecorporate.com). In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services, dispatch the dividend warrant to such shareholder by post.
30. Members may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making the final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with, the provisions of the Income Tax Act, 1961.
  - a) For Resident Shareholders, TDS shall be made under Section 194 of the Income Tax Act, 1961 at 7.5% on the amount of Dividend declared and paid by the Company

during financial year 2020-21 provided PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

However, no tax shall be deducted on the Dividend payable to a resident individual if the total dividend to be received by them during financial year 2020-21 does not exceed ₹ 5,000. Please note that this includes the future dividends if any which may be declared by the Board in the financial year 2020-21.

Separately, in cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm)/Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted.

- b) For Non-resident Shareholders, taxes are required to be withheld in accordance with, the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:
- i) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident.
  - ii) Self declaration in Form 10F if all the details required in this form are not mentioned in the TRC.
  - iii) Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities.
  - iv) Self-declaration, certifying the following points:
    - Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21;
    - Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
    - Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;

- Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
- Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21.

31. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder.
32. Accordingly, in order to enable us to determine the appropriate TDS/withholding tax rate applicable, we request you to provide these details and documents as mentioned above before Tuesday, 22nd September, 2020.
33. Kindly note that the aforementioned documents are required to be submitted at [service@satellitecorporate.com](mailto:service@satellitecorporate.com) on or before Tuesday, 22nd September, 2020 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post Tuesday, 22nd September, 2020. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.
34. We shall arrange to email the soft copy of TDS certificate to you at your registered email ID in due course, post payment of the said dividend.
35. The MCA had notified provisions relating to unpaid/unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed/ claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid/unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period. The details of the unpaid/unclaimed amounts lying with the Company are available on the website of the Company at [www.blackrosechemicals.com](http://www.blackrosechemicals.com) and on MCA's website. The details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2020 shall be updated in due

course. The Member(s) whose dividend/shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority <http://iepf.gov.in/IEPF/refund.html>.

#### OTHERS:

36. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

37. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Satellite Corporate Services Private Limited by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque through email at [service@satellitecorporate.com](mailto:service@satellitecorporate.com). The original cancelled cheque should bear the name of the member. Alternatively, members are requested to submit a copy of bank passbook/statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

## ANNEXURE I TO NOTICE

### EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 5:

Employee stock options play a substantial role in promoting the culture of employee ownership and in attracting, retaining, motivating talented personnel by way of recognising and rewarding them.

Therefore, the Company is intending to issue employee stock options under BRIL Employee Stock Option Scheme 2020 ('BRIL ESOS 2020') to the employees of the Company whether existing or future by enabling them to participate in the ownership of the Company.

The nomination and remuneration committee ('the Committee') at its meeting inter-alia formulated the detailed terms and conditions of the said scheme which was duly approved by the board of

directors of the Company ('the Board') at its meeting held on 26th June, 2020 subject to the approval of the members and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the 'SBEB Regulations').

The Company seeks approval of the members for launch of BRIL ESOS 2020 and for grant of stock options to the employees of the Company as may be decided by Board and / or the Committee from time to time in accordance with the provisions of the Companies Act, 2013 (including rules framed thereunder), SBEB Regulations and other applicable laws and regulations.

The salient features of BRIL ESOS 2020 as per SBEB Regulations are as under:

Sl. No.	Particular	BRIL ESOS 2020
1	Brief description of the scheme.	The objective of the BRIL ESOS 2020 is to provide sense of ownership and participation to employees and attract new talent which will ultimately contribute to the success of the Company. This will be achieved by the issue of Options to the employees of the Company.
2	The total number of options to be granted	Maximum 510,000 options will be granted convertible into equal number of equity shares i.e. of the face value of ₹ 1/-
3	Identification of classes of employees entitled to participate and be beneficiaries in the scheme(s).	<p>a) a permanent employee of the Company who has been working in India or outside India; or</p> <p>b) a director of the Company, whether a whole time director or not but excluding an independent director and Non-Executive Director; but does not include-</p> <p>(i) an employee who is a promoter or a person belonging to the promoter group; or</p> <p>(ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;</p>

Sl. No.	Particular	BRIL ESOS 2020
4.	Requirements of vesting and period of vesting.	<p>Vesting period shall commence after minimum period of 1 (One) year from the grant and it may extend upto maximum of 5 (Five) years from the grant date, at the discretion of and in the manner prescribed by the Nomination and Remuneration Committee.</p> <p>Vesting of options would be subject to continued employment with the Company.</p> <p>The specific Vesting schedule, period and Vesting conditions subject to which Vesting would take place would be outlined in the document given to the Option Grantee at the time of Grant of Options.</p>
5.	Maximum period (subject to Regulation 18(1) and 24 (1) of the regulations, as the case may be) within which the options / benefit shall be vested.	The maximum period within which the options shall be vested shall be 5 years.
6.	Exercise price, purchase price or pricing formula.	The exercise price for the purpose of the grant of options will be at a discount of 50% on the average of the closing price of the Company's shares on the BSE, during the last 7 days preceding the date of grant of options. The Exercise price shall be paid in cash upon exercise of the options. The Exercise Price and /or the pricing formula may be decided/ altered by the Board from time to time. Employee shall bear all tax liability in relation to grant of options.
7.	Exercise period and process of exercise.	<p>The exercise period shall commence from the date of vesting and shall extend upto the period of 1 (one) year from the date of vesting or such other shorter period as may be decided by the Nomination and Remuneration Committee</p> <p>The Options can be exercised through cash route by submitting the exercise application, as prescribed by the Nomination and Remuneration Committee from time to time, along with exercise price, applicable taxes and other charges, if any.</p> <p>Upon valid exercise, Employee shall receive the Shares equivalent to the number of the Options exercised in accordance with the terms and conditions of the Scheme and as mentioned in grant letter.</p> <p>The mode and manner of the exercise shall be communicated to the Employees individually.</p>
8.	The appraisal process for determining the eligibility of employees for the scheme(s).	The appraisal process for determining the eligibility of the employees will be decided by the Nomination and Remuneration Committee from time to time.
9.	Maximum number of options, shares, as the case may be, to be issued per employee and in aggregate.	The Maximum number of options that may be granted to any eligible employee during any year shall not exceed 100,000 number of options unless otherwise approved by the shareholders. However, the aggregate number of options under the scheme shall not exceed 510,000 options representing 1% of the paid-up capital of the Company as on 31st March, 2020.
10.	Maximum quantum of benefits to be provided per employee under the scheme(s).	The Maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the Market Price of the shares as on the date of sale of shares arising out of exercise of options.
11.	Whether the scheme(s) is to be implemented and administered directly by the Company or through a trust.	BRIL ESOS 2020 shall be administered by the Company and not through a trust.
12.	Whether the scheme(s) involves new issue of shares by the Company or secondary acquisition by the trust or both.	The scheme only involves new issue of shares by the Company.
13.	The amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc.	This is not applicable under the present scheme.



Sl. No.	Particular	BRIL ESOS 2020
14	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s).	This is not applicable under the present scheme.
15	A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15.	The Company shall comply with the disclosures and the accounting policies as prescribed from time to time.
16	The method which the Company shall use to value its options.	The Company shall comply with the requirements of IND-AS and shall use Fair Value method.
17	Lock-in.	Nil

In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' Report and the impact of this difference on profits and on earnings per share ('EPS') of the Company shall also be disclosed in the Directors' Report.

Regulation 6(1) of SBEB Regulations and Rule 12(1) of the Companies (Share Capital and Debentures) Rules, 2014 ('ESOP Rules'), requires that employee stock option scheme shall be approved by the members of a Company by passing a special resolution in a general meeting. Further, as BRIL ESOS 2020 will entail further issue of shares, consent of the members is required by way of a special resolution pursuant to Section 62 (1) (b) of the Companies Act, 2013.

The relevant documents mentioned in the notice are available for inspection by the members at the registered office of the Company on all working days (except Saturdays, Sundays and public holidays) between 10.00 a.m. and 5.00 p.m. upto and at the Annual General Meeting.

Directors/Key Managerial Personnel of the Company/their relatives who may be granted stock options under BRIL ESOS 2020 may be deemed to be concerned or interested in the special resolutions set out in Item No. 5 of this Notice. Save as aforesaid, none of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the said special resolutions.

The Board recommends the special resolutions set out at Item No. 5 of this Notice for approval by the members.

#### Item No. 6

At the 28th Annual General Meeting of the Company held on 22nd September, 2018 Mr. Ameet Nalin Parikh was appointed as the Independent Director of the Company for a period of 5 years, and

due to his resignation his office of Independent Director become vacant before the expiry of his term of Directorship. Therefore pursuant to recommendation made by the Nomination and Remuneration Committee and provisions of Section 161(4) of the Companies Act, 2013 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013 and in accordance with the Articles of Association of the Company, the Board of Directors in their meeting held on 22nd November, 2019, appointed Mr. Rishabh Rajendra Saraf as Non-Executive Independent Director of the Company to preserve the composition of Independent Directors of the Company and to fill the casual vacancy caused by resignation of Mr. Ameet Nalin Parikh, whose office shall be liable to vacation upto the date which Mr. Ameet Nalin Parikh would have held office if his office of directorship had not been vacated due to his resignation.

The Nomination and Remuneration Committee recommended the Board of Directors of the Company the appointment of Mr. Rishabh Rajendra Saraf as Non-Executive Independent Director of the Company for a period of 46 months from the date of his appointment on the Board of the Company i.e. 22nd November, 2019.

The Board of Directors on recommendations of the Nomination and Remuneration Committee, background, experience and contributions made by Mr. Rishabh Rajendra Saraf have approved the appointment (not liable to retire by rotation) of Mr. Rishabh Rajendra Saraf as Non-Executive Independent Director subject to approval of the shareholders of the Company. The Board of Directors would further state that the appointment of Mr. Rishabh Rajendra Saraf would be in the interest of the Company and its shareholders.

Mr. Rishabh Rajendra Saraf is not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and have consented to act as Independent Directors of the Company.

The Company has received a notice, in writing, under the provisions

of Sections 160 of the Companies Act, 2013, from a member proposing his candidature for the office of an Independent Director, not liable to retire by rotation.

Mr. Rishabh Rajendra Saraf has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the Listing Regulations, 2015 and in the opinion of the Board Mr. Rishabh Rajendra Saraf fulfils the said conditions. Mr. Rishabh Rajendra Saraf is independent of the management.

Details of Mr. Rishabh Rajendra Saraf are provided in the "Annexure II" to the Notice pursuant to the provisions of the Companies Act, 2013, Listing Regulations and Secretarial Standards issued by ICSI.

Copies of draft letter of appointment of Mr. Rishabh Saraf setting out the terms and conditions of appointment are available for inspection by the members at the Registered Office of the Company.

Except Mr. Rishabh Saraf, no other Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the resolution mentioned at Item No. 6 of the Notice.

The Board recommends the ordinary resolution set out at Item No. 6 of this Notice for the approval of members.

#### **Item No. 7**

At the 25th Annual General Meeting of the Company, Mrs. Garima Tibrawalla was appointed as Non-Executive Independent Director on the Board of the Company for a term of up to 5 (five) consecutive years up to 28th September, 2020 pursuant to the provisions of Section 149, 152 and Schedule IV of the Companies Act, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee based on the outcome of performance evaluation exercise for Independent Directors, recommended the Board of Directors of the Company the re-appointment of the said Independent Directors, for the second term of five years commencing from 29th September, 2020 till the conclusion of 35th Annual General Meeting of the Company.

The Board of Directors on recommendations of the Nomination and Remuneration Committee, background, experience and contributions made by Mrs. Garima Tibrawalla during her tenure, have approved the re-appointment (not liable to retire by rotation) of the said Independent Director subject to approval of the shareholders of the Company. The Board of Directors state that the re-appointment of Mrs. Garima Tibrawalla would be in the interest of the Company and its shareholders.

Mrs. Garima Tibrawalla is not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and have consented to act as Independent Directors of the Company.

The Company has also received declaration from Mrs. Garima Tibrawalla that she meet the criteria of Independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Regulations.

In the opinion of the Board, Mrs. Garima Tibrawalla fulfil the conditions for appointment as Independent Directors as specified in Companies Act, 2013 and the Listing Regulations. Mrs. Garima Tibrawalla is Independent of the management.

Details of Directors whose re-appointment as Independent Directors are proposed at Resolution No. 7 is provided in the "Annexure II" to the Notice pursuant to the provisions of the Companies Act, 2013, Listing Regulations and Secretarial Standards issued by ICSI.

Copy of draft letter of appointment of Mrs. Garima Tibrawalla setting out the terms and conditions of appointment are available for inspection by the members at the Registered Office of the Company.

Except Mrs. Garima Tibrawalla, no other Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions mentioned at Item No. 7 of the Notice.

The Board recommends the ordinary resolution set out at Item No. 7 of this Notice for the approval of members.

#### **Item No. 8**

The shareholders will recall the appointment of Mr. Anup Jatia as Executive Director of the Company with effect from 1st May, 2016 for a period of five years at their meeting held on 29th September, 2015. As the present terms of appointment of Mr. Anup Jatia will be expiring on 30th April, 2021, which is earlier than the next Annual General Meeting to be held in the year 2021 and hence the Board of Directors have, subject to the approval of shareholders, re-appointed Mr. Anup Jatia as Executive Director of the Company with effect from 1st May, 2021, for a period of three years on the remuneration and terms and conditions recommended by the Nomination and Remuneration Committee.

While re-appointing Mr. Anup Jatia as Executive Director of the Company, the Board of Directors considered his qualification, rich experience, subject matter expertise and immense contribution to the overall progress of the Company. Moreover, the Company is concentrating on its expansion plans besides exploring other opportunities.

The Board is of the opinion that his services should continue to be available to the Company to achieve greater heights, by re-appointing him as Executive Director of the Company.

Taking into considering the duties and responsibilities of Mr. Anup Jatia, the prevailing managerial remuneration in industry and on the recommendation of the Nomination and Remuneration Committee, the Board at their meeting held on 26th June, 2020 approved the remuneration, terms and conditions of the re-appointment of Mr. Anup Jatia, subject to approval of the shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder:-

Salary: ₹ 10,000,000 per annum

As the terms of re-appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013 and the schedule referred above, the Central Government approval is not required for this re-appointment.

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Whole-Time Director, the payment of salary, performance incentives, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being be in force.

Details of Mr. Anup Jatia are provided in the "Annexure II" to the Notice pursuant to the provisions of the Companies Act, 2013, Listing Regulations and Secretarial Standards issued by Institute of Company Secretaries of India.

Except Mr. Anup Jatia, no other Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions mentioned at Item No. 8 of the Notice.

The Board recommends the ordinary resolution set out at Item No. 8 of this Notice for the approval of members.

### Item No. 9 and 10

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company appointed Mr. Sandeep Chokhani as an Additional Director (Non-Independent and Non-Executive) of the Company with effect from 1st April, 2020, to hold office up to the date of this Annual General Meeting.

The Board of Directors of the Company have appointed Mr. Sandeep Chokhani as Whole-time Director of the Company with effect from 26th June, 2020 for a period of three years, upon the terms and condition recommended by the Nomination and Remuneration

Committee hereinafter indicated, subject to the approval of the Members.

While appointing Mr. Sandeep Chokhani as Whole-Time Director of the Company, the Board of Directors considered his qualification, rich experience in the field of Chemical Industry and competency in identifying, evaluating, and executing new business opportunities.

The Board is of the opinion that his services will help the Company to achieve greater heights, by appointing him as Whole-Time Director as mentioned in the resolution, subject to the approval of shareholders.

The principal terms and conditions of appointment of Mr. Sandeep Chokhani as Whole-time Director are as follows:

#### 1. Period of Appointment:

Three years commencing from 26th June, 2020, date of appointment.

#### 2. Remuneration:

In consideration of the performance of his duties, the Company shall pay to Mr. Sandeep Chokhani the fixed gross remuneration (other than the Provident Fund, Bonus and Gratuity) of ₹ 4,348,200/- (Rupees Forty Three Lakh Forty Eight Thousand Two Hundred only) per annum with such increments as may be approved by the Board of Directors from time to time.

The gross remuneration shall be categorized as follows:-

#### i) Basic Salary:

₹ 3,480,000/- (Rupees Thirty Four Lakh Eighty Thousand only) per annum

#### ii) Perquisites and Allowances:

₹ 868,200/- (Rupees Eight Lakh Sixty Eight Thousand Two Hundred Only) per annum on account of allowances and perquisites like House Rent Allowance/Flat Rent and Maintenance, Phone and Communication Allowance, Medical Allowance, Uniform Allowance, Newspaper and Periodicals Allowance, Transport (Commutation Allowance).

In addition to Basic Salary and Perquisites and Allowances, Mr. Chokhani shall be entitled to following benefits:

#### iii) Provident Fund:

Contribution to the Provident Fund shall be as per the rules of the Company.

#### iv) Gratuity:

Gratuity payable in accordance with the rules and regulations in force in the Company from time to time and subject to applicable laws.

v) **Bonus:**

The Bonus is payable @ 10% of Basic Salary per annum.

vi) **One-Time Joining Bonus:**

₹ 1,200,000/- (Rupees Twelve Lakh) subject to deduction of applicable taxes.

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Whole-Time Director, the payment of salary, performance incentives, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being be in force.

As the terms of re-appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013 and the schedule referred above, the Central Government approval is not required for this re-appointment.

Details of Mr. Sandeep Chokhani are provided in the "Annexure II" to the Notice pursuant to the provisions of the Companies Act, 2013, Listing Regulations and Secretarial Standards issued by ICSI.

Except Mr. Sandeep Chokhani, no other Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions mentioned at Item No. 9 and 10 of the Notice.

The Board recommends the ordinary resolutions set out at Item No.

9 and 10 of this Notice for the approval of members.

**Item No. 11:**

Under the provisions of Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records of the Company be conducted by a Cost Accountant in Practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. Poddar & Co., Cost Accountants (Firm Registration Number 101734) as the Cost Auditors of the Company for the year ending 31st March, 2021, at a remuneration and other terms as may be determined by the Audit Committee and finalised by the Board of Directors of the Company.

M/s. Poddar & Co., Cost Accountants have furnished a consent letter regarding their eligibility for appointment as Cost Auditors of the Company.

In compliance with the provisions of section 148 of the Act, the appointment and remuneration of M/s. Poddar & Co., Cost Accountants as the Cost Auditors of the Company is now being placed before the members for their approval.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 11 of the Notice.

The Board recommends the ordinary resolution set forth in Item No. 11 for the approval of members.



## ANNEXURE II TO NOTICE

PARTICULARS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT IS GIVEN HEREIN BELOW:

Name of the Director	Mr. Rishabh Rajendra Saraf	Mr. Sandeep Chokhani
Date of Birth / Age	31st January, 1979 / 41 years	3rd May, 1972 / 48 years
Qualification	Bachelor's degree in Business Management from the University of Nottingham in England	Bachelor's degree in Chemical Plant Engineering from Mumbai University and has done trainings in the areas of ISO/IMS and Leadership Program from Indian Institute of Management, Ahmedabad.
Expertise in specific functional areas	Mr. Rishabh Rajendra Saraf has more than 15 years of experience in the field of manufacturing, marketing and export.	Mr. Sandeep Chokhani possesses over 25 years of rich experience in Chemical Industry across wide spectrum of chemistry which includes Aromatic Chemicals, Monomers, Polymers, Dye Intermediaries, Amines, Surfactants, Personal Care and Anti Oxidants and has competency in identifying, evaluating and executing new business opportunities.
Date of Appointment on the Board	22nd November, 2019	1st April, 2020
Terms and conditions of appointment/re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	Appointment as Non – Executive Independent Director, not liable to retire by rotation, for a term of five consecutive years. He is entitled to receive sitting fees.	Mr. Sandeep Chokhani was appointed as Additional Director on the Board of the Company with effect from 1st April, 2020.  To appoint Mr. Chokhani as Whole-Time Director of the Company for a term of three years with effect from 26th June, 2020.  Remuneration sought to be paid to Mr. Chokhani is ₹ 4,348,200/- per annum and provident fund, gratuity and bonus as per Company's policy plus one-time joining bonus of ₹ 1,200,000/-.
Details of last drawn remuneration	NIL	Not applicable
Directorship held in other companies	1. Remi Edelstahl Tubulars Limited 2. Remi Process Plant And Machinery Limited 3. Rajendra Finance Private Limited 4. Magnificent Trading Private Limited 5. Aura Realinvest Private Limited 6. Remi Renewable Energy Private Limited	1. Narpoli Industrial Estate Private Limited
Chairmanship / Membership in Committees of other Board	Audit Committee (M)* Stakeholders Relationship Committee (M)*	NIL
Shareholding in the Company	NIL	NIL
Relationship with Directors and KMP inter – se	None	None
Number of meetings of the Board attended during the F.Y. 2019 - 20	1/2#	Not Applicable

# Appointed w.e.f 22nd November 2019

\*(M): Member

Name of the Director	Mrs. Garima Tibrawalla	Mr. Anup Jatia
Date of Birth / Age	10th July, 1974/45 years	19th April, 1971 /49 years
Qualification	B. Com. (H)	B.Sc. Engineering and Applied Science (Chemical Engineering and Economics)
Expertise in specific functional areas	Mrs. Tibrawalla areas of experience is in the field of Business Administration and Human Resource Management.	Mr. Jatia has more than 2 decades of experience in the field of chemicals and textiles, with a deep understanding of international and local business.
Date of Appointment on the Board	24th March, 2015	18th January, 2007
Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	To be re-appointed as an Independent Director for a second term from 29th September, 2020 till the conclusion of 35th Annual General Meeting.	Mr. Jatia has consented to retire by rotation at the ensuing Annual General Meeting, for compliance with the requirement of Section 152 of the Companies Act, 2013, and being eligible, offers himself for re-appointment.  To re-appoint Mr. Anup Jatia as Executive Director of the Company for a term of 3 years commencing 1st May, 2021 as his present terms of appointment will be expiring on 30th April, 2021, which is earlier than the next Annual General Meeting.  Considering workload and consistent performance of the Company, remuneration sought to be paid to Mr. Jatia is ₹ 10,000,000 per annum with effect from 1st May, 2021.
Details of last drawn remuneration	Not applicable	₹ 10,000,000 per annum
Directorship held in other companies	1. O P Vanyjya Limited 2. MICA Private Limited 3. Bharat Produce Co Limited 4. Garima Investment and Trading Co Limited 5. Garima Developers Private Limited	1. Accent Industries Limited 2. Tozai Safety Private Limited 3. Fukui Accent Trading (India) Private Limited 4. Asian Polyacrylamides Private Limited 5. Atmasantosh Foundation 6. Livingrose Speciality Chemicals Private Limited
Chairmanship / Membership in Committees of other Board	NIL	NIL
Shareholding in the Company	NIL	NIL
Relationship with Directors and KMP inter – se	None	None
Number of meetings of the Board attended during the F.Y. 2019 - 20	1/5	4/5

Place: Mumbai

Date: 28th August, 2020

**REGISTERED OFFICE:**

145/A, Mittal Tower,  
Nariman Point, Mumbai – 400 021

**By order of the Board  
For Black Rose Industries Limited**

**Nevil Avlani**  
Company Secretary

# DIRECTORS' REPORT

## Dear Members,

Your Directors are pleased to present this 30th Annual Report on the business and operations of the Company, together with the Audited Statement of Accounts, for the financial year ended 31st March, 2020.

### 1. FINANCIAL RESULTS-EXTRACT

The Company's standalone and consolidated performance during the financial year ended 31st March, 2020, as compared to the previous financial year is summarised below:

₹ in lakhs

Particulars	Consolidated		Standalone	
	Year ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Revenue from Operations and Other Income	37,350.05	30,946.20	25,314.14	21,423.65
<b>Earnings Before Interest Depreciation Tax Amortisation and Exceptional Items (EBIDTAE)</b>	<b>3,343.31</b>	<b>2,459.60</b>	<b>3,252.17</b>	<b>2,382.07</b>
Less: Exceptional Items	123.66	-	123.66	-
<b>Earnings Before Interest Depreciation Tax and Amortisation (EBIDTA)</b>	<b>3,219.66</b>	<b>2,459.60</b>	<b>3,128.51</b>	<b>2,382.07</b>
Less: Finance Cost	254.25	312.92	254.25	312.92
<b>Profit before Depreciation and Tax (PBDT)</b>	<b>2,965.40</b>	<b>2,146.68</b>	<b>2,874.26</b>	<b>2,069.15</b>
Less: Depreciation	233.44	210.94	233.44	210.94
<b>Profit before Tax</b>	<b>2,731.97</b>	<b>1,935.74</b>	<b>2,640.82</b>	<b>1,858.21</b>
Less: Provision for Tax	666.71	547.14	647.53	529.10
<b>Profit after Tax</b>	<b>2,065.25</b>	<b>1,388.60</b>	<b>1,993.29</b>	<b>1,329.11</b>
<b>Total Comprehensive Income</b>	<b>2,086.84</b>	<b>1,381.88</b>	<b>2,014.88</b>	<b>1,322.39</b>

### 2. NATURE OF BUSINESS

The Company is primarily in the business of chemical distribution and chemical manufacturing. The Company also owns windmills for the generation and sale of renewable energy and manufactures textiles and made-ups.

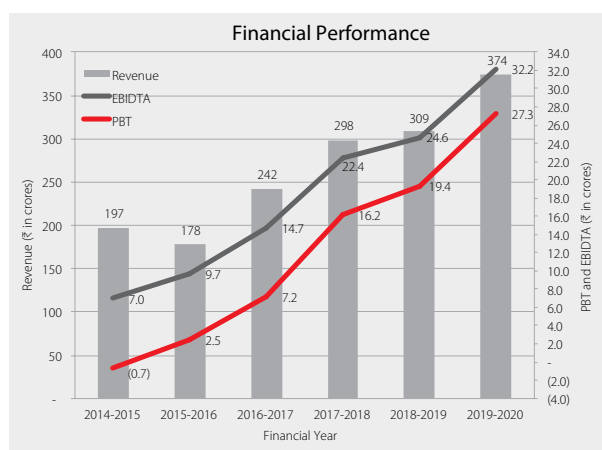
The chemical distribution business consists mainly of import and sales of specialty and performance chemicals manufactured by overseas and domestic principals. The chemical manufacturing business is focused on the production and sale of acrylamide, and going forward will include an increased concentration on polyacrylamide liquid. The renewable energy activity supplies the State Electricity Boards of Rajasthan and Gujarat with wind-

generated power while the textile business is engaged in the manufacture of fabrics and industrial made-ups.

### 3. PERFORMANCE REVIEW

The year 2019–2020 saw a 36% and 37% increase in consolidated and standalone EBIDTAE, respectively. Standalone revenue figures also grew significantly by 18% due to an increase in both acrylamide sales and chemical distribution business. The top 5 products of the distribution business continued to deliver strong results and accounted for more than 75% of the department's sales. Revenues at our subsidiary in Japan increased by 26%. Profitability on both EBIDTAE and net profit

basis improved due to increased productivity at the acrylamide plant and strong margins in the distribution business. The standalone EBITDAE margin for 2019-20 was 12.8% and standalone profit before tax increased by 42% to ₹ 2,641 lakhs.



A detailed analysis of the Company's operations is provided later in the *Management Discussion and Analysis Report*.

#### 4. DIVIDEND

For FY 2019-20, based on the Company's performance, the Directors are pleased to recommend an equity dividend of ₹ 0.35 per equity shares of face value of ₹ 1 each for the year ended 31st March, 2020, subject to the approval of the shareholders at the ensuing Annual General Meeting.

#### 5. TRANSFER TO RESERVES

The closing balance of the retained earnings of the Company for FY 2019-20, after all appropriation and adjustments was ₹ 5,274 lakhs.

#### 6. BUSINESS SCENARIO

Economic growth was generally subdued during the first three quarters. However, this became significantly worse during Q4 with the onset of the COVID-19 pandemic. The Indian rupee which was rangebound within ₹ 69–₹ 70 per US Dollar during Q1 weakened at the start of Q2 and entered a band of ₹ 70–₹ 72 per US dollar until February 2020. However, the pandemic did not spare the Indian currency and this too fell sharply to near ₹ 76 per US Dollar during the last month of the year bringing the total decline to approximately 9% for the year.

These challenges did not stop the Company from delivering its best performance ever. Sales of acrylamide increased both in the domestic and international markets and the Company further expanded capacity. The chemical distribution business

increased its revenue by increasing its market share in existing products as well as product additions. Looking ahead, the Company expects the friction between China and the rest of the world, exacerbated by the COVID situation, resulting in 1) an increase in the demand for Made in India products in global as well as domestic markets and 2) a growing demand in India for imported non-Chinese sources of chemicals.

The business scenario is discussed later in more detail in the *Management Discussion and Analysis Report*.

#### 7. ACRYLAMIDE PLANT AT JHAGADIA, GUJARAT

The Company's acrylamide plant underwent an expansion during the last quarter of the year. It currently has an installed capacity of 20,000MT per year for merchant sale with additional capacity available for captive consumption for production of polyacrylamide and other downstream products.

An in-depth explanation about the acrylamide plant operations is given in the *Management Discussion and Analysis Report*.

#### 8. POLYACRYLAMIDE LIQUID PLANT AT JHAGADIA, GUJARAT

The Company began small scale commercial production of polyacrylamide liquid in October 2019. The plant was expanded in January 2020 to a capacity of 6,600MT and is in the process of being further expanded to a capacity of 40,000MT.

An in-depth explanation about the polyacrylamide liquid plant operations is given in the *Management Discussion and Analysis Report*.

#### 9. SUBSIDIARY—B.R. CHEMICALS CO., LTD., JAPAN

The Company has one subsidiary as on 31st March, 2020. There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

The nature of business of the subsidiary company remained unchanged during the year.

During the year under review, the turnover of the Company's wholly owned subsidiary increased by 26% to just over ₹ 120 crores. The profit at the subsidiary grew 20% to approximately ₹ 71 lakhs.

The performance and financial position of Company's subsidiary B.R. Chemicals Co., Ltd. for the year ended 31st March, 2020 is attached to the financial statements hereto.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiary in Form No. AOC-1 is attached to the financial statements of the Company.



## 10. EFFECTS OF THE COVID-19 PANDEMIC DURING THE YEAR

In the last month of FY 2019-20, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs in varying degrees. Business trips and visits to customers, both domestic as well as international, were cancelled or deferred. The focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers, domestically and internationally. Overnight, the Company set up a new warehousing location in Vapi. The Company's strong IT infrastructure ensured zero downtime and all operations were seamlessly moved to our employees' residences and thanks to the proactiveness shown by the Company's many external service providers, the Company did not suffer any supply chain disruptions in its import pipeline.

However, despite everyone's best efforts, the panic, fear, and lockdown in March 2020 had the effect of reducing the Company's domestic sales in that quarter. The sudden and steep fall in the Indian rupee also hit the Company's bottom line due to MTM losses on currency fluctuation.

## 11. 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.

## 12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Anup Jatia (DIN 00351425), Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

At the 25th Annual General Meeting (AGM) of the Company Mrs. Garima Tibrawalla was appointed as Independent Director of the Company for a term of five years up to 28th September, 2020. Pursuant to the provisions of Section 149 of the Companies Act, 2013, Mrs. Garima Tibrawalla, being eligible, was re-appointed by the Board as Non-Executive Independent Director on the Board of the Company for another term of five years effective 29th September, 2020 to hold office till the conclusion of 35th AGM, subject to approval of the members at the ensuing AGM of the Company.

Mr. Ameet Nalin Parikh resigned from the position of Independent Director of the Company before the expiry of his term. Due to his resignation, the office of Independent

Director became vacant and the Board at its meeting held on 22nd November, 2019 appointed Mr. Rishabh Rajendra Saraf (DIN 00161435) as Non-Executive Independent Director of the Company to preserve the composition of Independent Directors of the Company and to fill the casual vacancy caused by resignation of Mr. Ameet Nalin Parikh. Mr. Rishabh Saraf was appointed as Additional Director of the Company and is proposed to be appointed as Independent Non-Executive Director of the Company at the 30th Annual General Meeting of the Company.

Mr. C.P. Vyas ceased to be the Company Secretary and Compliance Officer of the Company with effect from close of business hours on 31st May, 2019 and Mr. Nevil Avlani was appointed as Company Secretary and Compliance Officer with effect from 1st June, 2019.

All the Independent Directors have given declarations that they have met the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations.

Apart from the above, no other Director or Key Managerial Personnel were appointed or had retired or resigned.

## 13. BOARD MEETINGS AND BOARD COMMITTEES

### a. Board Meetings

Five meetings of the Board were held during the year under review. The Corporate Governance Report, which is part of this report, contains the details of the meetings of the Board.

### b. Committees

Pursuant to Section 177 and 178 of the Companies Act, 2013 and the rules made thereunder and in accordance with Listing Regulations, the Board of Directors has constituted four committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

The details pertaining to the composition of the Committees are included in the Corporate Governance Report, which is a part of this report.

The Company has been employing women employees in various grades within its offices and factory premises. The Company has constituted an Internal Compliant Committee as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress any complaints received from employee(s) of the Company. The Company is

strongly opposed to sexual harassment and all the employees are made aware about the consequences of such acts and the constitution of the Internal Compliant Committee.

During the year there was no complaint received from any employee and hence no compliant is outstanding as on 31st March, 2020.

**c. Evaluations**

Pursuant to the provisions of Companies Act, 2013 and rules made thereunder and in accordance with the Listing Regulations, the Board had carried out an annual performance evaluation of its own and of the Board Committees.

Independent Directors had shared their views amongst themselves, the performance of non-independent directors and the Board as a whole, taking into account the views of executive and non-executive directors.

**d. Policy on Directors' Appointment and Remuneration and other details**

The Company's policy on directors' appointments and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in Nomination and Remuneration Policy which forms part of this report. The Nomination and Remuneration Policy is set out in **Annexure I** to this report and is also available on the website of the Company.

## 14. AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. PKJ & Co., Chartered Accountants, the Statutory Auditors of the Company, hold office up to the conclusion of the 32nd Annual General Meeting. However, their appointment as Statutory Auditors of the Company is subject to ratification by the members at every Annual General Meeting.

The resolution for ratification of appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of members.

## 15. STATUTORY AUDIT REPORT, SECRETARIAL AUDIT REPORT AND COST AUDIT REPORT

The statutory auditor's report, secretarial auditor's report and the cost auditor's report do not contain any qualification, reservations, or adverse remarks or disclaimer. Secretarial audit report is attached to this report.

## 16. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in Form MGT-9 for the financial year ended 31st March 2020 is given in **Annexure II** and forms part of this Annual Report. The same is available on the Company's website.

## 17. LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments given/ made during the financial year under review and governed by the provisions of Section 186 of the Companies Act, 2013 have been furnished in **Annexure III** which forms part of this Annual Report.

## 18. DEPOSITS

During the year under review, the Company did not accept any deposits in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

## 19. CONSOLIDATED FINANCIAL STATEMENTS

The Directors also present the consolidated financial statements incorporating the financial statements of the subsidiaries, and as prepared in compliance with the Companies Act, 2013, applicable Accounting Standards and SEBI Listing Regulations, 2015 as prescribed by SEBI.

## 20. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual financial statements for the year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) 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 at the end of the financial year and of the profit of the Company for that period;
- iii) have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) have prepared the annual accounts on a going concern basis;

- v) have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi) have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
- vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019-20.

## 21. INTERNAL FINANCIAL CONTROLS AND COMPLIANCE FRAMEWORK

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational. This includes its design, implementation and maintenance, along with periodical internal review of operational effectiveness and sustenance, which are commensurate with the nature of its business and the size and complexity of its operations. This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

The Board has also put in place requisite legal compliance framework to ensure compliance of all the applicable laws and that such systems were adequate and operating effectively.

## 22. RISK MANAGEMENT

Company has implemented an integrated risk management approach through which it reviews and assesses significant risks on a regular basis to ensure that a robust system of risk controls and mitigation is in place. Senior management periodically reviews this risk management framework to stay updated and address emerging challenges.

Risk management system followed by the Company is elaborately detailed in *Management Discussion and Analysis Report*.

## 23. VIGIL MECHANISM AND REPORTING OF FRAUDS

The Company has set up vigil mechanism viz. Whistle Blower Policy to enable the employees and directors to report genuine concerns, unethical behavior and irregularities, if any, in the Company noticed by them which could adversely affect company's operations, to the Audit Committee Chairman.

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Act and Rules framed thereunder.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with rules made thereunder is annexed herewith as **Annexure IV** and forms part of this Annual Report.

## 25. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All the contracts, arrangements and transactions entered by the Company during the financial year with related parties were in the ordinary course of business and were on arm's length basis, hence Section 188(1) is not applicable and consequently no particulars in Form AOC-2 are required to be furnished. During the year, the Company had not entered into any contract, arrangements or transactions with related parties which could be considered material. All the contracts, arrangements and transactions with related parties are placed before the Audit Committee as also the Board, as may be required, for approval.

## 26. BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report initiatives taken from an environmental, social and governance perspective in the prescribed format is available as a separate section of this Annual Report.

## 27. ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

No significant and material orders have been passed by any regulators or courts or tribunals which can have an impact

on the going concern status of the Company and its future operations.

## 28. LISTING

The Company's shares are listed on the BSE Limited and the applicable listing fees have been paid.

## 29. MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

The Statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable as none of the employees of the Company are covered under the provisions of the said rules.

The ratio of the remuneration of each director to the median employees' remuneration and other details in terms 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, is annexed herewith as **Annexure V** and forms part of this Annual Report.

## 30. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) forms an integral part of an overall business policy aligned with its business goals. The Company, from time to time, endeavors to utilize allocable CSR budget for the benefit of society.

Salient features of the CSR policy and the details of activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in **Annexure VI** forming part of this report. The CSR Policy is available on the website of the Company.

## 31. DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon, and the Management Discussion and Analysis including the Business Responsibility Report are attached, which form part of this report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable secretarial standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

## 32. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

All documents, including the Notice and Annual Report shall be sent through electronic transmission in respect of members whose e-mail IDs are registered in their demat account or are otherwise provided by the members. A member shall be entitled to request for physical copy of any such documents.

## 33. ACKNOWLEDGEMENTS

The directors thank the Company's employees, customers, vendors, and consultants/advisors for their continuous support extended to the Company.

The directors also thank the Company's principals and statutory authorities for the cooperation extended by them to the Company.

### Cautionary Statement

Certain statements in this Directors' Report and in the Management Discussion and Analysis Report describing the Company's objectives, estimates, and projections may be forward-looking statements and are based on certain expectations. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference in the Company's operations include the availability of raw material/product, cost of raw material/product, changes in demand from customers, fluctuations in exchange rates, changes in government policies and regulations, changes in tax structure, economic developments within India and the countries in which business is conducted, and various other incidental factors. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in making any assumptions. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

For and on behalf of the Board

**Anup Jatia**  
Executive Director

**Sandeep Chokhani**  
Director

Place: Mumbai  
Dated: August 28, 2020



# MANAGEMENT DISCUSSION AND ANALYSIS

## A. THE INDUSTRY STRUCTURE AND DEVELOPMENTS

### Chemical

Specialty and performance chemical distribution accounts for the major share of the Company's revenues. The Company's manufacturing unit located in Jhagadia, Gujarat, is engaged in the production of a) acrylamide at South Asia's first acrylamide monomer plant and b) polyacrylamide liquid. The acrylamide plant can cater to 20,000MT of merchant sales in addition to the Company's captive intermediate monomer requirement for the production of polyacrylamide. While the acrylamide plant was established in 2013 under technology license from Mitsui Chemicals, Inc., of Japan, commercial production of polyacrylamide liquid was commenced in October 2019 using technology developed at the Company's in-house R&D center.

Global supply changes have been gradually shifting since 2017 from a China-dependent position to one that is more globally balanced, and this shift has been accelerated by the COVID pandemic. India has been a beneficiary of this change but a lot will continue to depend on how well the many opportunities are harnessed by the Indian industry. Ground level improvements in infrastructure and true ease in doing business are much needed. And for this, both the government and private industry would need to work on promoting mutual trust and confidence.

### Textile

The Company operates in this sector as a manufacturer of fabrics and textile made-ups such as industrial safety gloves.

India's textiles sector is fully integrated with everything from basic yarns to high end garments being produced. However, due to the labor as well as capital-intensive nature of the business, the sector is facing significant challenge by the growing prominence of countries such as Vietnam and Bangladesh.

### Renewable Energy

The Company has two windmills of 0.8MW each, one in Rajasthan and the other in Gujarat, totaling 1.6MW. Power Purchase Agreements have been entered into with the respective State Electricity Boards and all power generated is sold accordingly.

Wind, which was once the most promising renewable energy source in India, is gradually being overtaken by solar.

## B. OPPORTUNITIES, THREATS, AND THE COMPANY'S RESPONSE

### Chemical Distribution

Distribution products are sourced from the Company's overseas and domestic principals. The prices of these products are affected by feedstock costs, foreign exchange rates, and global as well as domestic market dynamics. Changes in consumption by user industries, volatility in foreign exchange rates, variations in interest rates, fluctuating liquidity conditions, and other factors beyond the Company's control may affect profitability and revenue from operations.

The Company chooses its distribution products based on factors such as the market position and competitiveness of the principal from whom the product is to be sourced, the demand/supply scenario, and general price trends. During the year, new products were identified, market share in existing products was increased, and in some cases the Company's presence in the products' market was intentionally reduced.

With the overall slowdown in the global economy, the availability of products for the Indian market increased during the year. Furthermore, with the Company's strong focus on direct end-user sales, this allowed the Company to expand its product reach and market share.

### Chemical Manufacturing

#### Acrylamide

The domestic market demand of acrylamide monomer is approximately 13,000MT on a 100% solid basis, or 26,000MT on the basis of acrylamide 50% solution. The Company produces and supplies acrylamide solution to this market. In addition to the domestic market, there is a strong export demand as well. The price of acrylamide is mainly affected by changes in the cost of its key raw material, acrylonitrile (also used to manufacture acrylic fiber and ABS polymers). Domestic market forces as well as international market forces also affect acrylamide prices. Acrylamide in powder form is imported from China by a number of chemical traders and end users, and import duties can be as high as 7.5% on the same.

#### Polyacrylamide Liquid

The domestic market demand of polyacrylamide liquid is

approximately 120,000MT. Polyacrylamides represent a class of polymers that are water-soluble and formed solely from acrylamide or together with other monomers. They are widely used as flocculating agent, thickening agent, binders, super absorbent polymers, soil conditioners, filtering aid, lubricant and oil recovery agent. The Company currently has a capacity to produce 6,600MT polyacrylamide liquids and this is being expanded to 40,000MT by June 2020. The polyacrylamide liquid currently being produced is used as a binder in the ceramic tile industry.

### Textiles

There are good opportunities for India in the production of cotton-based textiles and in trade with Japan and other countries where India has an FTA. However, increasing labor costs and high transport and logistics costs are giving countries such as Bangladesh and Vietnam an edge over Indian businesses in some areas. The Company's interest in this sector is limited, and the Company does not intend to invest further resources in this business.

### Renewable Energy

The revenue from this business depends on the quantum of power generation, which in turn depends on conditions of nature prevailing throughout the year. Although there are unlimited opportunities in the field of renewable energy, the Company has no plans to enter into any further renewable energy projects at this time.

## C. ANALYSIS OF PERFORMANCE

### Chemical Distribution

The distribution business performed well during the year. Although there was a shortage of meta cresol due to force majeure declared by the Company's principal in Germany, growth in other products more than compensated for the same. Sales of specialty chemicals and performance chemicals grew 29% and 98% respectively. Lack of clarity of the RBI's stand on rupee depreciation and the lockdown situation at the end of the year resulted in foreign currency adjustments which lowered profitability during the last quarter, but this did not stop the distribution business from clocking superlative results. The Company added two new divisions-waste water treatment and dental products – and further increased its market presence in products such as flocculants, ethanolamines, and isophthalic acid.

### Acrylamide

Sales of acrylamide during the year grew with an increase in exports. The Company's product is used in a variety of industries including water treatment, paints, as well as in friction reducers (for fracking). With demand increasing both at home and abroad, the Company increased its acrylamide production

capacity for merchant sales from 14,000MT to 20,000MT in Q3 FY2020.

### Polyacrylamide Liquid

The Company began marketing its polyacrylamide liquid ceramic binder under the name BRILBIND™ in October 2019. The product is used as an important processing aid during the manufacture of ceramic tiles and finds its main market in the tile manufacturing hub of Morbi, Gujarat. Annual capacity was increased to 6,600MT at the end of January and performance evaluations were being conducted at customers' ends when the lockdown was imposed. As such, volume of sales during the year were not significant and are expected to increase with the completion of trials and relaxation of lockdown.

## D. FINANCIAL REVIEW

### 1. Analysis of the profit and loss statement:

Revenues: Revenues from operations reported a 18.17% growth from ₹ 213.49 crore in 2018-19 to reach ₹ 252.29 crore in 2019-20. Other incomes of the Company reported a 14.33 % growth and accounted for a 0.34 % share of the Company's revenues reflecting the Company's dependence on its core business operations.

Expenses: Total expenses of the Company increased by 15.25 % from ₹ 195.65 crore in 2018-19 to ₹ 225.50 crore due to increase in operational scale/volume. Raw material costs, accounting for 20.43 % share of the Company's revenues decreased, by 3.97 % from ₹ 53.67 crore in 2018-19 to ₹ 51.54 crore in 2019-20 owing to decrease in the cost of raw material procured during the year. Employees expenses accounting for a 1.96 % share of the Company's revenues increased by 29.24 % from ₹ 3.82 crore in 2018-19 to ₹ 4.93 crore in 2019-20.

### 2. Analysis of the Balance Sheet Sources of funds:

- The capital employed by the Company increased by 20.77 % from ₹ 61.96 crore as on 31st March 2019 to ₹ 74.39 crore as on 31st March 2020 owing to reinvestment/ploughing back of Profit/Surplus. Return on capital employed, a measurement of returns derived from every rupee invested in the business increased by 387 basis points from 35.04 % in 2018-19 to 39.82 % in 2019-20 due to increased margin.
- The net worth of the Company increased by 38.68 % from ₹ 47.02 crore as on 31st March 2019 to ₹ 65.21 crore as on 31st March 2020 owing to increase in reserves and surpluses. The Company's equity share capital comprising 51,000,000 equity shares of ₹ 1 each remained unchanged during the year under review.
- Long-term debt of the Company decreased by 57.18 % to

₹ 4.53 crore as on 31st March 2020 owing to repayment of debts. Long-term debt-equity ratio of the Company stood at 0.07 in 2019-20 compared to 0.23 in 2018-19.

- Finance costs of the Company decreased by 18.75 % from ₹ 3.13 crore in 2018-19 to ₹ 2.54 crore in 2019-20 following the repayment of liabilities. The Company's interest cover stood at a comfortable 11.39 x in 2019-20 (6.94 x in 2018-19).

### 3. Applications of funds:

- Fixed assets (gross) of the Company increased by 11.04 % from ₹ 48.85 crore as on 31st March 2019 to ₹ 54.24 crore as on 31st March 2020 owing to an increase in plant and machinery. Depreciation on tangible assets increased by 10.66 % from ₹ 2.11 crore in 2018-19 to ₹ 2.33 crore in 2019-20 owing to an increase in fixed assets during the year under review.

### 4. Working capital management:

- Current assets of the Company increased by 32.57 % from ₹ 74.36 crore as on 31st March 2019 to ₹ 98.58 crore as on 31st March 2020 owing to the growing scale of business of the Company. The current and quick ratios of the Company stood at 1.55 and 0.82, respectively in 2019-20 compared to 1.62 and 0.71, respectively in 2018-19.
- Inventories including raw materials, work-in-progress and finished goods among others increased by 16.77 % from ₹ 33.12 crore as on 31st March 2019 to ₹ 38.67 crore as on 31st March 2020 owing to an increase in business operation. The inventory cycle changed from 64.03 days of turnover equivalent in 2018-19 to 66.73 days of turnover equivalent in 2019-20.
- Growing business volumes resulted in an increase of 68.03 % in trade receivables from ₹ 27.97 crore as on 31st March 2019 to ₹ 47.00 crore as on 31st March 2020. All are receivable were considered good. The Company contained its debtor turnover cycle within 54.23 days of turnover equivalent in 2019-20 compared to 52.83 days in 2018-19.
- Cash and bank balances of the Company increased by 7.88 % from ₹ 4.8 crore as on 31st March 2019 to ₹ 5.18 crore as on 31st March 2020
- Loans and advances made by the Company increased by 104.30 % from ₹ 0.73 crore as on 31st March 2019 to ₹ 1.50 crore on account of increased prepaid expenses and advances payable to suppliers.

### 5. Margins

- The EBITDA margin of the Company improved by 124 basis

points from 11.16 % in 2018-19 to 12.40 % while the net profit margin of the Company improved by 168 basis points.

## E. KEY RATIOS

Particulars	2018-19	2019-20
EBIDTA/Turnover (%)	11.16%	12.40%
Debt-equity ratio	0.63	0.34
Return on equity (%)	28.27%	30.60%
Book value per share (₹)	1	1
Earnings per share (₹)	2.61	3.91
Debtors Turnover (days)	52.83	54.23
Inventory Turnover (days)	64.03	66.73
Interest Coverage Ratio (x)	6.94	11.39
Current Ratio (x)	1.62	1.55
Debt Equity Ratio (x)	0.63	0.34
Operating Profit Margin (%)	10.17%	11.48%
Net Profit Margin (%)	6.20%	7.88%

## F. OUTLOOK

Chemicals industry in India is highly diversified, covering more than 80,000 commercial products. It is broadly classified into Bulk chemicals, Specialty chemicals, Agrochemicals, Petrochemicals, Polymers and Fertilizers. India's proximity to the Middle East, the world's source of petrochemicals feedstock, makes for economies of scale.

As per FICCI report, India's chemical industry is one of the fastest growing in the world, currently ranked the third largest in Asia and sixth globally with respect to output after the US, China, Germany, Japan and Korea. The report indicated that the industry is expected to grow to reach USD 304 bn by FY25.

The chemical industry is a key component of Indian economy, accounting for ~2% of the GDP. It is the backbone of industrial and agricultural development of the country and provides building block to many downstream industries such as textile, papers, paints, soaps, detergent and pharmaceuticals, among others.

### Acrylamide

The Company has been expanding its domestic and international footprint in the acrylamide business and expects to maximize its acrylamide capacity utilization by the end of the year considering overall economic improvement in the post-COVID period. Raw material (acrylonitrile) prices are expected to remain subdued due to slowdown in demand from major applications of acrylonitrile such as acrylic fiber and as well as new capacity that has come up in China.

### Chemical Distribution

Although the COVID period will reduce customer demand for several of the Company's distribution products, the Company

plans to focus on both top line and bottom line growth and targets to increase volumes on new products added while consolidating its leadership position in its key products.

#### **Polyacrylamide Liquid**

Customer trial and performance evaluations for the Company's BRILBIND™ ceramic binder are being carried out successfully and the Company has been adding new customers consistently. The Company will install its expanded annual capacity of 40,000MT during Q2 FY2021, and is targeting a monthly sale of 1,000MT from Q3 FY2021 and a monthly sale of 2,000MT from Q4 FY2021. Expected revenue at full annual capacity utilization of 40,000MT is approximately ₹ 100 crores.

#### **Polyacrylamide Solid**

Plant building construction began in mid-2019 and the first phase was completed in early 2020. However, the Company's R&D activities have been affected by the COVID situation as plant travel by our R&D team was on hold due to personnel safety concerns. The 100,000MT polyacrylamide solids market in India is being catered almost entirely through imports (domestic production is less than 1000MT in a year). With the ongoing uncertainty around the COVID situation, we expect to complete plant setup in FY2022.

## **G. RISK AND CONCERNS**

The Company has a risk identification and management framework appropriate to it and to the business environment under which it operates. Risks are being identified at regularly intervals by the Company's Board of Directors and key management personnel.

The Company has a Risk Management Policy, which provides overall framework of Risk Management in the Company. The Board of Directors is responsible for the assessment, formulation and implementation of guidelines, managing key risks, risk minimization procedures and periodicals review.

Foreign exchange risk is arguably the single largest area of risk for the Company. Frameworks are in place to manage this risk and to take on larger than anticipated movements in currency markets.

**Key risks to which the Company is exposed include:**

#### **- Health and safety risk**

As the Company manufactures chemicals that are hazardous in nature, health and safety is the top priority for the management of the Company. All efforts are being made to enhance safety standards and processes in order to minimise safety risks in all our operations.

#### **- Environmental risk**

The Company is committed to minimising the environmental

impact of its operations through adoption of sustainable practices and continuous improvement in environmental performance. The Company continues to focus on operational excellence aimed at resource and energy efficiency, along with recovery, reuse and recycling of waste to minimise the ecological footprint of the organisation.

#### **- Raw material price fluctuations**

Change in raw material prices from time to time forces the Company to revise the prices of its products periodically to reflect the variations in material costs. Especially in case of imported raw materials, a fall in prices during transit may result in finished products being sold below initial price expectations.

#### **- Execution**

Execution depends on several factors including material availability, timely receipt of raw material, weather conditions and the absence of other contingencies. The Company manages these adversities with a cautious approach and meticulous planning wherever possible.

#### **- Quality Risk**

The Company is committed to maintain the best quality standards in manufacturing of its products through periodic reviews, and continual improvement of the quality management system. It strives to enhance customer satisfaction through delivering quality products. The Company has established a well-defined quality control structure to ensure that systems, facilities and processes are designed and developed in line with the needs of customers and simultaneously complying with regulatory requirements.

#### **- Currency Volatility**

The operations of the Company are exposed to fluctuations of exchange rates that could affect the Company's performance. In view of the, the Company reviews and revises the prices of its products in the event of significant currency movement. The Company also has the policy of systematically hedging its trade exposures using forward contracts. Wherever possible transactional currencies are aligned to the reporting currency in order to obviate exchange fluctuation impact.

#### **- Economic Downturn**

Economic downturn could impact the Company's markets, suppliers, customers and finance leading to business slow down, disruptions, and unhealthy competition.

#### **- Competition**

Competition could put pressure on volume growth and pricing. The Company focuses on superior quality of products, shorter lead times and high service level to maintain high levels of customer satisfaction.



#### - **Financing**

Inadequate funding resources and high interest costs may impact regular business and operations. The Company has sufficient funding and reserves to operate smoothly and regularly negotiates with its bankers and financiers to reduce finance costs.

#### - **Information security risk**

We are increasingly dependent on IT systems and are exposed to breach of information security that can cause availability of sensitive information to the Company's competitors. We have an information and security monitoring system to safeguard leaking of such sensitive information to the Company's competitors

#### - **Attracting and retaining talent**

Our success depends in large part on the efforts put in by our dedicated team of staff. The Company takes all necessary steps to attract and retain them.

### H. INTERNAL CONTROL SYSTEMS

The Company has proper and adequate system of internal controls which ensure that all the assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorised, recorded and reported correctly.

Our internal financial control framework commensurate with the size and operations of the business and is in line with requirements of the regulations. We have laid down adequate procedures and policies to guide the operations of our business. Unit / functional heads are responsible for ensuring compliance with the policies and procedures laid down by the management. Our internal control systems are routinely tested by the Management, Statutory Auditors and Internal Auditors.

All major findings and suggestions arising out of internal audit are reported to and reviewed by the Audit committee. The management ensures implementation of these suggestions and reviews them periodically.

The Company continuously strives to evolve, improve and implement the best practices for each of its major functional areas with a view to strengthen its internal control systems.

### I. INTERNAL AUDIT

The internal audit is conducted by an independent audit firm comprising of chartered accountants. The internal audit function carries out a focused and risk based annual internal

audit plan approved by the Audit Committee. The internal audit reports are reviewed by the Audit Committee periodically.

### J. DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company's vision is to create a cohesive work environment that encourages the employees to pursue their professional and self-development goals in addition to building operational excellence and a sense of belonging.

The Company believes that human resources are a critical factor for its growth. The Company invests in its employees for the growth of their skills and talents so as to meet the growth aspirations of the business. The emphasis is on grooming in-house talent enabling them to take on larger responsibilities.

The Company has an excellent track record on industrial relations. No man-days were lost on account of strike or dispute during the year. The relations with the employees and workers remained cordial and harmonious throughout the year. The Company's grievance redressal mechanisms ensure that employees can raise issues and concerns and have them addressed in time.

### K. CAPITAL EXPENDITURE AND EXPANSION PLANS

The Company embarked on a major expansion program for the manufacture of polyacrylamide liquids (40,000MT) and polyacrylamide solids (10,000MT) in 2019. Environmental Clearance was received in October 2018. The total expected cost of the expansion was ₹ 60 crores.

During the year, the Company invested ₹ 126 lacs towards building up the initial annual capacity of 6,600MT of the polyacrylamide liquid plant. Towards the polyacrylamide solids plant, the Company has invested ₹ 180 lacs as at the end of the financial year.

The Company also expanded its acrylamide production facility. From 14,000 MTPA, the capacity has been increased so as to support 20,000 MTPA of merchant sales and additional volume for captive consumption as intermediate monomer for the production of polyacrylamides. A capital investment of ₹ 421 lacs was made towards this expansion during the year.

The Company continues to actively pursue other opportunities in the field of chemical manufacturing and will make necessary announcements whenever plans are firmed up.

## Annexure-I to Directors' Report

# NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

## DEFINITIONS

1. "Board" means the Board of Directors of the Company.
2. "Directors" means the Directors of the Company.
3. "Company" means Black Rose Industries Limited.
4. "Key Managerial Personnel" (KMP) means:
  - i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole time Director;
  - ii) Company Secretary; and
  - iii) Chief Financial Officer
5. "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
6. "Senior Managerial Personnel" means the personnel of the Company who are members of its core management team excluding Board of Directors and KMP's.  
  
Normally, this would comprise all members of management, one level below the Executive Directors, including functional heads.
7. "Other employees" means, all the employees other than the Directors, KMPs and the Senior Management Personnel.

## OBJECTIVE

The objective of the policy is to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMP, Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

## ROLE OF THE COMMITTEE

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## NOMINATION AND REMUNERATION POLICY

Nomination and Remuneration Policy is divided into four parts as follows:

### I QUALIFICATIONS

Criteria for identifying persons who are qualified to be appointed as a Directors/KMP/Senior Management Personnel of the Company:

#### a. Directors

Section 164 of the Companies Act, 2013 states disqualifications for appointment of any person to become Director of any Company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

#### b. Independent Directors

For appointing any person as an Independent Director he/she should possess qualifications as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014.

### c. Senior Management Personnel and KMP and Other Employees

The Company has an hierarchy structure displaying positions of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the Company is to match the requirements prescribed in the hierarchy structure of the Company.

## II REMUNERATION

### a. Structure of Remuneration for the Managing Director, Executive Director, Key Managerial Personnel and Senior Management Personnel:

The Managing Director, Executive Director, Key Managerial Personnel and Senior Management Personnel (other than Non-Executive Directors) receive basic salary and other perquisites. The perquisites include other allowances. The total salary includes fixed and variable components.

The Company's policy is that the total fixed salary should be fair and reasonable after taking into account the following factors:

- The scope of duties, the role and nature of responsibilities.
- The level of skill, knowledge and experience of individual.
- Core performance requirements and expectations of individuals.
- The Company's performance and strategy.
- Legal and industrial obligations.

#### *Minimum Remuneration to Executive Director*

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

### b. Structure of Remuneration for Non-Executive Director

Non-Executive Directors are remunerated to recognize responsibilities, accountability and associated risks of Directors. The total remuneration of Non-Executive Directors may include all, or any combination of following elements:

- Fees for attending meeting of the Board of Directors as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and decided at the meeting of the Board of Directors.

- Fees for attending meetings of Committees of the Board which remunerate Directors for additional work on Board Committee as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and decided at the Meeting of the Board of Directors.

- Commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board from time to time to be payable to any of the Non-Executive Director.

- Non-Executive Directors are entitled to be paid all traveling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Companies Act, 2013 shall be subject to the approval of the Shareholders' at an Annual General Meeting by special resolution and/or of the Central Government, as may be applicable.

### c. Structure of Remuneration for other employees

The power to decide structure of remuneration for other employees has been delegated to appropriate department heads or the HR department, as the case may be under guidance of the management.

## III. REMOVAL & RETIREMENT

- a. The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.
- b. The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## IV. EVALUATION

### a. Criteria for evaluating Non-executive Board members

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act states that the Independent Directors shall at its separate meeting review performance of non-independent directors and the Board as a whole and the performance evaluation of Independent Directors shall

be done by the entire Board of Directors excluding the Director being evaluated.

**b. Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary based on the following criteria:

**Ability to:**

- apply professional knowledge to assigned duties so as to achieve a high standard of performance.
- use resources economically and judiciously.
- fulfill responsibilities in the development and training of staff.
- display foresight and plan beyond immediate needs.
- delegate responsibilities and exercise required degree of guidance and supervision.
- motivate subordinates effectively to produce desired results.
- maintain morale and look after the management of staff.
- exercise control over subordinates and gain their confidence.

**c. Criteria for evaluating performance of other employees**

The power to decide criteria for evaluating performance of other employees has been delegated to appropriate department heads or the HR department, as the case may be. They shall carry out evaluation of performance of the other employees on the following criteria:

- Technical skills
- Quality of Work
- Interpersonal Skills
- Communication Skills
- Approach to Work
- Time Management
- Leadership skills

**Communication of this Policy**

For all Directors, a copy of this policy shall be handed over within one month from the date of approval by the Board. This Policy shall also be posted on the web-site of the Company and in the Annual Report of the Company.

**Implementation:**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may delegate any of its powers to one or more of its members.

**Amendment:**

Any change in the policy shall, on recommendation of Nominations and Remuneration Committee, be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.



## Annexure-II to Directors' Report

## FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2020

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

## I. REGISTRATION AND OTHER DETAILS

i)	CIN	L17120MH1990PLC054828
ii)	Registration Date	January 1, 1990
iii)	Name of the Company	Black Rose Industries Limited
iv)	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v)	Address of the Registered Office & Contact details	145/A, Mittal Tower, Nariman Point, Mumbai-400 021. Tel : +91 22 4333 7200, Fax : +91 22 228 73022 E-mail id : investor@blackrosechemicals.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Satellite Corporate Services Private Limited Unit No. 49, Bldg. No. 13 A-B, 2nd Floor, Samhita Commercial Co-op. Soc. Ltd. Off. Andheri Kurla Road, Sakinaka, Mumbai-400 072. Tel : +91 22 2852 0461/62, Fax : +91 22 2851 1809 Email id : service@satellitecorporate.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturer of organic and inorganic chemical compounds	20119	30.19
2	Wholesale of industrial chemicals	46691	69.19

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Equity Shares Held	Applicable Section
1	Wedgewood Holdings Limited, Mauritius	Foreign Company	Holding	56.47	2(46)
2	B.R. Chemicals Co., Ltd., Japan	Foreign Company	Subsidiary	100	2(87)

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total equity)

## A. Category-wise shareholding

Category of shareholder	No. of Shares held at the beginning of the year [As on 31st March, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	239,850	0	239,850	0.47	239,850	0	239,850	0.47	0.00
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	239,850	0	239,850	0.47	239,850	0	239,850	0.47	0.00

Category of shareholder	No. of Shares held at the beginning of the year [As on 31st March, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) Foreign									
(a) NRI-Individuals	0	0	0	0	0	0	0	0	0
(b) Other-Individuals	0	0	0	0	0	0	0	0	0
(c) Body Corp.	38,010,000	0	38,010,000	74.53	38,010,000	0	38,010,000	74.53	0.00
(d) Bank/FI	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	38,010,000	0	38,010,000	74.53	38,010,000	0	38,010,000	74.53	0.00
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	38,249,850	0	38,249,850	75.00	38,249,850	0	38,249,850	75.00	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	800	0	800	0.00	800	0	800	0.00	0.00
b) Banks/FI	0	200	200	0.00	0	200	200	0.00	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
(i) Foreign Portfolio Investors	136,095	0	136,095	0.27	136,095	0	136,095	0.27	0.00
Sub-total (B)(1)	136,895	200	137,095	0.00	136,895	200	137,095	0.00	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	442,565	10,600	453,165	0.89	456,007	10,600	466,607	0.91	(+)0.02
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,840,189	1,851,280	6,691,469	13.12	5,346,976	1,812,370	7,159,346	14.04	(+)0.92
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3,350,803	0	3,350,803	6.57	2,750,205	0	2,750,205	5.39	(-)1.18
c) Others (specify)									
i) Non Resident Indians									
- Repatriable	853,267	0	853,267	1.67	859,819	0	859,819	1.69	(+)0.02
- Non-Repatriable	28,972	0	28,972	0.06	19,313	0	19,313	0.04	(-)0.02
ii) Directors and Relatives	0	271,800	271,800	0.53	0	271,800	271,800	0.53	(-)0.00
iii) Hindu Undivided Families	156,109	3,500	159,609	0.31	254,303	900	255,203	0.50	(+)0.19
iv) Clearing Members	4,587	0	4,587	0.01	31,881	0	31,881	0.06	(+)0.05
v) Trusts	2	0	2	0.00	0	0	0	0.00	0.00
vi) IEPF	799,381	0	799,381	1.57	798,881	0	798,881	1.57	0.00
Sub-total (B)(2)	10,475,875	2,137,180	12,613,055	24.73	10,517,385	2,095,670	12,613,055	24.73	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	10,612,770	2,137,380	12,750,150	25.00	10,654,280	2,095,870	12,750,150	25.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	48,862,620	2,137,380	51,000,000	100.00	48,904,130	2,095,870	51,000,000	100.00	0.00

## B) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of Company	% of shares pledged/encumbered to total shares	
1	Wedgewood Holdings Limited	28,800,000	56.47	0.00	28,800,000	56.47	0.00	0.00
2	Triumph Worldwide Limited	9,210,000	18.06	0.00	9,210,000	18.06	0.00	0.00
3	Tozai Enterprises Private Limited	239,850	0.47	0.00	239,850	0.47	0.00	0.00
	<b>Total</b>	<b>38,249,850</b>	<b>75.00</b>	<b>0.00</b>	<b>38,249,850</b>	<b>75.00</b>	<b>0.00</b>	<b>0.00</b>

## C) Change in Promoter's Shareholding (please specify if there is no change)

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	38,249,850	75.00	38,249,850	75.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	No Change	No Change	No Change	No Change
	At the end of the year	38,249,850	75.00	38,249,850	75.00

## D) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRS)

Sl No.	Shareholder's name	Shareholding		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (eg. allotment/transfer/bonus/sweat equity, etc.)	No. of Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of shares	% of total shares of the Company
1	IEPF	799,381	1.57	01.04.2019				
				15.11.2019	(-)500	Transfer	798,881	1.57
				31.03.2020			798,881	1.57
2	Bhanwarilal Panda	801,084	1.57	01.04.2019				
				07.02.2020	(-)19,546	Transfer	781,538	1.53
				31.03.2020			781,538	1.53
3	Ruchi Todi	765,000	1.50	01.04.2019				
				31.03.2020			765,000	1.50
4	Rhea Todi	616,602	1.21	01.04.2019				
				31.03.2020			616,602	1.21
5	Chitralekha Todi	641,460	1.26	01.04.2019				
				02.08.2019	(-)55,149	Transfer	586,311	1.15
				31.03.2020			586,311	1.15
6	Sujata Todi	765,000	1.50	01.04.2019				

Sl No.	Shareholder's name	Shareholding		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (eg. allotment/transfer/ bonus/sweat equity, etc.)	No. of Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of shares	% of total shares of the Company
				02.08.2019	(-)14,278	Transfer	750,722	1.47
				30.08.2019	(-)36,805	Transfer	713,917	1.40
				01.11.2019	(-)73,458	Transfer	640,459	1.26
				15.11.2019	(-)14,036	Transfer	626,423	1.23
				13.12.2019	(-)476	Transfer	625,947	1.23
				20.12.2019	(-)16,293	Transfer	609,654	1.20
				31.12.2019	(-)10,000	Transfer	599,654	1.18
				10.01.2020	(-)115	Transfer	599,539	1.18
				07.02.2020	(-)5,909	Transfer	593,630	1.16
				14.02.2020	(-)9,502	Transfer	584,128	1.15
				21.02.2020	(-)5,819	Transfer	578,309	1.13
				28.02.2020	(-)8,781	Transfer	569,528	1.12
				06.03.2020	(+)2,000	Transfer	571,528	1.12
				13.03.2020	(+)3,500	Transfer	575,028	1.13
				31.03.2020			575,028	1.13
7	Yasin Lukamanbhai Gadhia	178,420	0.35	01.04.2019				
				02.08.2019	(+)13,079	Transfer	191,499	0.38
				01.11.2019	(+)5,950	Transfer	197,449	0.39
				15.11.2019	(+)1,430	Transfer	198,879	0.39
				22.11.2019	(+)2,300	Transfer	201,179	0.39
				13.12.2019	(+)2,800	Transfer	203,979	0.40
				10.01.2020	(+)1,785	Transfer	205,764	0.40
				31.01.2020	(+)1,500	Transfer	207,264	0.41
				31.03.2020			207,264	0.41
8	Sanjay Kanaiyalal Shah	0	0.00	01.04.2019				
				02.08.2019	(+)20,506	Transfer	20,506	0.04
				09.08.2019	(+)45,494	Transfer	66,000	0.13
				30.08.2019	(+)69,500	Transfer	135,500	0.27
				01.11.2019	(+)8,430	Transfer	143,930	0.28
				15.11.2019	(+)6,270	Transfer	150,200	0.29
				22.11.2019	(+)5,910	Transfer	156,110	0.31
				13.12.2019	(+)8,540	Transfer	164,650	0.32
				27.12.2019	(+)350	Transfer	165,000	0.32
				10.01.2020	(+)2,000	Transfer	167,000	0.33
				24.01.2020	(+)1,300	Transfer	168,300	0.33
				31.01.2020	(+)850	Transfer	169,150	0.33
				07.02.2020	(+)1,350	Transfer	170,500	0.33
				14.02.2020	(+)100	Transfer	170,600	0.33

Sl No.	Shareholder's name	Shareholding		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (eg. allotment/transfer/ bonus/sweat equity, etc.)	No. of Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of shares	% of total shares of the Company
				20.03.2020	(+),4,400	Transfer	175,000	0.34
				27.03.2020	(+),7,500	Transfer	182,500	0.36
				31.03.2020	(+),2,500	Transfer	185,000	0.36
9	Saurabh Ranjit Parikh	105,312	0.21	01.04.2019				
				05.04.2019	(+),340	Transfer	105,652	0.21
				12.04.2019	(+),1,000	Transfer	106,652	0.21
				26.04.2019	(+),65	Transfer	106,717	0.21
				03.05.2019	(+),499	Transfer	107,216	0.21
				02.08.2019	(+),39,568	Transfer	146,784	0.21
				30.08.2019	(+),6,000	Transfer	152,784	0.29
				01.11.2019	(+),5,846	Transfer	158,630	0.30
				15.11.2019	(-),325	Transfer	158,305	0.31
				22.11.2019	(-),294	Transfer	158,011	0.31
				13.12.2019	(-),998	Transfer	157,013	0.31
				20.12.2019	(+),2,960	Transfer	159,973	0.31
				27.12.2019	(+),3,957	Transfer	163,930	0.31
				31.12.2019	(+),270	Transfer	164,200	0.32
				10.01.2020	(+),1,930	Transfer	166,130	0.32
				17.01.2020	(+),70	Transfer	166,200	0.33
				24.01.2020	(+),220	Transfer	166,420	0.33
				31.01.2020	(+),350	Transfer	166,770	0.33
				07.02.2020	(+),180	Transfer	166,950	0.33
				14.02.2020	(+),60	Transfer	167,010	0.33
				21.02.2020	(+),100	Transfer	167,110	0.33
				28.02.2020	(+),30	Transfer	167,140	0.33
				13.03.2020	(+),25	Transfer	167,165	0.33
				20.03.2020	(+),100	Transfer	167,265	0.33
				31.03.2020			167,265	0.33
10	Niche Financial Services Private Limited	238,326	0.47	01.04.2019				
				10.01.2020	(-),12,316	Transfer	226,010	0.44
				17.01.2020	(-),24,745	Transfer	201,265	0.39
				24.01.2020	(-),22,192	Transfer	179,073	0.35
				31.01.2020	(-),9,000	Transfer	170,073	0.33
				07.02.2020	(-),6,168	Transfer	163,905	0.32
				14.02.2020	(-),20,000	Transfer	143,905	0.28
				31.03.2020			143,905	0.28
11	Citrine Fund Limited	136,095	0.27	01.04.2019				
				31.03.2020			136,095	0.27



## E) Shareholding of Directors and Key Managerial Personnel

Sl No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (eg. allotment/transfer/ bonus/sweat equity, etc.)	No. of Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Mr. Shivhari Halan	271,800	0.53	01.04.2019				
				31.03.2020			271,800	0.53
2	Mr. Sujay Sheth	0	0	01.04.2019				
				31.03.2020			0	0
3	Mr. Anup Jatia	0	0	01.04.2019				
				31.03.2020			0	0
4	Mr. Basant Kumar Goenka	0	0	01.04.2019				
				31.03.2020			0	0
5	Mrs. Garima Tibrawalla	0	0	01.04.2019				
				31.03.2020			0	0
6	Mr. Nevil Avlani	400	0	01.04.2019				
				31.03.2020			400	0
7	Mr. Ratan Agrawal	14,100	0.03	01.04.2019				
				31.03.2020			14,100	0.03

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

₹ in lakh

	Secured Loans	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	2,201.11	770.00	2,971.11
ii) Interest accrued but not due	0	3.57	3.57
<b>Total (i+ii)</b>	<b>2,201.11</b>	<b>773.57</b>	<b>2,974.68</b>
<b>Change in Indebtedness during the financial year</b>			
* Addition	0	0	0
* Reduction	381.09	373.52	754.61
<b>Net Change</b>	<b>(381.09)</b>	<b>(373.52)</b>	<b>(754.61)</b>
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	1,820.02	395.00	2,215.02
ii) Interest accrued but not due	-	5.05	5.05
<b>Total (i+ii)</b>	<b>1,820.02</b>	<b>400.05</b>	<b>2,220.07</b>

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Anup Jatia (Whole-Time Director)	
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,000,000	10,000,000
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission		
(a)	as % of profit	0	0
(b)	others, specify	0	0
5	Others, please specify	0	0
	Total (A)		10,000,000
	Ceiling as per the Act		10,000,000

### B. Remuneration to other directors

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of Directors						Total
		Mr. Shivhari Halan	Mr. Ameet Parikh*	Mr. Sujay Sheth	Mr. Basant Kumar Goenka	Mrs. Garima Tibrawalla	Mr. Rishabh Saraf**	
1	Independent Directors							
	Fee for attending board meetings	80,000	20,000	100,000	20,000	20,000	20,000	260,000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	<b>Total (1)</b>	<b>80,000</b>	<b>20,000</b>	<b>100,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>260,000</b>
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	0	0	0	0	0	0	0
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B)=(1+2)</b>	<b>80,000</b>	<b>20,000</b>	<b>100,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>260,000</b>
	<b>Total Managerial (A+B) Remuneration</b>							<b>10,260,000</b>
	<b>Overall Ceiling as per the Act</b>							<b>11,300,000</b>

\*Mr. Ameet Parikh ceased to be a Non-Executive Independent Director of the Company w.e.f. 20th November, 2019.

\*\*Mr. Rishabh Saraf was appointed as Non-Executive Independent Director w.e.f. 22nd November, 2019.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Amount in ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS*	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	1,031,671	2,278,887	3,310,558
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
(a)	as % of profit	0	0	0	0
(b)	others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>1,031,671</b>	<b>2,278,887</b>	<b>3,310,558</b>

\*Mr. C.P. Vyas ceased to be Company Secretary and Compliance Officer of the Company w.e.f. 31st May, 2019 and Mr. Nevil Avlani was appointed as Company Secretary and Compliance Officer w.e.f. 1st June, 2019.

## VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
------	------------------------------	-------------------	--	----------------------------	------------------------------------

## COMPANY/DIRECTORS/OTHER OFFICERS IN DEFAULT

Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## Annexure-III to Directors' Report

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

₹ in lakh

Particulars of Investment made, Guarantee given and Loan given	Name of the Entity	Amount (₹)	Purpose for which Loan is proposed to be utilized by the recipient
NIL	NIL	NIL	NIL

## Annexure-IV to Directors' Report

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

## A. CONSERVATION OF ENERGY

- a) Steps taken or impact on conservation of energy:
  - i) Selection and installation of energy efficient variable frequency drive refrigeration units for existing process and on going expansion. This shall further minimize power consumption.
  - ii) Maintained all previous installations.
- b) No steps were taken by the Company for utilizing alternate source of energy.
- c) The capital investment on energy conservation equipment was ₹ 45 lakhs during the year.

Various improvements in process control have been implemented which has led to reduction in waste generation, and improvement in efficiency of the manufacturing plant.

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

No technology was imported during the last three years reckoned for the beginning of the financial year.

- c) Details of expenditure on Research and Development:

The Company has spent ₹ 29.63 lakhs on the same during the year.

## B. TECHNOLOGY ABSORPTION

- a) The efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution:

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1.	Foreign exchange outgo	₹ 19,219.24 lakhs
2.	Foreign exchange earned	₹ 3,513.14 lakhs

## Annexure-V to Directors' Report

## Details pertaining to remuneration as required under 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:

Sl. No.	Name of Director/KMP and Designation	Remuneration to Director/KMP for the financial year 2019–20 (₹)	Increase in Remuneration in the financial year 2018-19 (%)	Ratio of Remuneration of each Director/KMP to the median Remuneration of employees (times)
1	Mr. Anup Jatia, Executive Director	10,000,000	138.10	33.46
2	Mr. Shivhari Halan, Independent Director	NIL	NIL	NIL
3	Mr. Sujay Sheth, Independent Director	NIL	NIL	NIL
4	Mr. Basant Kumar Goenka, Independent Director	NIL	NIL	NIL
5	Ms. Garima Tibrawalla, Independent Director	NIL	NIL	NIL
6	Mr. Nevil Avlani, Company Secretary*	791,667	10	2.65
7	Mr. Ratan Kumar Agrawal, Chief Finance Officer	2,278,887	5	7.63

\* Mr. Nevil Avlani was appointed as Company Secretary w.e.f. 1st June, 2019.

Sl. No.	Requirements	Disclosure
1	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees for the financial year was increased by 14.49% compared to the previous financial year due to increase in non-managerial employees.
2	The number of permanent employees on the rolls of the Company.	81 employees as on 31st March, 2020
3	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.	The average percentile increase in the salaries of employees other than managerial personnel in the last financial year was 10.15% as compared with the percentile increase in the managerial remuneration of 26.52%. There was no exceptional circumstance for increase of remuneration of managerial personnel in the last financial year.
4	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, the remuneration is as per the remuneration policy of the Company.

## Annexure-VI to Directors' Report

### REPORT ON CSR ACTIVITIES OF THE COMPANY

as per Companies (Corporate Social Responsibility Policy) Rules, 2014

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

The CSR policy adopted by the Company includes all the activities which are prescribed under Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility policy) Rules, 2014. The CSR policy of the Company can be viewed on website of the Company at [www.blackrosechemicals.com](http://www.blackrosechemicals.com).

Overview of the projects or programmes undertaken/proposed to be undertaken either directly or through implementing agency:

- a) **Patang Scholars Program**

The Patang Scholars Program is a joint initiative by Atmasantosh Foundation and NIT-Dharma Bharathi Mission. The program is for talented students from underprivileged background who need financial support to pursue a higher education. This program provides scholarship and imparts holistic development to the selected students.

- b) **SHIELD Program**

SHIELD offers first-aid training and mental health awareness workshops for participants aged 13 and above. Run by Atmasantosh Foundation the first-aid and safety training workshop teaches participants the basic skills and procedures for medical emergencies while our mental health awareness workshop instructs participants on the signs and symptoms of mental illness and how to effectively address it.

- c) **Vidya Sahyog Program**

The Program focuses on strengthening literacy, employability, educational infrastructure, and health and safety facilities in rural areas across India. Run by Atmasantosh Foundation, the program also offers scholarship opportunities to students studying in school and colleges in rural areas.

- d) **Mobility and Eye Care Camps**

Ratna Nidhi Charitable Trust provides health care assistance by organising mobility camp to provide artificial aids like Jaipur foot, calipers, crutches, hand etc. to empower the differently-abled individuals. It will also run an eye care camp to provide free spectacles with prescribed glasses to needy students.

- e) **Aviral Gyan Pariyojana**

The program is to support special education to intellectually

disabled students from the age 5 to 25 years by providing materials, equipment and infrastructure facilities. Disha Foundation provides pre-vocational and vocational training in cooking, stitching, art and craft and machine handling to the students between the age 14 to 25 years. Disha Foundation and Baldeodas Bhagirathi Shah Trust supports development of educational infrastructure in rural India.

- f) **Bhavishya-yaan**

The Rotary Club of Bombay runs a student enrichment program in six municipal schools and impacts about 1,400 underprivileged children who are taught spoken English, Computer skills and life skills, besides being given exposure to various off-sites that provide vital education helping them to become chartered accountants, engineers and the like qualifications.

- g) **Health Care and Medical Assistance**

The program is to provide health care and medical assistance to the low-income patients covering medical expenditure for inpatient services or the treatment of major illnesses.

- h) **Relief and Rehabilitation Aid**

The program is to provide relief aid such as food, clothes, clean drinking water, etc. to the victims affected by natural disasters helping them to cope better with the stress.

#### The Composition of the CSR Committee.

Name of Member	Category
Mr. Anup Jatia	Chairman
Mr. Sujay Sheth	Member
Mr. Rishabh Saraf	Member

1. Average net profit of the Company for last three financial years: ₹ 1,367.84 Lakhs
2. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 27.36 Lakhs
3. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year:

Financial Year	Amount (₹ in Lakhs)
2016-17	6.40
2017-18	16.61
2018-19	27.36
<b>Total</b>	<b>50.37</b>

- b) Amount unspent, if any: ₹ 5.88 Lakhs



c) Manner in which the amount spent during the financial year is detailed below:

CSR Project or Activity Identified	Relevant Section of Schedule VII in which the project is covered	Project or programs 1) Local area or other 2) Specify the State and District where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise (₹ in Lakhs)	Amount Spent on the projects or program subheads (₹ in Lakhs)	Cumulative Expenditure upto the reporting period (₹ in Lakhs)	Amount Spent: Direct or through Implementing Agency
Patang Scholars Program	(ii)	Mumbai, Maharashtra	50.00	15.91	21.41	Through Implementing Agency (Atmasantosh Foundation)
SHIELD Program	(i)					
Vidya Sahyog Program	(i)&(ii)					
Mobility and Eye Care Camp	(i)	Pan India	5.00	2.68	2.68	Through Implementing Agency (Ratna Nidhi Charitable Trust)
Aviral Gyan Pariyojana	(ii)	Bharuch, Gujarat	40.00	5.00	5.00	Through Implementing Agency (Atmasantosh Foundation)
				5.00	5.00	Through Implementing Agency (Baldeodas Bhagirathi Shah Trust)
Bhavishya-yaan	(ii)	Jaipur and Jhunjhunu, Rajasthan	1.00	0	0	Through Implementing Agency (Rotary Club of Bombay)
Healthcare and Medical Assistance	(i)	Mumbai, Maharashtra	10.00	9.00	9.00	Direct
Relief and Rehabilitation Aid	(xii)	Mumbai, Maharashtra	5.00	0.40	0.40	Direct
				0.60	0.60	Through Implementing Agency (Madhu Mehta Foundation)
				0.40	0.40	Through Implementing Agency (SAFA)

#### 4. Reason for not spending the aforesaid amount mentioned at point no. 3 on CSR Activities.

During the year under review, the Company was unable to spend the CSR amount mentioned at point no. 3(b) as it was unable to find suitable project considering sustainability, impact on the desired recipients, and efficacy of implementing agencies. The same will be added to the CSR budget for the financial year 2020–2021.

We hereby confirm that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

For Black Rose Industries Limited

Anup Jatia

Executive Director & Chairman of CSR Committee

DIN: 00351425

Place: Mumbai

Date: August 28, 2020

## Form No. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2020

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

To

*The Members*

**Black Rose Industries Limited**

145/A, Mittal Tower, Nariman Point, Mumbai-400 021

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

Based on our electronic verification (since physical verification was not possible on account of Pandemic of COVID -19 and Lockdown) of the M/s. Black Rose Industries Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives electronically during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined electronically the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (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, 2009; (Not applicable to the Company during the Audit period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (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;
- (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, 1998; (Not applicable to the Company during the Audit period).
- (vi) Other laws as per the representation made by the Company are as follows:
  - Factories Act, 1948
  - Industrial Disputes Act, 1947
  - Employees Compensation Act, 1923
  - Payment of Wages Act, 1936
  - Payment of Gratuity Act, 1972
  - Maternity Benefit Act, 1961
  - Industries (Development & Regulation) Act, 1951
  - Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - Employees State Insurance Act, 1948
  - Indian Contracts Act, 1872
  - Income Tax Act, 1961 and Indirect Tax Laws
  - Environment (Protection) Act, 1986

- Water (Prevention and control of pollution) Act, 1974
- Indian Stamp Act, 1899

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board (SS-1) and general meetings (SS-2) are complied.
- The provisions of SEBI (Listing obligations and Disclosures Requirements) Regulations, 2015 including its amendment.

During the period under review and as per the explanations/representation made by the management the Company has generally complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, laws and regulations to the Company.

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 during the period under review were carried out in compliance with the provisions of the Act. The Changes in the Company Secretary and Compliance officer is also carried out in compliance of the provisions of the Act.
- the Board committees namely Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee were reconstituted during the year under review.
- the Company has paid dividend in the audit period and has complied with all the Dividend related and IEPF related compliances as per Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
- adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and generally 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.
- majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period there were no instance of:

- Public/Right/Preference issue of shares/debentures/sweat equity, etc.
- Redemption/buy-back of securities.
- Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- Merger/amalgamation/reconstruction, etc.
- Foreign technical collaborations.

We further report that the Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility became applicable to the Company in the financial year 2017-2018. The Company has spent on Corporate Social Responsibility Activities in the financial year 2018-2019 and 2019-2020. The part of the amount required to be spent on CSR as on 31.03.2020 is unspent.

Further, our report of even dated to be read along with the following clarifications:

- Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
- 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 as reasonable basis of our opinion.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- Wherever required, we have obtained the Management representation about the compliance of laws and regulations and happening.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 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 ND & Associates**

UDIN : F003262B000314980

**Neeta H. Desai**

*Practising Company Secretary*

COP No. 4741

Place : Mumbai

Date : 03.06.2020

# BUSINESS RESPONSIBILITY REPORT (BRR)

This Report is prepared pursuant to provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:** L17120MH1990PLC054828
- Name of the Company:** Black Rose Industries Limited
- Registered address:** 145-A, Mittal Tower, Nariman Point, Mumbai-400021, Maharashtra.
- Website:** www.blackrosechemicals.com
- E-mail Id:** investor@blackrosechemicals.com
- Financial Year reported:** 1st April, 2019 to 31st March, 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service
1	Manufacturer of organic and inorganic chemical compounds	20119
2	Wholesale of industrial chemicals	46691

- List three key products/services that the Company manufactures/provides**

- Production and Sale of Acrylamide
- Chemical Distribution

- Total number of locations where business activity is undertaken by the Company**

- Number of International Locations (Provide details of major 5) : NIL (on standalone basis)
- Number of National Locations:

Manufacturing Plants	2
Distribution Centers	4
Production of Energy-Windmills	2
Offices including Registered Office/Head Office	3

- Markets served by the Company:**

Local	State	National	International
✓	✓	✓	✓

## SECTION B: FINANCIAL DETAILS

1	Paid up Capital	₹ 510 lakhs
2	Total Turnover	₹ 25,228.69 lakhs
3	Total profit after taxes	₹ 1,995.39 lakhs
4	Total Spending on Corporate Social Responsibility as percentage of profit after tax	The Company's total spending on CSR for the financial year 2019-20 is ₹ 38.99 lakhs which is 1.95% of Profit After Tax.
5	List of activities in which expenditure in 4 above has been incurred	a) Education b) Health Care

## SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company?	The Company encourages its subsidiary to participate in the BR Initiative of the Company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR Initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	The Company does not mandate its suppliers, distributors, etc. to participate in all the BR initiatives of the Company. However, being a responsible organisation, the Company believes in educating its suppliers and distributors on the BR initiatives of the Company and are encouraged to follow the BR initiatives.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR policy/policies

DIN: 02346782

Name: Mr. Sandeep Chokhani

Designation: Whole-Time Director

### 2. Details of the BR Head

Sl. No.	Particulars	Details
1	DIN Number	02346782
2	Name	Sandeep Chokhani
3	Designation	Whole-Time Director
4	Telephone No.	+91 22 4333 7200
5	Email Id	investor@blackrosechemicals.com

### 3. Principle-wise (as per National Voluntary Guidelines NVGs) BR Policy/Policies

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 marginalised
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

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	Note to Answers
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Refer Note 6	Y	Y	-
2	Has it been formulated in consultation with relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y	Refer Note 1
3	Does the policy conform to any national/international standards?	Y	Y	Y	Y	Y	Y	-	Y	Y	Refer Note 2
4	Has the policy being approved by the Board? Is yes, is it signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y	Refer Note 3
5	Does the Company have a specified committee of the Board/Director/Official to oversee implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y	-
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	-	Y	Y	Refer Note 4
7	Has the policy been formally communicated to all relevant internal & external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y	-
8	Does the Company have in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	-	Y	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y	-
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y	Refer Note 5



**Notes:**

1. While there may not be formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned internal stakeholders.
2. The spirit and content of the Code of Conduct and all the applicable laws and standards are captured in the policies articulated by the Company. The policies are based on and are in compliance with the applicable regulatory requirements and International Standards.
3. The policies have been approved by the Board wherever required by law, rules and regulations. Other policies are developed and approved internally by appropriate authorities and are signed by Executive Director/Functional Heads as required/appropriate.
4. Some policies like Code of Conduct for Board and Senior Management Executives, CSR Policy, Whistle Blower Policy, etc. are displayed on the Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com). Other policies are available on Intranet/in physical form with suitable access given to the concerned persons.
5. While the Company has not carried out independent audit of the policies, the Internal Audit Function periodically looks at the implementation of the policies.
6. We do not have documented policy. We have healthy well understood practices on the subject.

If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles					-				
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles					-				
3	The Company does not have financial or manpower resources available for the task					-				
4	It is planned to be done within next six months					-				
5	It is planned to be done within next one year					-				
6	Any other reason (please specify)					-				

**4. Governance Related to BR**

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company.

The aspects of Business Responsibility are reviewed by the Board. The Board of Directors reviews the BR performance of the Company on an annual basis.

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

This is the Company's first foray into publishing the Business Responsibility Report for the year under review.

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1****Business should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Yes, the Company has an anti-corruption policy in place that governs the ethics, bribery and corruption related matters at

the Company and follows to achieve zero-tolerance against bribery and corruption. The policy applies to all officers, directors, shareholders, employees, suppliers, contractors and appointed third party representatives of the Company including its agents, intermediaries, consultants and introducers in all locations. Violation of this policy will be severely sanctioned, including where appropriate disciplinary procedures, up to and including termination of employment and possible referral to the appropriate criminal or regulatory authorities. The Company intends to review doing business with others who do not

commit to the same standard of zero-tolerance of corruption, including joint ventures partners and distributors.

## 2. Stakeholder complaints received in the past financial year and percentage satisfactorily resolved by the management?

The Stakeholders of the Company includes our investors, shareholders, clients, employees, vendors/suppliers, partners, government and local communities.

The Company has not received any complaints from its stakeholders in the past financial year with respect to abusive, corrupt or anti-competition practices.

However, two investors/shareholders complaints related to share transfer and loss of share certificate were received during the financial year ended 31st March, 2020 and the same were resolved/redressed within stipulated time period mentioned under the SEBI Circular(s) to the satisfaction of the investor/shareholder concerned.

### 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.

- To save valuable natural water resource, we have installed effluent treatment plant, reverse osmosis plant along with multi effect evaporator to recycle 100% waste water generated. The recycled water is used in various industrial activities at the site.
- Several initiatives such as VFD installations, LED fittings, VFD driven Refrigerated unit have been taken to conserve and reduce energy consumption at the site.
- Optimization of process to reduce the water consumption/waste water generation has been undertaken.
- The Company produces Acrylamide which is chief raw material for manufacturing Polyacrylamides. Polyacrylamide is one of the most widely used materials as a flocculent. It finds wide applications in many fields, e.g. municipal water treatment, sewage treatment, enhanced oil recovery, paper manufacture, and soil conditioning. This allows the recycling of water in industrial processes and so saves greatly the consumption of water in industry. Water treatment is evidently of great importance in order to meet the population's water requirements, which are continuously increasing. In addition, there is the need to save water for agricultural use to avert the fear of a food crisis. These reasons all together show that the production and use of polyacrylamide is a national objective.

#### 2. Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably?

The Company has an elaborate procedure for all transport vehicles lying to its plant, i.e for incoming and outgoing cargo.

#### 3. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company is promoting localization in procuring goods and availing services, wherever possible, subject to their meeting required specifications, quality and cost. While selecting the vendors, preference is given to local vendors with an objective of creating employment and economic opportunities in the area wherein they operates. With this initiative, the Company has been helping local suppliers in the Indian Chemical Industry to compete in global market.

#### 4. 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%).

The Company sends its Hazardous waste for co-processing to authorized processor, which in turn is supplied to cement companies where it is used as fuel for their operations.

### Principle 3

**Businesses should promote the wellbeing of all employees**

Sl. No.	Particulars	As on 31st March, 2020
1	Please indicate the total number of employees	81
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	19
3	Please indicate the number of permanent women employees	6
4	Please indicate the number of permanent employees with disabilities	Nil
5	Do you have an employee association that is recognized by management	No
6	What percentage of your permanent employees is members of this recognized employee association	Not Applicable

#### 7. Please indicate the 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.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Sl. No.	Particulars	% of Employees
1	Permanent Employees	100
2	Permanent Women Employees	100
3	Casual/Temporary/Contractual Employees	Not Applicable
4	Employees with Disabilities	Not Applicable

Safety and skill up-gradation training includes providing Health, Safety, First Aid, Fire Safety training, Technical training and Professional Development Program including soft skills.

**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. The Company has identified its key stakeholder groups and mapped its internal and external stakeholders.

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

No. The Company has not identified the disadvantaged, vulnerable & marginalized stakeholders.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

Yes, the Company values the support of its stakeholders and respects the interests and concerns they have towards the Company. The Company has put in place systems and

procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner.

The Company extends help to the disadvantaged, vulnerable and marginalized stakeholders. Such initiatives include supply of education kits to students, providing drinking water facilities, health check-up camps, livelihood training that generates a source of income, teaching students spoken English, computer skills and life skills, providing artificial aids like Jaipur foot, calipers, crutches empowering differently abled individuals, providing free spectacles with prescribed glasses to students, etc.

**Principle 5**

**Businesses should respect and promote human rights**

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

The Company has in place Labour Practices and Human Rights Policy which sets out the principles for our actions and behavior in relation to human rights.

The Policy is applicable to the Company and its subsidiaries and affiliates worldwide. In addition, our sub-contractors working at our sites are expected to comply with the policy.

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

There were no stakeholder complaints received by the Company during the financial year 2019-2020.

**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 in place Environment, Health and Safety Policy with respect to its manufacturing facilities. The Policy covers only the Company.

However, the Company encourages its subsidiary, suppliers and contractors to employ environment friendly measures in their day to day operations.

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

Yes, the Company is cognizant of the impact of climate change on its business in the medium and long term.

The Company is constantly taking energy efficiency initiatives at its plants. The Company during FY 2019-20 installed energy efficient variable frequency drive refrigeration units for its existing process and on going expansion. This shall further minimize power consumption. The capital investment on energy conservation equipment was ₹ 45 lakhs during the year.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, Environment and climate change related risks are part of the enterprise risk management framework and are considered under project risk, business operation risk, risk of business continuity, marketing risk and compliance risk.

At the operations level, environmental and health and safety risks are identified as a part of the ISO 9001:2015, ISO 14001:2015 and OHSAS 18001 Certification.

**4. Does the Company have any project related to Clean Development Mechanism?**

No.

**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.**

Yes, the Company has two windmills of 0.8MW each, one in Rajasthan and the other in Gujarat, totaling 1.6MW. Power Purchase Agreements have been entered into with the respective State Electricity Boards and all power generated is sold accordingly.

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

Yes, the Company strictly complies with the conditions laid down in the grant of consent to establish and operate by the Pollution Control Board and the Environmental Clearance.

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

There were no show cause notices pending from CPCB or SPCB as on end of 31st March, 2020.

**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.**

Some of the trade/industry associations of which the Company is a member are:

- Basic Chemicals, Cosmetics, & Dyes Export Promotion Council (CHEMEXCIL)
- Indian Chemical Council
- Indian Speciality Chemical Manufacturers Association
- FIEO

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

We regularly provide our inputs to the associations for the advancement or improvement of our industry and economy.

**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.**

Yes, our Community Initiatives and projects are governed by the CSR Policy of the Company.

The focus areas of our CSR Initiatives are education, health, education and employment enhancing through vocational skills. Requisite details of CSR initiatives undertaken by the Company are provided in Annexure VI to Directors' Report which is forming part of this Annual Report.

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

The Company executes its CSR initiatives/projects through its own in-house team as well as through implementing NGOs and Foundations.

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

All the initiatives undertaken by the Company or its implementing partners were chosen with the objective of giving immediate as well as long term benefits to the beneficiaries including access to latest infrastructure for education and healthcare.

The Company conducts need assessment studies before initiating the projects. The outcome and the impact of each project is monitored and measured by the Company at regular intervals along with its implementing partners.

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

In the financial year 2019-20, the Company has spent ₹ 38.99 lakhs on CSR projects.

Details of CSR projects undertaken by the Company are provided in Annexure VI to Directors' Report which is forming part of this Annual Report.

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

The administration of all the CSR Initiatives is overseen by the CSR Committee of the Board and the Company's own in-house team and the implementing NGOs and Foundations oversee the smooth functioning and short term and long term impact of the CSR activities undertaken. The requirement of future needs are shared by the beneficiaries and depending on the needs the Company provides necessary support in terms of funding, upgradation, repairs, etc. either directly or through implementing agencies.

**Principle 9**

**Business 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?**

There are no material customer complaints pending as at the end of the financial year.

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

The Company displays necessary relevant product information on the product label adhering to all applicable laws and regulations. In addition to this information/declarations relating to safe handling are made on the product.

**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?**

We follow fair trade practices. There have been no complaints/cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behavior during the last five years.

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

Yes, we are in constant contact with our customers and keep receiving feedback on an ongoing basis. As a part of ISO certification process the Companies carried out external Customer Satisfaction Survey.

We have a high number of repeat customers in our businesses.



# REPORT ON CORPORATE GOVERNANCE

Good Corporate Governance facilitates efficient, effective and entrepreneurial management that can deliver stakeholder value over the longer term. It is about commitment to values and ethical business conduct. It is a set of laws, regulations, processes and customs affecting the way a Company is directed, administrated, controlled or managed.

The Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations 2015).

## COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Black Rose believes that Good Corporate Governance creates goodwill amongst stakeholders, thus, helps the Company to achieve its long term corporate goals, brings consistent sustainable growth and generates competitive return for the investors.

Black Rose also believes that Transparency, Accountability and Compliance of various laws are the key elements for achieving Good Corporate Governance.

## BOARD OF DIRECTORS

The Company has a broad-based Board of Directors commensurate with the size of the Company, constituted in compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") and is in accordance with best practices in Corporate Governance.

The Board of Directors comprises of six members as at 31st March, 2020 of whom one is Executive Director and remaining five are Non-Executive Independent Directors.

In view of the above 83.33% of the Board of Directors of the Company comprises of Non-Executive Independent Directors.

### Composition and Categories of Board of Directors

Director	Category	Board Meeting attended/ held	Attendance at the AGM	Directorship in other Companies (*)	Membership/ Chairmanship of the Committees of the Board of other Companies (**)		Directorship held in other Listed Entities along with Category
					Member	Chairman	
Mr. Anup Jatia	Executive Director	4/5	Yes	1	0	0	-
Mr. Ameet Parikh #	Independent/Non-Executive	1/3	No	2	1	0	Non-Executive Non-Independent Director of Axtel Industries Limited
Mr. Basant Kumar Goenka	Independent/Non-Executive	1/5	Yes	3	0	0	-
Mrs. Garima Tibrawalla	Independent/Non-Executive	1/5	No	3	0	0	Non-Executive Non-Independent Director of O P Vanyjya Limited
Mr. Shivhari Halan	Independent/Non-Executive	4/5	No	1	1	0	Non-Executive Independent Director of Winmore Leasing and Holdings Limited
Mr. Sujay Sheth	Independent/Non-Executive	5/5	Yes	1	2	2	Non-Executive Independent Director of AGC Networks Limited
Mr. Rishabh Saraf##	Independent/Non-Executive	1/1	Not Applicable	2	3	0	Managing Director of Remi Edilstahl Tubulars Limited and Whole-Time Director of Remi Process Plant and Machinery Limited

(\*) Excludes Directorships in Black Rose Industries Limited, Private Limited Companies, Foreign Companies and Companies registered under section 8 of the Companies Act, 2013.

(\*\*) Includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies (excluding the membership and chairmanship in Black Rose Industries Limited).

# Mr. Ameet Parikh ceased to be a Non- Executive Independent Director of the Company w.e.f. 20th November, 2019.

## Mr. Rishabh Saraf was appointed as Non-Executive Independent Director w.e.f. 22nd November, 2019.

During the financial year 2019–20 five meetings of the Board of Directors were held on 24th May, 2019, 13th August, 2019, 12th November, 2019, 22nd November, 2019 and 12th February, 2020.

#### Disclosures of relationships between directors inter-se

As at 31st March, 2020, the Board comprises of 6 directors. None of the Directors are related to each other.

#### Equity Shareholding of the Non-Executive Directors in the Company as on 31st March, 2020

Sl. No.	Name of the Non-Executive Director	No. of Shares
1	Mr. Rishabh Rajendra Saraf	0
2	Mr. Basant Kumar Goenka	0
3	Mrs. Garima Tibrawalla	0
4	Mr. Shivhari Halan	271,800
5	Mr. Sujay Sheth	0

#### Details of familiarization programmes imparted to independent directors

The details of familiarization programmes imparted to independent directors is provided on the Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com).

#### Confirmation on the conditions specified in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sl. No.	Name of Director(s)	Skill/Expertise/Competencies			
		Sales & Marketing	General management/ Governance	Financial Skills	Legal and Regulatory expertise
1	Mr. Anup Jatia	✓	✓	✓	✓
2	Mr. Rishabh Saraf	✓	✓	✓	
3	Mr. Sujay Sheth		✓	✓	✓
4	Mr. Basant Kumar Goenka	✓	✓	✓	
5	Mr. Shivhari Halan	✓	✓	✓	✓
6	Mrs. Garima Tibrawalla	✓	✓	✓	

#### Detailed reasons for the resignation of an Independent Director

On 20th November, 2020, Mr. Ameet Parikh had tendered his resignation from the position of Non-Executive Independent Director, before the expiry of his term. Reason of resignation was to preserve his independence as the advisory firm in which he is a partner was exploring a professional relationship with the Company.

Further, resignation letter of Mr. Parikh contains confirmation that there is no other material reason other than those provided in his resignation letter.

## COMMITTEES

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with

The Board confirms that the Independent Directors fulfill the conditions specified in Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

#### Key Board qualifications, expertise and attributes

The Company's core business includes chemical distribution and chemical manufacturing.

The chemical distribution business consists mainly of import and sales of speciality and performance chemicals manufactured by overseas and domestic principals. The chemical manufacturing consists of production of acrylamide and polyacrylamide liquid.

In order to effectively discharge its duties, it is necessary that collectively the Directors hold the appropriate balance of skills, experience and expertise. The Board seeks a complementary diversity of skills and experience across its members, ensuring that the Board is in compliance with the highest standards of corporate governance.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:

specific areas/activities as mandated by applicable regulations, which concern the Company and need a closer review.

Currently Black Rose has four Committees of the Board viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. The terms of reference of these committees is decided by the Board of Directors of the Company in line with the provisions of the Listing Regulations, Companies Act, 2013 and the rules made thereunder. Signed minutes of the Committee Meetings are placed at the meeting of the Board.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The role and composition including the number of meetings and related attendance are given below.

#### Audit Committee

The Company has an Independent Audit Committee. The composition, procedure, role/function of the committee complies with the requirements of the Companies Act, 2013 as well as those of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**The brief terms of reference of the Audit Committee includes the following:**

- 1) To oversee the Company's financial reporting process and disclosures of financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) To recommend Board of Directors of the Company for appointment, re-appointment and removal of statutory auditors and to fix their audit fees and approve payment for any other services rendered by the statutory auditors.
- 3) To review with the management, quarterly, half yearly, nine-months and annual financial statements including of subsidiaries/associates, before submission to the board for approval.
- 4) To review with the management performance of statutory and internal auditors and adequacy of internal control system.
- 5) To review the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 6) To discuss with internal auditors any significant findings and also reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularities or failure of internal control systems of material nature and reporting the matter to the board.
- 7) To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- 8) To review Management Discussion and Analysis of financial condition and results of operations, Statement of significant related party transactions, Management letters/letters of internal control weaknesses issued by the statutory auditors and Internal Audit Reports relating to internal control weaknesses.
- 9) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013
- 10) To review the Company's financial and risk management policies.

- 11) Disclosure of any related party transactions including approval of transactions of the Company with related parties and any subsequent modification(s) of such transactions.

- 12) Qualifications in the draft audit report.

- 13) Review the functioning of the whistle blower mechanism.

- 14) To perform such other functions as may be delegated by the Board of Directors of the Company.

#### Composition, Meeting and Attendance

Members	Category	Meetings held	Meetings attended
Mr. Sujay Sheth	Independent/Non-Executive Director	4	4
Mr. Shivhari Halan	Independent/Non-Executive Director	4	4
Mr. Anup Jatia	Executive Director	4	3

The Company does not have regular Chairman, however, Mr. Sujay Sheth was appointed as Chairman for all the Audit Committee Meetings.

Minutes of the meetings of the Audit Committee are approved and signed by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

Mr. Nevil Avlani, Company Secretary of the Company act as Secretary to the Committee.

During the financial year 2019–20 four meetings of the Audit Committee were held on 24th May, 2019, 13th August, 2019, 12th November, 2019 and 12th February, 2020 .

#### Stakeholders' Relationship Committee

The Company has constituted Stakeholders' Relationship Committee of the Board of Directors to look into the redressal of Shareholders/ Investor Complaints/Grievances pertaining to transfer, transmission or credit of shares, non receipt of annual reports, dividend payments, bonus shares and any other allied connected matters.

The Committee reviews performance of the Registrar and Share Transfer Agents of the Company periodically and recommends measures for overall improvements in the quality of investors/ shareholders related services.

**The brief terms of reference of the Stakeholders' Relationship Committee includes the following:**

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

#### Composition, Meeting and Attendance

Members	Category	Meetings held	Meetings attended
Mr. Shivhari Halan	Independent/Non-Executive Director	3	3
Mr. Basant Kumar Goenka	Independent/Non-Executive Director	3	0
Mr. Anup Jatia	Executive Director	3	3

The Company does not have regular Chairman, however, Mr. Shivhari Halan was appointed as Chairman for all the Stakeholders' Relationship Committee Meetings.

Mr. Basant Goenka ceased to be the member of Stakeholders' Relationship Committee w.e.f. 12th February, 2020 and Mr. Rishabh Saraf, Non-Executive Independent Director of the Company, was appointed as member of the Committee in place of Mr. Goenka.

As at 31st March, 2020 members of Stakeholders' Relationship Committee comprises of Mr. Anup Jatia, Executive Director of the Company, Mr. Shivhari Halan and Mr. Rishabh Saraf, both Non-Executive Independent Directors of the Company.

Mr. Nevil Avlani, Company Secretary of the Company act as Secretary to the Committee. The said Mr. Avlani act as Compliance Officer.

M/s. Satellite Corporate Services Private Limited is the Registrar and Share Transfer Agents both for physical as well as electronic mode.

The table below gives the number of complaints received, resolved and pending during the year 2019-2020

Number of Complaints		
Received	Resolved	Pending
2	2	NIL

#### Nomination And Remuneration Committee

##### Terms of Reference

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director.
2. To formulate criteria for evaluation of Independent Directors and the Board.
3. To identify persons who are qualified to become Directors and

who may be appointed in senior management in accordance with the criteria laid down in this policy and recommend to the Board of Directors their appointment and removal.

4. To carry out evaluation of Director's performance.
5. To recommend to the Board the appointment and removal of Directors and Senior Management.
6. To recommend to the Board, policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
7. To devise a policy on Board diversity, composition and size.
8. Succession planning for replacing Key Executives.
9. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
10. To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### Composition, Meeting and Attendance

Members	Category	Meetings held	Meetings attended
Mr. Shivhari Halan	Independent/Non-Executive Director	2	1
Mr. Sujay Sheth	Independent/Non-Executive Director	2	2
Mr. Basant Kumar Goenka	Independent/Non-Executive Director	2	1

The Company does not have regular Chairman, however, Mr. Shivhari Halan was appointed as Chairman for all the Nomination and Remuneration Committee Meetings.

Mr. Basant Goenka ceased to be the member of Nomination and Remuneration Committee w.e.f. 12th February, 2020 and Mr. Rishabh Saraf, Non-Executive Independent Director of the Company, was appointed as a member of the Committee in place of Mr. Goenka.

As at 31st March, 2020 members of Nomination and Remuneration committee comprises of Mr. Shivhari Halan, Mr. Sujay Sheth and Mr. Rishabh Saraf, all Non-Executive Independent Directors of the Company.

#### Performance evaluation criteria for independent directors

While evaluating the performance of the Directors, the following parameters were considered:

1. Attendance at the meeting of the Board and Committee.
2. Participating in Board Meetings or Committee Meetings actively.
3. Preparation for the Board Meetings.
4. Contribution to strategic decision making.
5. Contribution to areas relating to risk assessment and risk mitigation.

6. Review of financial statements and business performance.
7. Contribution to the enhancement of brand image and positive growth of the Company.
8. Updation of knowledge of his/her area of expertise.
9. Manner of communication with other Board Members.

#### Remuneration Policy

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is mentioned in the Boards' Report.

The remuneration policy followed by the Company takes into consideration performance of the Company during the year and for the Executive Director on certain parameters, such as condition of the industry, achievement of budgeted targets, growth and diversification, remuneration in other companies of comparable

size and complexity, performance of the directors at meetings of the Board and of the Board Committees, etc.

#### Remuneration To Directors

- 1) During the year under review, there was no pecuniary relationship or transactions between the Company and any of its Non-Executive Directors apart from sitting fees.
- 2) The Non-Executive Directors, including Independent Directors, are paid sitting fees for attending the meetings of the Board. The Company pays sitting fees of ₹ 20,000 per meeting per director for attending meetings of the Board. No sitting fees are paid for attending the meetings of the Committee.
- 3) The Company has not granted Stock Options to any of its Directors.

#### Remuneration Paid to Directors during 2019 -20

Sl. No.	Name of Director	Category	Sitting Fees ₹	Salary and Perquisites ₹	Total ₹
1	Mr. Anup Jatia	Executive Director	0	10,000,000	10,000,000
2	Mr. Ameet Nalin Parikh	Independent/Non-Executive Director	20,000	0	20,000
3	Mr. Basant Kumar Goenka	Independent/Non-Executive Director	20,000	0	20,000
4	Mr. Garima Tibrawalla	Independent/Non-Executive Director	20,000	0	20,000
5	Mr. Shivhari Halan	Independent/Non-Executive Director	80,000	0	80,000
6	Mr. Sujay Sheth	Independent/Non-Executive Director	100,000	0	100,000

#### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is constituted pursuant to Section 135 of the Companies Act, 2013.

As at 31st March, 2020, Corporate Social Responsibility Committee comprises of Mr. Anup Jatia, Executive Director of the Company, Mr. Shivhari Halan and Mr. Rishabh Saraf, both Non-Executive Independent Directors of the Company.

#### Terms of Reference

1. Formulate and recommend to the Board, a CSR Policy.
2. Recommend to the Board CSR activities to be undertaken by the Company.
3. Monitor the CSR Policy of the Company from time to time and ensure its compliance.

## GENERAL BODY MEETING

### 1. Location and time of last three Annual General Meetings

YEAR	VENUE	DAY AND DATE	TIME
2018-2019	Kilachand Conference Room,	Monday, September 23, 2019	11:30 a.m.
2017-2018	2nd Floor, Indian Merchant Chambers',	Saturday, September 22, 2018	11:30 a.m.
2016-2017	IMC Marg, Churchgate, Mumbai-400020	Thursday, September 21, 2017	11:30 a.m.

### 2. Special Resolutions passed in previous three Annual General Meetings

In the AGM held on 23rd September, 2019 four special resolution were passed by the shareholders with respect to re-appointment of Mr. Shivhari Halan, Mr. Basant Kumar Goenka and Mr. Sujay Sheth as an Independent Director and revision in remuneration of Mr. Anup Jatia, Executive Director of the Company.

In the AGM held on 22nd September, 2018 and 21st September, 2017, no special resolution was passed.

### 3. Special Resolution passed through postal ballot

No special resolution was passed through postal ballot during the financial year 2019-2020. Further, no special resolution is proposed to be passed through Postal Ballot as on date of this report.

## MEANS OF COMMUNICATION WITH SHAREHOLDERS

1. The quarterly, half yearly and annual financial results of the Company are published in widely circulated newspapers such as Financial Express or Business Standard (both in English language) and Mumbai Lakshadweep (in Marathi language).



The results are also displayed on the Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com).

## 2. Official News Releases

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investor Relations' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/Half yearly/Nine-months and Annual financial results along with the applicable policies of the Company.

Press reports are given on important occasions to the Stock Exchange. The Company's official news releases and Investor Presentations are published on the Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com).

## GENERAL SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

Date	Day	Time	Venue
29th September, 2020	Tuesday	11:30 a.m. IST	The Company is conducting meeting through Video Conferencing (VC)/Other Audio Visual Means (OAVM) pursuant to MCA circular dated 5th May, 2020.

### 2. Financial Year: April 1–March 31

### 3. Dividend Payment Date: Within the Statutory Time Limit

### 4. Listing on Stock Exchange

The equity shares of the Company are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

The Company has paid annual listing fees for the financial year 2020–2021 to the exchange where the shares of the Company are listed.

### 5. Stock Code: 514183

### 6. Market Price Data

Month	High Price (₹)	Low Price (₹)
April, 2019	47.45	39.05
May, 2019	53.35	37.20
June, 2019	69.70	47.50
July, 2019	60.90	46.05
August, 2019	61.95	47.50
September, 2019	79.85	53.70
October, 2019	89.50	66.50
November, 2019	90.15	75.90
December, 2019	118.50	75.80
January, 2020	113.35	90.80
February, 2020	163.00	96.00
March, 2020	145.00	60.50

## 7. Black Rose Share Performance

Month	BSE Sensex (Closing Points)	Closing Price (₹)
April, 2019	39,031.55	44.35
May, 2019	39,714.20	49.30
June, 2019	39,394.64	60.55
July, 2019	37,481.12	50.30
August, 2019	37,332.79	57.00
September, 2019	38,667.33	73.65
October, 2019	40,129.05	82.25
November, 2019	40,793.81	79.40
December, 2019	41,253.74	95.05
January, 2020	40,723.49	99.70
February, 2020	38,297.29	135.70
March, 2020	29,468.49	76.15

## 8. Registrar and Share Transfer Agents

M/s. Satellite Corporate Services Private Limited  
Unit No. 49, Bldg. No. A-B, 2nd Floor,  
Samhita Commercial Co. Op. Soc. Ltd.  
Off. Andheri Kurla Lane, MTNL Lane,  
Sakinaka, Mumbai-400072.  
Tel: 022-2852 0461, 2852 0462.  
Fax: 022-2851 1809  
E-mail: [service@satellitecorporate.com](mailto:service@satellitecorporate.com)

The Registrars can be contacted between 10:00 a.m. to 5:00 p.m.

## 9. Share Transfer System

Share Transfers in physical form can be lodged with our Registrar and Share Transfer Agents M/s. Satellite Corporate Services Private Limited at the above mentioned address. The transfers are normally processed within a period of 15 days from the date of receipt, if the documents are complete in all respects. Company Secretary is empowered to approve transfers.

As per directives issued by Securities and Exchange Board of India, it is compulsorily to trade in the Company's equity shares in dematerialized form.

## 10. Distribution of Shareholding as at 31st March, 2020

Nominal Values (in ₹)	Number of Shareholders	Number of Shares Held	Percentage to Capital
Upto 500	18,066	2,465,313	4.83
501-1,000	692	569,592	1.12
1,001-5,000	523	1,196,370	2.35
5,001-10,000	82	602,796	1.18
10,001-50,000	75	1,494,330	2.93
50,001-100,000	16	1,122,715	2.20
100,001 and above	17	43,548,884	85.39
<b>TOTAL</b>	<b>19,471</b>	<b>51,000,000</b>	<b>100.00</b>

**11. Dematerialisation of Shares and liquidity**

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the shareholders should open a demat account with a Depository Participant (DP). The shareholders are required to fill in a Demat Request Form and submit the same along with the original share certificates to his DP. The DP will allocate a demat request number and shall forward the request physically and electronically through NSDL/CDSL to Registrar and Share Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialized and an electronic credit of the shares is given in the account of the shareholder.

The Company's has availed demat facility with National Securities Depositories Limited (NSDL) and Central Depositories Securities Limited (CDSL) and the Company's ISIN is INE761G01016.

As on 31st March, 2020, 95.89% of the total paid up equity share capital of the Company are in dematerialisation form.

**12. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in past and hence as on 31st March, 2020, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**13. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

Change in raw material prices from time to time forces the Company to revise the prices of its products periodically to reflect the variations in material costs. Especially in case of imported raw materials, a fall in prices during transit may result in finished products being sold below initial price expectations.

The Company also has the policy of systematically hedging its trade exposures using forward contracts. Wherever possible transactional currencies are aligned to the reporting currency in order to obviate exchange fluctuation impact.

**14. Plant Locations**

Plot No. 675, GIDC,  
Jhagadia Industrial Estate, Jhagadia-393110.  
Dist.-Bharuch. Gujarat.

Shree Laxmi Co-Op. Industrial Estate Ltd.  
Plot No. 11 to 18, Hatkanangale-416109.  
Dist-Kolhapur. Maharashtra.

**15. Address for Correspondence**

145-A, Mittal Tower, Nariman Point, Mumbai-400021.  
Tel: 022-43337200  
E-mail id: investor@blackrosechemicals.com

M/s. Satellite Corporate Services Private Limited  
Unit No. 49, Bldg. No. A-B, 2nd Floor,  
Samhita Commercial Co. Op. Soc. Ltd.  
Off. Andheri Kurla Lane, MTNL Lane,  
Sakinaka, Mumbai-400072.  
Tel: 022-28520461, 28520462.  
Fax: 022-28511809  
E-mail: service@satellitecorporate.com

**DISCLOSURES****1. Related Party Transactions**

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015 during FY 2019-20 were in the ordinary course of business and on arm's length pricing basis and therefore no approval of the Board of Directors or Shareholders is applicable under the provisions of Section 188 of the Companies Act, 2013.

There were no materially significant related party transactions of the Company which have potential conflict with the interest of the Company.

Suitable disclosures as required by Indian Accounting Standards

(Ind AS 24) have been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which can be accessed at the Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com).

**2. Statutory Compliance, Penalties and Strictures**

For the financial year 2018-19, the Company had paid a penalty of ₹ 54,280 to the stock exchange for inadvertently not attaching Annual Report for the FY 2017-18 with the covering letter uploaded on BSE listing center. Further, the Company has complied with all the requirements of regulatory authorities. Thereafter, no penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matters related to capital markets during the last three years except the one stated above.

### 3. Vigil Mechanism Policy/Whistle Blower Policy

The Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. The Company has adopted a Vigil Mechanism policy in order to provide a secure environment and to encourage employees of the Company to report unethical, unlawful or improper practice, acts or activities. The reportable matter may be disclosed to the Audit Committee. Employees may also report to the Chairman of the Audit Committee.

During the year under review, no employee was denied access to the Audit Committee.

### 4. Mandatory and Non-mandatory requirements

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has fulfilled the following non-mandatory requirements as prescribed in Schedule II, Part E of Regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Reporting of Internal Auditors:** The internal auditor reports directly to the audit committee and they attends in the meetings of the Audit Committee and presents his internal audit observations to the Audit Committee.
- **Modified Opinion in auditors Report:** Company's financial statements for the year ended 31st March, 2020 do not contain any modified audit opinion.

5. The policy for determination of Material Subsidiary and Related Party Transactions is available on Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com).
6. The Company has duly complied with the requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
7. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32(7A)–Not Applicable
8. Certificate from M/s. ND & Associates, Company Secretary in Whole-Time Practice is attached (which forms integral part of this report) confirming that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the companies by the Board/Ministry of Corporate Affairs of any such statutory authority.
9. There was no such instance during FY 2019–20 when the board

has not accepted any recommendation of any committee of the board.

10. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is apart is given below:

₹ in lakh	
Payment to Statutory Auditors	2019-20
Audit Fees	3.00
Tax Audit Fees	1.90
VAT Audit Fees	2.80
Other Services including reimbursement of expenses	0.91
<b>Total</b>	<b>8.61</b>

11. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

a. Number of complaints filed during the financial year	Nil
b. Number of complaints disposed of during the financial year	Nil
c. Number of complaints pending as on end of the financial year	Nil

12. In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with relevant rules thereunder. The Significant Accounting Policies which are consistently applied have been set out in the notes to the financial statements.
13. There was no instance during FY 2019-20 of Non-Compliance of any requirement of corporate governance report of sub-paras (2) to (10) of Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
14. Disclosure with respect to demat suspense account/unclaimed suspense account: **Not Applicable**

### 15. Code of Conduct

The Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company and all the Board Members and Senior Management have affirmed their adherence to the Code. The Model Code of Conduct is available on the website of the Company [www.blackrosechemicals.com](http://www.blackrosechemicals.com). The declaration from the Executive Director of the Company to this effect forms a part of this Annual Report.

### 16. Code of Conduct for Prevention/Prohibition of Insider Trading

For prevention/prohibition of Insider Trading in securities by the Promoters, Directors and Designated/Specified Employees, the

Company has adopted a Code of Conduct as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### 17. Executive Director and Chief Financial Officer (CFO) Certification

A Certificate duly signed by Executive Director and CFO of the Company was placed at the Board Meeting of the Company held on 26th June, 2020. A copy of the certificate is annexed to this Annual Report.

#### TRANSFER OF UNCLAIMED/UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the provisions of Section 124, 125 and other applicable provisions, if any, of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed or unpaid in respect of dividends declared upto the financial year ended 31st March, 2011 have been transferred to the IEPF. The details of the unclaimed dividend so transferred are available on the Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com).

Members who have not encashed the dividend warrant(s) for dividend declared by the Company for the year ended 31st March, 2017, 31st March, 2018 and 31st March, 2019 may forward their claims to the Company's Registrar and Share Transfer Agents before

they due to be transferred to the IEPF.

In accordance with Section 124(6) of the Companies Act, 2013, read with the IEPF rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat account of the IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial years ended 31st March, 2011 and remained unpaid or unclaimed are transferred to the IEPF. The Company had sent notices to all such members in this regard and published a newspaper advertisement and thereafter transferred the shares to the IEPF during financial year 2018-19. The details of such shares transferred have been uploaded on the Company's website [www.blackrosechemicals.com](http://www.blackrosechemicals.com).

The shares and unclaimed dividend transferred to the IEPF can however be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The members/claimant are required to make an online application to the IEPF Authority in Form No. IEPF-5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fees as decided by the IEPF Authority from time to time. The members/claimant can file only one consolidated claim in a financial year as per the IEPF rules.

The following table gives information relating to outstanding dividend accounts and the dates when due for transfer to IEPF:

Financial year ended	Date of payment of dividend	Last date for claiming unpaid dividend
31st March, 2017	12/10/2017	12/10/2024
31st March, 2018	10/10/2018	10/10/2025
31st March, 2019	30/09/2019	30/09/2026

## CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI  
(Listing Obligation and Disclosure Requirements) Regulations 2015)

To,  
The Members  
**Black Rose Industries Limited**  
145-A, Mittal Tower, Nariman Point, Mumbai-400 021

We have examined electronically the relevant registers, records, forms, returns and disclosure received from the Directors of M/s. Black Rose Industries Limited having CIN L17120MH1990PLC054828 and having registered office at 145-A, Mittal Tower, Nariman Point, Mumbai-400 021 (hereinafter referred to as 'the Company') produced before us by the Company by e-mail 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 SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

In our opinion and to the best of our knowledge and according to the verifications including Directors Identification number (DIN) status at the portal www.mca.gov.in as considered necessary and explanation furnished to us by the Company and its officers, 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 Exchange Board of India, Ministry of Corporate Affairs or such other statutory Authority.

Sr. No.	Name of The Director	DIN	Date of appointment in the Company
1	Shivhari Mahabirprasad Halan	00220514	23/01/1996
2	Rishabh Rajendra Saraf	00161435	22/11/2019
3	Garima Tibrawalla	00203909	24/03/2015
4	Basant Kumar Goenka	00227217	28/03/2003
5	Anup Jatia	00351425	01/05/2013
6	Sujay Rajababu Sheth	03329107	02/02/2013

Ensuring the eligibility for the appointment or continuity of every Director on the Board of above referred Company is the responsibility of the management of the Company. Our responsibility is to express an opinion as stated above based on our electronic verification. This certificate is neither an assurance as to the future viability of the Company or effectiveness with which the management has conducted the affairs of the Company.

For ND & Associates  
UDIN : F003262B000332580

Neeta H. Desai  
Practising Company Secretary  
COP No. 4741

Place : Mumbai  
Date : 10.06.2020

## DECLARATION OF CODE OF CONDUCT

The Board of Directors  
**Black Rose Industries Limited**  
145-A, Mittal Tower, Nariman Point, Mumbai-400 021

26th June, 2020

Dear Sirs/Madam,

### Sub: Declaration regarding affirmation of Code of Conduct

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Anup Jatia, Executive Director of the Company hereby confirm and declare that all Board Members and Senior Management Executives have affirmed compliance with the "Code of Business Conduct for Directors and Senior Management Executives of the Company" for the year ended 31st March, 2020.

Thanking You,

**Anup Jatia**  
Executive Director  
DIN: 00351425



## CEO/CFO CERTIFICATION

The Board of Directors

26th June, 2020

**Black Rose Industries Limited**

145-A, Mittal Tower, Nariman Point, Mumbai-400 021

We, the undersigned in our respective capacities as Executive Director and Chief Financial Officer, certify to the Board in terms of requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that:

- 1) we have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2020 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- 3) For the purpose of financial reporting, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and also have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 4) We further certify that:
  - i) significant changes in internal control over financial reporting during the year have been indicated to Auditors and Audit Committee;
  - ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements;
  - iii) there has been no instances of significant fraud of which we are aware during the year.

**Anup Jatia**

*Executive Director*

DIN: 00351425

**Ratan Agrawal**

*Chief Financial Officer*

PAN: ABJPA2075R

## CERTIFICATE ON CORPORATE GOVERNANCE

I have examined the compliance of conditions of Corporate Governance by Black Rose Industries Limited ("the Company"), for the year ended on 31st March, 2020, as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

I 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 ND & Associates**

UDIN : F003262B000332657

**Neeta H. Desai**

*Practising Company Secretary*

COP No. 4741

Place : Mumbai

Date : 09.06.2020

# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Black Rose Industries Limited

## Report on the Audit of the Standalone Financial Statements

### 1. OPINION

We have audited the Standalone Financial Statements of **BLACK ROSE INDUSTRIES LIMITED** (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31st March, 2020 and the Statement of Profit & Loss (including other Comprehensive Income), the Statement of Changes in Equity and the 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 (collectively referred to as 'Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Financial Statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### 2. BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of

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 provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

### 3. EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note No. 51 of the Standalone Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Company is evaluating the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of these matters.

### 4. KEY AUDIT MATTERS

Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Standalone Financial Statements for the year ended 31st March, 2020. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key Audit Matter	Our Response
1	<p><b>Defined benefit obligation:</b></p> <p>The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation</p>	<p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p>

Sr. No.	Key Audit Matter	Our Response
2	<p><b>Related Party Transactions:</b></p> <p>During the year the Company has entered into various transactions with related parties.</p> <p>Determination of transaction price for such related parties transactions outside the normal course of business is a key audit matter considering the significance of the transaction value and the significant judgements involved in determining the transaction value.</p>	<p>Our audit procedures included considering the compliance with the various requirements for entering in to such related party transactions.</p> <p>We have read the approvals obtained for the transactions.</p> <p>We have assessed the disclosures in accordance with IND AS 24 "Related Party Disclosures".</p>
3	<p><b>Modified Audit Procedures carried out in light of COVID-19 outbreak:</b></p> <p>Due to COVID-19 pandemic, Nation-wide lockdown and travel restrictions imposed by Central/State Government/Local Authorities during the period of our audit to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of the Company.</p> <p>As we could not gather audit evidence in person/physically/through discussions and personal interactions with the officials at the Company's Office, we have identified such modified audit procedures as a Key Audit Matter.</p> <p>Accordingly, our audit procedures were modified to carry out the audit remotely.</p>	<p>Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company's Office and carry out the audit processes physically.</p> <p>Wherever physical access was not possible, necessary records/reports/ documents/certificates were made available to us through digital medium, remote access and emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.</p> <p>Accordingly, we modified our audit procedures as follows:</p> <ol style="list-style-type: none"> <li>Conducted verification of necessary records/documents through remote access and emails wherever physical access was not possible.</li> <li>Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through remote access and emails.</li> <li>Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels.</li> <li>Resolution of our audit observations telephonically/through email instead of a face-to-face interaction with the designated officials.</li> </ol>

## 5. OTHER INFORMATION

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.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to 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 IND AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding assets

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

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## 7. AUDITOR'S RESPONSIBILITIES FOR AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

- Identify and assess 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 system in place and the operating effectiveness of such controls.

- Evaluate appropriateness of the accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on 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 disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 8.1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms

of Section 143 (11) of the Act, we give in "Annexure A" - a statement on the matters specified in paragraphs 3 and 4 of the Order.

8.2 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 the 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 Indian Accounting Standards prescribed under Section 133 of the Act;
- e) On the basis of written representations received from the directors as on 31st March, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B";
- g) With respect to the other matters to be included in the

Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act;

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would have impact on its financial position;
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.

For and on behalf of **P K J & CO.**

Chartered Accountants  
Firm Regn No. 124115W

(Padam Jain)

Partner

Place : Mumbai

Dated: 26th June, 2020

Membership No. 71026



## ANNEXURE-A TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 under the 'Report on Other Legal and Regulatory Requirements' our report to the members of BLACK ROSE INDUSTRIES LIMITED, ('the Company') for the year ended on 31st March, 2020. We report that:-

- i. In respect of its fixed assets:
  - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of fixed assets which is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
  - (c) As per the information and explanation given to us by the management, the title deeds of the immovable properties as disclosed in Property, Plant & Equipments (Note No. 2 to the Standalone Financial Statements) are held in the name of the Company.
- ii. In respect of its inventories:
 

The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. There were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii. The Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act and hence provisions of Clause 3(iii) of the aforesaid Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loan, or provided security or guarantee and has not made any investment requiring compliance of Section 185 and 186 of the Companies Act, 2013, accordingly the provision of paragraph 3 (iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi. We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of the Section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, GST, sales Tax, Wealth Tax, Duty of Customs, Duty of Excise, value Added Tax or cess and other statutory dues applicable to it.
 

Further, according to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, GST, Sales Tax, Wealth Tax, Duty of Customs, Duty of Excise, Value Added Tax or cess and other statutory dues were outstanding, as at 31st March, 2020, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and information and explanations given to us, the following are the particulars of disputed dues on account of Income Tax and Sales Tax that have not been deposited:

Name of the Statute	Nature of Dues	Amount of Demand Net of Deposits (₹)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand	1,77,16,719/-	A.Y. 2016-17	CIT (Appeals)

- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and bank.
- ix. Based on our audit procedures and according to the information and explanations given to us by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Further, term loans have been applied for the purpose for which it is taken.
- 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. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of the Section 197 read with Schedule V of the Act.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to the Company and hence provisions of Clause 3(xii) of the aforesaid Order are not applicable to the Company.
- xiii. The Company has entered into the transaction with the related parties in compliance with the provisions of the Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Financial Statements as required under Accounting Standard (AS)18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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 and hence provisions of Clause 3(xiv) of the aforesaid Order are not applicable to the Company.

- xv. The Company has not entered into any non-cash transactions with its directors or the persons connected with him and hence provisions of Clause 3(xv) of the aforesaid Order are not applicable to the Company.
- xvi. The Company is not required to be registered Section 45-IA of the Reserve Bank of India Act, 1934 and hence provisions of Clause 3(xvi) of the aforesaid Order are not applicable to the Company.

For and on behalf of **P K J & CO.**  
Chartered Accountants  
Firm Regn No. 124115W

(Padam Jain)

Partner

Place : Mumbai

Dated: 26th June, 2020

Membership No. 71026

## ANNEXURE-B TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 2(f) under the 'Report on Other Legal and Regulatory Requirements' our report to the members of BLACK ROSE INDUSTRIES LIMITED, ('the Company') for the year ended on 31st March, 2020.

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

We have audited internal financial controls over financial reporting of BLACK ROSE INDUSTRIES LIMITED ("the Company") as of 31st March, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year then ended on that date.

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

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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities includes design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company's policies, the safeguarding of the assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on Company's internal financial controls over financial reporting 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 Guidance note require that we comply with ethical requirements and plan and perform audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedure to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide a reasonable assurance regarding the reliability of financial reporting and preparation of Standalone Financial Statements for external purpose in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 the transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with the 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 Standalone Financial Statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## OPINION

In our opinion, the Company has, in all material aspects, an adequate internal financial control system over financial reporting and such

internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of **P K J & CO.**  
Chartered Accountants  
Firm Regn No. 124115W

Place : Mumbai  
Dated: 26th June, 2020

(Padam Jain)  
Partner  
Membership No. 71026

# Standalone Statement of Assets and Liabilities as at 31st March, 2020

₹ In Lakhs

	Note No.	As At 31-03-2020	As At 31-03-2019
<b>I. ASSETS</b>			
<b>1 Non Current Assets</b>			
Property, Plant & Equipments	2	3,201.05	2,887.76
Intangible Assets	2	26.48	7.38
Capital Work-in-Progress	2	238.01	21.65
Right of Use Lease Assets	2	423.40	375.17
		<b>3,888.94</b>	<b>3,291.96</b>
<b>Financial Assets</b>			
Investments	3	16.21	16.21
Other Financial Assets	4	0.32	0.32
Other Non-Current Assets	5	46.34	46.34
		<b>62.87</b>	<b>62.87</b>
<b>2 Current Assets</b>			
Inventories	6	3,867.17	3,311.91
<b>Financial Assets</b>			
Trade Receivables	7	4,699.82	2,797.08
Cash and Cash Equivalents	8	26.43	34.56
Bank Balances other than Cash & Cash Equivalents	9	491.91	445.93
Loans	10	6.39	7.07
Other Financial Assets	11	100.75	87.60
Other Current Assets	12	594.52	639.32
Current Tax Assets (Net)	13	70.90	112.66
		<b>9,857.89</b>	<b>7,436.11</b>
<b>Total</b>		<b>13,809.70</b>	<b>10,790.93</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
Equity Share Capital	14	510.00	510.00
Other Equities		6,010.99	4,192.07
		<b>6,520.99</b>	<b>4,702.07</b>
<b>2 Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	15	453.11	1,058.19
Lease Liability	16	60.83	0.00
Provisions	17	47.50	33.93
Deferred Tax Liabilities (Net)	18	357.04	401.54
		<b>918.48</b>	<b>1,493.65</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	19	1,519.63	1,523.54
Trade Payables	20	4,387.10	2,467.00
Other Financial Liabilities	21	263.04	413.48
Other Current Liabilities	22	148.46	161.75
Provisions	23	52.01	29.44
		<b>6,370.23</b>	<b>4,595.21</b>
<b>Total</b>		<b>13,809.70</b>	<b>10,790.93</b>

Significant Accounting Policies

1

Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of P K J & CO.

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration No. 124115W

Padam Jain

Partner

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN : 20071026AAAAV7226

Sandeep Chokhani

Director

DIN : 02346782

Nevil Avlani

Company Secretary

Anup Jatia

Executive Director

DIN : 00351425

Ratan Agrawal

Chief Financial Officer

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

₹ In Lakhs except EPS

	Note No.	For the Year ended 31-03-2020	For the year ended 31-03-2019
<b>I. INCOME</b>			
Revenue from Operations	24	25,228.69	21,348.91
Other Income	25	85.45	74.74
<b>Total Revenue</b>		<b>25,314.14</b>	<b>21,423.64</b>
<b>II. EXPENDITURE</b>			
Cost of Materials Consumed	26	5,153.61	5,366.85
Purchase of Traded Goods	27	14,391.91	11,785.97
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	28	89.75	(257.01)
Employee Benefits Expense	29	493.24	381.66
Finance Cost	30	254.25	312.92
Depreciation and Amortization Expenses	31	233.44	210.94
Other Expenses	32	1,933.46	1,764.10
<b>Total Expenditure</b>		<b>22,549.66</b>	<b>19,565.44</b>
<b>III. Profit/(Loss) Before Exceptional Items and Tax</b>		<b>2,764.48</b>	<b>1,858.20</b>
<b>IV. Exceptional Item</b>	33	(123.66)	0.00
<b>V. Profit Before Tax (III-IV)</b>		<b>2,640.82</b>	<b>1,858.20</b>
Less: Tax Expenses			
Current Tax		664.64	541.76
Deferred Tax		(44.50)	(12.66)
Earlier years adjustments		25.29	0.00
		<b>645.43</b>	<b>529.10</b>
<b>VI. Profit for the period</b>		<b>1,995.39</b>	<b>1,329.10</b>
<b>Other Comprehensive Income</b>			
A. Items that will not be classified to Profit & Loss (Net of Tax)			
Actuarial Gain/(Loss) on employee benefits		(3.71)	(0.43)
B. Items that will be classified to Profit & Loss (Net of Tax)			
Gain/(Loss) on hedging instruments		25.29	(6.29)
<b>VII. Total Comprehensive Income for the period</b>		<b>2,016.98</b>	<b>1,322.38</b>
Earnings per Equity Share (Nominal Value of share ₹ 1/- each)	42		
Basic		3.91	2.61
Diluted		3.91	2.61

Significant Accounting Policies

Notes on accounts are an integral part of the Financial Statements

1

As per our report of even date attached

For and on behalf of P K J &amp; CO.

Chartered Accountants

Firm Registration No. 124115W

Padam Jain

Partner

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN : 20071026AAAAV7226

For and on behalf of the Board of Directors

Sandeep Chokhani

Director

DIN : 02346782

Nevil Avlani

Company Secretary

Anup Jatia

Executive Director

DIN : 00351425

Ratan Agrawal

Chief Financial Officer



## Standalone Statement of Cash Flows for the year ended 31st March, 2020

₹ In Lakhs

	Year Ended 31-03-2020	Year Ended 31-03-2019
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax and extraordinary items	2,640.82	1,858.20
<b>Adjustments for:</b>		
Depreciation	233.44	210.94
(Profit)/Loss on sale of fixed assets	(0.04)	2.12
Interest expenses	231.99	290.78
Interest income	(35.47)	(28.52)
Unrealised foreign exchange (Gain)/Loss	129.48	(88.32)
Provision for expenses, gratuity & leave encashment	57.61	38.18
Prior period items	0.00	0.43
Sundry balances written back	(2.15)	(11.87)
Interest subsidy received	0.00	(15.91)
Rental income	(19.32)	(19.32)
Bad debts written off	0.00	37.16
Operating profit before working capital changes	3,236.36	2,273.86
<b>Adjustments for:</b>		
(Increase)/Decrease in receivables & contract assets	(1,191.33)	906.06
(Increase)/Decrease in inventories	(555.26)	(695.95)
Increase/(Decrease) in payables & contract liabilities	775.03	(834.07)
Cash generated from operating activities	2,264.80	1,649.91
Less : Direct taxes (net of refund)	653.39	620.14
Net cash flow from/(used in) operating activities	<b>1,611.41</b>	<b>1,029.77</b>
<b>B. Cash Flow From Investing Activities</b>		
Sale of fixed assets	0.54	25.14
Purchase of fixed assets/Capital work in progress	(765.87)	(109.43)
Interest income	35.47	28.52
Rental income	19.32	19.32
Cash generated from investing activities	(710.53)	(36.45)
Less : Income-tax paid at source	1.93	1.93
Net Cash flow from/(used in) investing activities	<b>(712.47)</b>	<b>(38.38)</b>
<b>C. Cash Flow from Financing activities</b>		
Repayment of borrowings	(608.99)	(583.44)
Interest subsidy received	0.00	12.87
Lease payment on right of use assets	(20.11)	0.00
Interest expenses	(231.99)	(290.78)
Net cash flow/(used in) from financing activities	<b>(861.08)</b>	<b>(861.34)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	37.86	130.06
Cash and cash equivalent as at the beginning of the year	480.48	350.43
Cash and cash equivalent as at the end of the year	<b>518.34</b>	<b>518.34</b>

## Standalone Statement of Cash Flows for the year ended 31st March, 2020

### Notes:

#### 1) Cash and cash equivalents comprises of

₹ In Lakhs

	Year Ended 31-03-2020	Year Ended 31-03-2019
a) Cash in hand	3.92	4.20
b) Bank balance in current accounts	22.51	30.35
c) Unpaid dividend account	8.22	4.16
d) In fixed deposit account	483.69	441.77
	<b>518.34</b>	<b>480.48</b>

- 2) Direct tax paid are treated as arising from operating activity and not bifurcated in investment and financing activities.
- 3) Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.
- 4) Figures in brackets represent outflows.

As per our report of even date enclosed

**For and on behalf of P K J & CO.**

Chartered Accountants

Firm Registration No. 124115W

**Padam Jain**

*Partner*

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN : 20071026AAAAV7226

**For and on behalf of the Board of Directors**

**Sandeep Chokhani**

*Director*

DIN : 02346782

**Nevil Avlani**

*Company Secretary*

**Anup Jatia**

*Executive Director*

DIN : 00351425

**Ratan Agrawal**

*Chief Financial Officer*

## Standalone Statement of Changes in Equity for the year ended 31st March, 2020

### A EQUITY SHARE CAPITAL

For the year ended 31st March, 2020

₹ In Lakhs

Balance as at 1st April, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
510.00	0.00	510.00

### B OTHER EQUITY

For the year ended 31st March, 2020

₹ In Lakhs

Particular	Capital Reserve	General Reserve	Securities Premium Reserve	Retained Earnings	Total Equity
Balance as at 1st April, 2019	30.00	62.40	644.70	3,454.97	4,192.07
Prior period errors	0.00	0.00	0.00	0.00	0.00
Total Comprehensive Income for the period	0.00	0.00	0.00	2,016.98	2,016.98
Total Comprehensive Income/(loss) for the period	30.00	62.40	644.70	5,471.95	6,209.05
Dividend (Including Dividend Distribution Tax)	0.00	0.00	0.00	(184.45)	(184.45)
Transfer to/from Retained Earnings	0.00	0.00	0.00	0.00	0.00
Transition Impact on account of Implementation of IND AS 116				(13.61)	(13.61)
<b>Balance as at 31st March, 2020</b>	<b>30.00</b>	<b>62.40</b>	<b>644.70</b>	<b>5,273.89</b>	<b>6,010.99</b>

For the year ended 31st March, 2019

₹ In Lakhs

Particular	Capital Reserve	General Reserve	Securities Premium Reserve	Retained Earnings	Total Equity
Balance as at 1st April, 2018	30.00	62.40	644.70	2,224.38	2,961.48
Prior period errors	0.00	0.00	0.00	0.43	0.43
Total Comprehensive Income for the year	0.00	0.00	0.00	1,322.38	1,322.38
Total Comprehensive Income/(loss) for the year	30.00	62.40	644.70	3,547.20	4,284.30
Dividend (Including Dividend Distribution Tax)	0.00	0.00	0.00	(92.23)	(92.23)
Transfer to/from Retained Earnings	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31st March, 2019</b>	<b>30.00</b>	<b>62.40</b>	<b>644.70</b>	<b>3,454.97</b>	<b>4,192.07</b>

# Notes to Financial Statements for the year ended 31st March, 2020

## 1 COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### Corporate Information

Black Rose Industries Limited (the Company) is a Public Limited Company incorporated in India having its registered office at Mumbai, Maharashtra, India. The Company is primarily engaged in manufacturing and distribution of chemicals. The company is also engaged in the business of textile manufacturing activity in Maharashtra & wind power generation in the State of Rajasthan and Gujarat.

### Significant Accounting Policies

#### a) Statement of Compliance

These separate financial statements (also known as Standalone Financial Statements) have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

#### b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Certain financial assets and liabilities (including derivative instruments), and
- ii) Employee's Defined Benefit Plan as per actuarial valuation

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Whenever the company changes the presentation or classification of items in its financial statements materially, the company reclassifies comparative amounts, unless impracticable. No such material reclassification has been made during the year.

The financial statements of the Company for the year ended 31st March, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 26th June, 2020.

#### c) Applicability of new and revised IND AS

- i) New standards notified and adopted by the Company

##### 1. IND AS 116 – Leases

IND AS 116 replaces existing standard IND AS 17 "Leases". The standard is effective for annual periods beginning on or after 1st April, 2019.

IND AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items.

Lessor accounting remains similar to the current standard.

Refer Note 38 to the financial statements for the implementation of this new accounting standard.

##### 2. Other Amendments

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

- (i) business combination accounting in case of obtaining control of a joint operation;
- (ii) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- (iii) income tax consequences in case of dividends;
- (iv) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- (v) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- (vi) accounting for prepayment features with negative compensation in case of debt instruments;
- (vii) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- (viii) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

None of these amendments have any material effect on the Company's financial statements.

- ii) New standards notified and yet to be adopted by the Company - None

#### d) Property, Plant and Equipment (PPE)

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE.

## Notes to Financial Statements for the year ended 31st March, 2020

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in IND AS 16 – Property, Plant and Equipment.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

### e) Depreciation

Depreciation on property, plant and equipment is provided using straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognised.

Depreciation on property plant and equipment added/disposed off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### f) Intangible Assets

(i) Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

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 entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(ii) Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Company determines the amortisation period as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

(iii) Licensed Software & Other Intangibles are amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 5 years.

### g) Impairment of non-financial assets - property, plant and equipment and intangible assets

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the

## Notes to Financial Statements for the year ended 31st March, 2020

estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### h) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### i) Borrowing Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

### j) Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

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 a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also 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.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

### k) Revenue Recognition

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.



## Notes to Financial Statements for the year ended 31st March, 2020

Revenue from operations includes sale of goods, services, service tax, excise duty and adjusted for discounts (net), and gain/loss on corresponding hedge contracts.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### l) Leases

A right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments is recognized for all leases over 1 year on initial recognition basis. Discounted committed & expected future cash flows and depreciation on the asset portion on straight-line basis & interest on liability portion (net of lease payments) on EIR basis is recognized over the expected lease term. No right-of-use asset is created for short term leases (i.e. lease term less than 1 year) and leases of low value items (i.e. lease of asset with original cost of less than ₹ 1 lakh).

### m) Retirement and other employee benefits

#### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

#### Post-Employment Benefits

##### Defined Benefit Plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/ superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

### n) Income Taxes

Income Tax expenses comprise current tax and deferred tax charge or credit.

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

### o) Earnings Per Share

The basic Earnings Per Share ("EPS") is computed by dividing the net profit/(loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### p) Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transactions.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise except for:

## Notes to Financial Statements for the year ended 31st March, 2020

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences relating to qualifying effective cash flow hedges and qualifying net investment hedges in foreign operations.

### q) Investment in Subsidiaries, Associates

The Company's investment in its Subsidiary Company is carried at cost.

### r) Financial Instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

#### Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in Statement of Profit and Loss.

#### Classification and Subsequent Measurement:

##### Financial Assets

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

##### Amortized Cost:

A financial asset shall be classified and measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Fair Value through OCI:

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through OCI.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### Classification and Subsequent Measurement:

##### Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

##### Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL.

Gains or Losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

##### Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

## Notes to Financial Statements for the year ended 31st March, 2020

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### s) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### t) Financial liabilities and equity instruments

#### - Classification as debt or equity:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### - Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognized at the proceeds received.

### u) Derivative financial instruments

The Company enters into derivative financial instruments viz. foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately excluding derivatives designated as cash flow hedge.

### v) Hedge accounting

The Company designates certain hedging instruments in respect of foreign currency risk as cash flow hedges. At the inception of the hedge relationship, the entity 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 effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognized in other comprehensive income and accumulated under equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized 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 recognized 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 and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

### w) Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in IND AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

### x) Fair Value Measurement

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

## Notes to Financial Statements for the year ended 31st March, 2020

liability if market participants would take those into consideration. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such basis. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

### y) Current versus Non-current classification

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

#### i) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the 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.

All other assets are classified as non-current.

#### ii) A liability is current when:

- It is expected to be settled in the 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.

All other liabilities are classified as non-current.

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

iv) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Key assumptions:

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

## Notes to Financial Statements for the year ended 31st March, 2020

circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### i) Useful Lives of Property, Plant & Equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

### ii) Lease term of right-to-use assets

Management reviews its estimate of the lease term of right-to-use assets at each reporting date, based on the expected utility of the leased property. Uncertainties in this estimate relate to business obsolescence/discontinuance that may change the lease term for certain right-to-use assets.

### iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

### iv) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature,

### v) Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### vi) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### vii) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

### viii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash 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.

### Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies amendments to the new IND AS. There is no such notification which would have been applicable from 1st April 2020.

## Notes to Financial Statements for the year ended 31st March, 2020

### 2. PROPERTY, PLANT & EQUIPMENTS

As at 31st March, 2020

As at 31st March, 2020										₹ in Lakhs
Particular	GROSS BLOCK			DEPRECIATION/AMORTIZATION				NET BLOCK		
	Cost as at 1st April, 2019	Additions/ Disposals	Other Adjustments	Cost as at 31st March, 2020	As at 1st April, 2019	For the Year	Adjustment/ Disposals	As at 31st March, 2020	As at 31st March, 2019	
TANGIBLE ASSETS:										
Factory Building *	1,404.93	39.92	0.00	1,444.85	398.91	46.32	0.00	445.23	1,006.02	
Office Equipments	26.72	0.83	0.00	27.56	23.40	1.18		24.58	3.32	
Electric Installation	58.70	25.11	0.00	83.81	51.75	1.29	0.00	53.05	6.94	
Factory Equipments	11.66	8.92	0.00	20.59	4.89	0.87	0.00	5.76	6.77	
Plant & Machinery (Owned)	1,988.47	413.62	0.00	2,402.09	593.26	111.51	0.00	704.77	1,395.21	
Furniture & Fittings	47.47	4.97	0.00	52.44	36.50	3.82	0.00	40.33	10.96	
Computers	37.15	2.67	0.00	39.82	35.01	1.21	0.00	36.22	2.14	
Printer	0.65	0.00	0.00	0.65	0.53	0.05	0.00	0.59	0.12	
Vehicles	137.17	29.45	10.17	156.44	43.03	17.58	(9.66)	50.95	94.14	
Wind Mills	873.52	0.00	0.00	873.52	511.38	27.86	0.00	539.24	362.13	
Total (A)	4,586.44	525.49	10.17	5,101.76	1,698.68	211.70	(9.66)	1,900.71	2,887.76	
Previous Year	4,567.42	87.78	68.75	4586.44	1,532.55	207.63	(41.50)	1,698.68	3,034.87	
INTANGIBLE ASSETS:										
Software	28.54	0.00	0.00	28.54	21.16	4.14	0.00	25.30	7.38	
Technical Know-how	269.60	24.01	0.00	293.61	269.60	0.77	0.00	270.37	0.00	
Total (B)	298.14	24.01	0.00	322.15	290.76	4.91	0.00	295.68	7.38	
Previous Year	298.14	0.00	0.00	298.14	287.50	3.26	0.00	290.76	10.64	
Total (A+B)	4,884.58	549.50	10.17	5,423.91	1,989.44	216.61	(9.66)	2,196.39	2,895.14	
Previous Year	5,241.04	87.78	68.75	5260.06	1,820.31	210.94	(41.50)	1,989.76	3420.72	
CAPITAL WORK IN PROGRESS:										
Previous Year	21.65	512.85	296.48	238.01	0.00	0.00	0.00	0.00	21.65	
	0.00	21.65	0.00	21.65	0.00	0.00	0.00	0.00	0.00	
RIGHT OF USE LEASE ASSETS										
Leasehold Land **	375.48	0.00	0.00	375.48	0.32	3.80	20.63	24.75	375.17	
Leasehold Premises	51.48	39.71	0.00	91.19	5.49	13.02	0.00	18.51	0.00	
Total	426.96	39.71	0.00	466.67	5.81	16.82	20.63	43.27	375.17	
Previous Year **	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

\* including part of Factory Building given on Lease & License.

\*\* Reclassified on account of adoption of IND AS 116 "Leases"



## Notes to Financial Statements for the year ended 31st March, 2020

### 3 NON CURRENT INVESTMENTS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Unquoted		
<b>Investments measured at cost</b>		
Investment in Wholly-owned foreign subsidiary		
60 (31st March, 2019 : 60) Capital Stock of JPY 50,000 each fully paid up in B.R.Chemicals Co. Ltd., Osaka Japan	16.21	16.21
	<b>16.21</b>	<b>16.21</b>
Aggregate amount of Unquoted Investments	16.21	16.21

### 4 OTHER FINANCIAL NON-CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Fixed deposits with Bank with original maturity of more than 12 months*	0.32	0.32
	<b>0.32</b>	<b>0.32</b>

### 5 OTHER NON-CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Security Deposit to Government authorities and others	46.34	46.34
	<b>46.34</b>	<b>46.34</b>

### 6 INVENTORIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
(Valued at lower of cost or net realisable value) (As certified by the management)		
Raw materials and components	1,955.77	1,318.68
[includes in transit ₹ 474.70 Lakhs (31st March, 2019 - ₹ 266.29 Lakhs)]		
Work-in-progress	231.04	127.15
Finished goods	60.98	29.13
Traded goods	1,512.16	1,763.22
[includes in transit ₹ 222.37 Lakhs (31st March, 2019 - ₹ 440.16 Lakhs)]		
Stores and spares & packing materials	107.22	73.73
	<b>3,867.17</b>	<b>3,311.91</b>

### 7 TRADE RECEIVABLES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from date they are due for payment	32.34	19.85
Others	4,667.48	2,777.23
Doubtful	28.39	28.39
	4,728.21	2,825.47
Less: Provision for doubtful debts	(28.39)	(28.39)
	<b>4,699.82</b>	<b>2,797.08</b>

## Notes to Financial Statements for the year ended 31st March, 2020

### 8 CASH AND CASH EQUIVALENTS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Cash on hand	3.92	4.20
Other Bank Balances		
In Current Accounts	22.51	30.35
	<b>26.43</b>	<b>34.56</b>

### 9 BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
In Fixed Deposits account		
Fixed Deposits with original maturity for less than 3 months*	43.98	0.00
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	0.00	277.76
Current maturities of Fixed Deposits with original maturity for more than 12 months*	439.71	164.01
Enmarked balance with Bank for Unpaid Dividends	8.22	4.16
	<b>491.91</b>	<b>445.93</b>

\* Lodged as Security with Government Departments & Banks as Margin money for Trade Credit and L/C facilities.

### 10 CURRENT LOANS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Unsecured, considered good unless otherwise stated		
Loans and advances to staff & Officer of the Company	6.39	7.07
	<b>6.39</b>	<b>7.07</b>

### 11 OTHER FINANCIAL CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Interest accrued but not due on Bank Deposits	2.44	4.45
Interest accrued and due on Loans	0.02	1.02
Interest accrued on Security Deposits with MSEB and Dakshin Gujarat	2.37	2.12
Interest subsidy receivable	62.11	80.02
Receivable for Mark to Market Profit on Open Forward Contract	33.80	0.00
	<b>100.75</b>	<b>87.60</b>

### 12 OTHER CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Prepaid expenses	47.58	29.16
Security deposits to others	14.17	9.88
Balances with Statutory Government authorities	321.15	503.10
MEIS License	84.92	2.44
MEIS License receivable	23.40	52.14
Duty Drawback receivable	7.22	5.38
Advances recoverable in cash or kind or for value to be received		
- Unsecured, considered good	96.08	37.22
- Unsecured, considered doubtful	45.39	45.39
Less - Provision for doubtful debts	(45.39)	(45.39)
	<b>594.52</b>	<b>639.32</b>

# Notes to Financial Statements for the year ended 31st March, 2020

## 13 CURRENT TAX ASSETS/(LIABILITIES) (NET)

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Income Tax deposits	1,207.75	1,037.43
Less : Provisions for Income Tax	1,136.85	924.77
	<b>70.90</b>	<b>112.66</b>

## 14 EQUITY SHARE CAPITAL

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Authorised Shares		
800 Lakhs (31st March, 2019: 800 Lakhs)	800.00	800.00
Equity Shares of ₹ 1/- each		
	<b>800.00</b>	<b>800.00</b>
Issued, Subscribed and Fully paid up Shares		
510 Lakhs (31st March, 2019: 510 Lakhs)	510.00	510.00
Equity Shares of ₹ 1/- each		
	<b>510.00</b>	<b>510.00</b>

### a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period Equity Shares:

	31-03-2020		31-03-2019	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
At the beginning of the period	51,000,000	510.00	51,000,000	510.00
Add: Shares issued during the year	0.00	0.00	0.00	0.00
<b>Outstanding at the end of the period</b>	<b>51,000,000</b>	<b>510.00</b>	<b>51,000,000</b>	<b>510.00</b>

### b) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

	31-03-2020 Nos.	31-03-2019 Nos.
Holding Company:		
Wedgewood Holdings Limited, Mauritius		
Equity Shares of ₹ 1/-each fully paid	28,800,000	28,800,000
	<b>28,800,000</b>	<b>28,800,000</b>

### c) Details of shareholders holding more than 5% share in the company

	31-03-2020		31-03-2019	
	Nos.	% of holding	Nos.	% of holding
Equity shares of ₹ 1/ each fully paid				
<b>Name of the shareholder:</b>				
Wedgewood Holdings Ltd., Mauritius	28,800,000	56.47	28,800,000	56.47
Triumph Worldwide Ltd., Hong Kong	9,210,000	18.06	9,210,000	18.06

### d) Terms/Rights attached to equity shares

The Company has only one class of equity share having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share and dividend per share on pari passu basis. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors except interim dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

## Notes to Financial Statements for the year ended 31st March, 2020

### 15 NON-CURRENT BORROWINGS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Secured</b>		
a) <b>Term Loans</b>		
Loan from Banks & Financial Institutions	300.39	677.57
[Refer Note No. 15(a)(i), (ii), (iii), (iv) & (v)]		
<b>Total Secured</b>	<b>300.39</b>	<b>677.57</b>
<b>Unsecured</b>		
b) <b>Deposits</b>	395.00	770.00
[Refer Note No. 15(b)(i)]		
c) <b>Other Loans and Advances</b>		
Interest free Security Deposits	7.50	7.50
[Refer Note No. 15(c)(i)]		
<b>Total Unsecured</b>	<b>402.50</b>	<b>777.50</b>
	<b>702.89</b>	<b>1,455.07</b>
Less: Current maturities of long term borrowings disclosed under the head "other current liabilities" (Refer Note No. 21)	(249.78)	(396.88)
	<b>453.11</b>	<b>1,058.19</b>

#### Note No. 15(a):

##### Secured Loan:

##### (i) Vehicle Loan

From YES Bank

##### Nature of security

Secured by hypothecation of vehicle.

##### Rate of Interest

The rate of interest is 8.98 % p.a.

##### Terms of Repayment

Equated monthly installment of ₹ 59,150/- commencing from 5th October, 2017 and ending on 2nd September, 2020.

##### (ii) Term Loan

From Kotak Mahindra Bank Ltd.

##### Nature of security

a) Secured by first pari-pasu charge with Axis Bank on all present & future current assets & movable fixed asset of the manufacturing unit at Jhagadia, Gujarat.

b) Collateral Security of Plot No. 675 at GIDC, Jhagadia & Plot No. 11 to 18 at Shri Laxmi Sahakari Aodhyogik Vasahat, Hatkanangale, Dist. Kolhapur.

c) Personal Guarantee of a Director.

##### Rate of Interest

The rate of interest is MCLR + 0.30 % p.a.

##### Terms of Repayment

Equated monthly installment of ₹ 27,31,810/- commencing from 1st July, 2015 and ending on 1st December, 2020.

Equated monthly installment of ₹ 9,17,394/- commencing from 20th April, 2016 and ending on 20th February 2020.

##### (iii) Secured Loan:

##### Vehicle Loan

From Daimler Financial Services Pvt. Ltd.

##### Nature of security

Secured by hypothecation of vehicles.

## Notes to Financial Statements for the year ended 31st March, 2020

### Rate of Interest

The rate of interest is 10.64% p.a.

### Terms of Repayment

Equated monthly installment of ₹ 85,881/- commencing from 4th August, 2018 and ending on 4th July, 2021.

#### (iv) Secured Loan:

##### Vehicle Loan

From HDFC Bank

### Nature of security

Secured by hypothecation of vehicle.

### Rate of Interest

The rate of interest is 8.70 % p.a.

### Terms of Repayment

Equated monthly installment of ₹ 64,444/- commencing from 12th December, 2019 and ending on 7th November, 2022.

#### (v) Secured Loan:

##### Vehicle Loan

From HDFC Bank

### Nature of security

Secured by hypothecation of vehicle.

### Rate of Interest

The rate of interest is 9.1111 % p.a.

### Terms of Repayment

Equated monthly installment of ₹ 21,970/- commencing from 16th November, 2019 and ending on 7th December, 2022.

#### Note No. 15(b):

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Unsecured Loan:</b>		
<b>Deposits</b>		
Received from Director	395.00	770.00
	<b>395.00</b>	<b>770.00</b>

### Rate of Interest

The rate of interest is 12.75% p.a.

### Terms of Repayment

Repayable on or after 24 months.

#### Note No. 15(c):

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Other Loans and Advances</b>		
Security Deposits		
Received from related party	7.50	7.50

## 16 LEASE LIABILITY

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Right of use lease liability (Refer Note No. 38)	60.83	0.00
	<b>60.83</b>	<b>0.00</b>

## Notes to Financial Statements for the year ended 31st March, 2020

### 17 NON-CURRENT PROVISIONS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Provisions for employees benefits</b>		
Provision for gratuity (Refer Note No. 39)	40.85	29.47
Provisions for leave benefits	6.65	4.46
	<b>47.50</b>	<b>33.93</b>

### 18 DEFERRED TAX LIABILITIES (NET)

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Items leading to deferred tax liability</b>		
Difference in depreciation in block of fixed assets as per Income Tax and Books of Accounts	373.83	415.68
Right to use lease impact	0.26	0.00
<b>Less: Items leading to deferred tax assets</b>		
Expenses allowable on payment basis	(17.05)	(14.14)
<b>Net (Deferred Tax Liability)</b>	<b>357.04</b>	<b>401.54</b>

### 19 CURRENT BORROWINGS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Secured [Refer Note No. 19(a)]</b>		
<b>Repayable on demand</b>		
Cash credit from banks	421.69	420.77
Trade credit	1,097.94	1,102.77
	<b>1,519.63</b>	<b>1,523.54</b>

#### Note No. 19(a):

##### Nature of security

- Secured by first pari-pasu charge with Axis Bank & Kotak Bank on all present & future current assets & movable/intangible fixed asset of the Company (Other than Vehicles).
- Secured by first pari-pasu charge with HDFC Bank on all present & future stock, book debts & entire current assets of the Company.
- Collateral Security of Plot No. 675 at GIDC, Jhagadia & Plot No. 11 to 18 at Shri Laxmi Sahakari Aodhyogik Vasahat, Hatkanangale, Dist. Kolhapur.
- Corporate guarantee of Black Rose Trading Pvt. Ltd. & Tozai Enterprises Pvt. Ltd.
- Personal Guarantee of a Director.

### 20 TRADE PAYABLES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Trade payables (Refer Note No. 46)</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	27.90	0.00
Total outstanding dues of other than Micro Enterprises and Small Enterprises	4,359.20	2,467.00
	<b>4,387.10</b>	<b>2,467.00</b>



## Notes to Financial Statements for the year ended 31st March, 2020

### 21 OTHER FINANCIAL CURRENT LIABILITIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Current maturities of long term borrowings (Refer Note No. 15)	249.78	396.88
Interest accrued but not due on borrowings	5.05	3.57
Unpaid dividend *	8.22	4.16
Provision for Mark to Market Loss on Open Forward Contract	0.00	8.87
	<b>263.04</b>	<b>413.48</b>

\* Amount due to be credited to Investor Education and Protection Fund is ₹ Nil

### 22 OTHER CURRENT LIABILITIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Payable for other expenditure	104.73	67.62
Other non trade liabilities	0.22	0.68
Advance from customers	19.43	82.07
TDS payable	23.91	11.33
Rates & taxes payable	0.16	0.05
	<b>148.46</b>	<b>161.75</b>

### 23 CURRENT PROVISIONS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Provisions for employee benefits</b>		
Salary and reimbursements	41.35	22.33
Contribution to Provident Fund	4.17	2.29
Gratuity	5.19	3.90
Leave benefits	1.29	0.91
	<b>52.01</b>	<b>29.44</b>

### 24 REVENUE FROM OPERATIONS

	For the Year ended 31-03-2020 ₹ in Lakhs	For the year ended 31-03-2019 ₹ in Lakhs
a) Sale of products (Refer Note No. 24)	25,064.05	21,014.88
	<b>25,064.05</b>	<b>21,014.88</b>
<b>b) Other Operating Revenue</b>		
Export entitlement	122.07	113.09
Insurance claim	0.74	0.00
Exchange difference	0.00	148.79
Commission income	41.16	29.09
Miscellaneous income	0.67	43.05
	<b>164.64</b>	<b>334.03</b>
<b>Revenue from Operations</b>	<b>25,228.69</b>	<b>21,348.91</b>
<b>Note No. 24</b>		
<b>Details of sale of products</b>		
Chemicals	24,909.50	20,781.43
Others	154.55	233.45
	<b>25,064.05</b>	<b>21,014.88</b>

## Notes to Financial Statements for the year ended 31st March, 2020

### 25 OTHER INCOME

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Interest income</b>		
From bank	31.22	24.97
From others	4.25	3.56
	<b>35.47</b>	<b>28.52</b>
Profit on sale of asset	0.04	1.40
Provision for doubtful debts written back (net of ₹ 6,644,013/-)	0.00	13.62
Other non-operating income	49.94	31.19
	<b>85.45</b>	<b>74.74</b>

### 26 COST OF MATERIALS CONSUMED [REFER NOTE NO. 26(a)]

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Inventory at the beginning of the year	1,318.68	836.84
Add: Purchases	5,705.82	5,792.24
Add: Transferred from traded goods	84.88	56.46
	<b>7,109.38</b>	<b>6,685.53</b>
Less: Inventory at the end of the year	1,955.77	1,318.68
	<b>5,153.61</b>	<b>5,366.85</b>
<b>Note No. 26(a)</b>		
<b>(i) Details of materials consumed</b>		
Chemical	5,150.91	5,350.88
Others	2.70	15.97
	<b>5,153.61</b>	<b>5,366.85</b>
<b>(ii) Details of inventory of raw materials</b>		
Chemical	1,954.78	1,300.89
Others	0.99	17.80
	<b>1,955.77</b>	<b>1,318.68</b>

### 27 PURCHASE OF TRADED GOODS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Purchases	14,451.23	11,827.70
Consumed in manufacturing	59.31	41.73
	<b>14,391.91</b>	<b>11,785.97</b>

### 28 (INCREASE)/DECREASE IN INVENTORIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Opening traded goods	1,763.22	1,433.10
Consumed in mManufacturing	25.57	14.73
Closing traded goods [Refer Note No. 28(a)(i)]	1,512.16	1,763.22
	<b>225.49</b>	<b>(344.85)</b>
Opening work-in-progress	127.15	101.88
Closing work-in-progress [Refer Note No. 28(a)(ii)]	231.04	127.15
	<b>(103.89)</b>	<b>(25.27)</b>
Opening finished goods	29.13	142.24
Closing finished goods [Refer Note No. 28(a)(iii)]	60.98	29.13
	<b>(31.85)</b>	<b>113.11</b>
<b>Total (Increase)/Decrease in Inventories</b>	<b>89.75</b>	<b>(257.01)</b>

## Notes to Financial Statements for the year ended 31st March, 2020

### Note No. 28(a)

#### Details of inventories at the end of the year

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
(i) Traded goods		
Chemicals	1,489.13	1,756.88
Others	23.03	6.33
	<b>1,512.16</b>	<b>1,763.22</b>
(ii) Work-in-progress		
Chemical	226.93	123.04
Others	4.11	4.11
	<b>231.04</b>	<b>127.15</b>
(iii) Finished goods		
Chemical	46.21	14.45
Others	14.77	14.69
	<b>60.98</b>	<b>29.13</b>

### 29 EMPLOYEE BENEFIT EXPENSES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Salaries, wages and bonus	463.27	360.72
Contribution to provident fund and other funds	20.41	13.08
Staff welfare expenses	9.57	7.86
	<b>493.24</b>	<b>381.66</b>

### 30 FINANCE COSTS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Interest on borrowings	206.96	282.81
Right of use lease interest (Refer Note No. 38)	3.60	0.00
Bill discounting charges	0.37	1.35
Bank charges on facilities	21.06	6.62
Applicable loss on foreign currency transactions and translation	22.26	22.15
	<b>254.25</b>	<b>312.92</b>

### 31 DEPRECIATION AND AMORTIZATION EXPENSES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Depreciation of tangible assets	211.70	207.63
Amortization of tangible assets	0.00	0.05
Amortization of intangible assets	4.91	3.26
Right of use lease depreciation (Refer Note No. 38)	16.82	0.00
	<b>233.44</b>	<b>210.94</b>

## Notes to Financial Statements for the year ended 31st March, 2020

### 32 OTHER EXPENSES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Power and fuel	144.63	123.43
Rent	38.25	41.37
Rates and taxes	3.72	11.03
Insurance	29.07	11.74
Repairs and maintenance		
- Plant and machinery	18.98	21.24
- Buildings	3.52	4.66
- Others	6.62	10.16
Legal and professional fees	73.93	64.88
Royalty	150.82	67.54
Payment to auditor [Refer Note No. 32(a)]	9.44	5.80
Selling & distribution expenses	126.86	130.77
Brokerage expenses	95.43	67.50
Windmill maintenance charges	21.18	19.85
Travelling and conveyance	64.91	44.18
Bad debts written off	0.00	37.16
Communication costs	10.10	12.56
Printing and stationery	3.91	4.84
Labour and job work charges	4.02	18.91
Packing material consumed	635.02	693.87
Utility material consumed	6.44	15.05
Export expenses	180.20	185.80
Security charges	12.40	7.81
Corporate office expenses	12.76	12.07
Office expenses	8.39	13.60
Office electricity expenses	1.63	2.77
Warehousing charges	25.85	21.41
Vehicle expenses	10.43	11.45
Bank charges	46.89	40.57
CSR expenses	38.99	5.50
Loss on sale of assets	0.00	3.52
Miscellaneous expenses	149.09	53.06
	<b>1,933.46</b>	<b>1,764.10</b>

# Notes to Financial Statements for the year ended 31st March, 2020

## Note No. 32(a):

### Details of Payment to Auditor

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>As Auditor</b>		
Audit fees	3.00	3.00
Tax audit fees	1.90	0.75
Limited review	0.60	0.60
VAT audit fees	2.80	0.25
<b>In other capacity</b>		
Certification fees	0.25	0.38
Reimbursement of expenses including tax	0.06	0.00
	<b>8.61</b>	<b>4.98</b>
<b>Cost Auditor</b>		
As audit fees	0.83	0.83
	<b>0.83</b>	<b>0.83</b>
	<b>9.44</b>	<b>5.80</b>

## 33 EXCEPTIONAL ITEMS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Payment made under Sales Tax Amnesty Scheme	123.66	0.00
	<b>123.66</b>	<b>0.00</b>

## 34 FAIR VALUES AND HIERARCHY

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

₹ In Lakhs

i)	31st March, 2020	Note No.	Carrying Amount				Fair Value			
			FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	Financial Assets									
	Investments	3	0.00	0.00	16.21	16.21	0.00	0.00	16.21	16.21
	Other Financial Assets	4 & 11	0.00	0.00	101.07	101.07	0.00	0.00	101.07	101.07
	Trade Receivables	7	0.00	0.00	4,699.82	4,699.82	0.00	0.00	4,699.82	4,699.82
	Cash and Cash Equivalents	8	0.00	0.00	26.43	26.43	0.00	0.00	26.43	26.43
	Bank Balances other than Cash & Cash Equivalents	9	0.00	0.00	491.91	491.91	0.00	0.00	491.91	491.91
	Loans	10	0.00	0.00	6.39	6.39	0.00	0.00	6.39	6.39
			0.00	0.00	5,341.82	5,341.82	0.00	0.00	5,341.82	5,341.82
	Financial Liabilities									
	Borrowings	15 & 19	0.00	0.00	1,972.74	1,972.74	0.00	0.00	1,972.74	1,972.74
	Lease Liability	16	0.00	0.00	60.83	60.83	0.00	0.00	60.83	60.83
	Trade Payables	20	0.00	0.00	4,387.10	4,387.10	0.00	0.00	4,387.10	4,387.10
	Other Financial Liabilities	21	0.00	0.00	263.04	263.04	0.00	0.00	263.04	263.04
			0.00	0.00	6,683.71	6,683.71	0.00	0.00	6,683.71	6,683.71

## Notes to Financial Statements for the year ended 31st March, 2020

₹ In Lakhs

ii)	31st March, 2019	Note No.	Carrying Amount				Fair Value			
			FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	Financial Assets									
	Investments	3	0.00	0.00	16.21	16.21	0.00	0.00	16.21	16.21
	Other Financial Assets	4 & 11	0.00	0.00	87.92	87.92	0.00	0.00	87.92	87.92
	Trade Receivables	7	0.00	0.00	2,797.08	2,797.08	0.00	0.00	2,797.08	2,797.08
	Cash and Cash Equivalents	8	0.00	0.00	34.56	34.56	0.00	0.00	34.56	34.56
	Bank Balances other than Cash & Cash Equivalents	9	0.00	0.00	445.93	445.93	0.00	0.00	445.93	445.93
	Loans	10	0.00	0.00	7.07	7.07	0.00	0.00	7.07	7.07
			0.00	0.00	3,388.75	3,388.75	0.00	0.00	3,388.75	3,388.75
	Financial Liabilities									
	Borrowings	15 & 19	0.00	0.00	2,581.73	2,581.73	0.00	0.00	2,581.73	2,581.73
	Lease Liability	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Trade Payables	20	0.00	0.00	2,467.00	2,467.00	0.00	0.00	2,467.00	2,467.00
	Other Financial Liabilities	21	0.00	0.00	413.48	413.48	0.00	0.00	413.48	413.48
			0.00	0.00	5,462.20	5,462.20	0.00	0.00	5,462.20	5,462.20

### B. Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial assets included is the amount at which the instrument could be exchanged in a current transaction between willing parties.

## 35 CAPITAL MANAGEMENT (IND AS 1)

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Shareholder's wealth.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars	As at 31st March, 2020 ₹ in Lakhs	As at 31st March, 2019 ₹ in Lakhs
Total debt (Long term bank and other borrowings)	453.11	1,058.19
Equity	6,520.99	4,702.07
Debt to equity (Net)	0.07	0.23

In addition, the Company has financial covenants relating to the some of the borrowing facilities that it has to maintain Aggregate Tangible Net Worth which is maintained by the Company.

## 36 FINANCIAL RISK MANAGEMENT (IND AS 1)

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables, cash and short term deposits.

The Company has assessed market risk, credit risk and liquidity risk to its financial liabilities.

### i) Market Risk

Market Risk is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans and borrowings, investments and foreign currency receivables, payables and borrowings.



## Notes to Financial Statements for the year ended 31st March, 2020

### a) Interest Rate Risks

The Company borrows funds in Indian Rupees and Foreign currency, to meet both the long term and short term funding requirements. The Interest rate risk in terms of foreign currency is managed through financial instruments available to convert floating rate liability into fixed rate liability. Interest on short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.

If the interest rates had been 1% higher/lower and all other variables held constant, the Company's profit for the year ended 31st March, 2020 would have been decreased/increased by ₹ 25.30 Lakhs.

### b) Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts to hedge its foreign currency exposures. Foreign currency risks from financial instruments at the end of the reporting period expressed in INR.

#### Details of Derivative instruments and unhedged foreign currency exposure

##### a) Derivatives outstanding as at the balance sheet date

Particulars	For Hedging of foreign currency purchases		
	Amount in US\$	₹ in Lakhs	No. of Contracts
Forward contract to buy			
As on 31st March, 2020	877,808.00	664.24	4
As on 31st March, 2019	1,530,078.52	1,058.20	18

##### b) Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	As on 31-03-2020		As on 31-03-2019	
	Amount in US\$	₹ in Lakhs	Amount in US\$	₹ in Lakhs
Trade payable	4,054,399.24	3,067.96	2,290,049.62	2,071.11
Secured trade credit	1,450,952.00	1,097.94	769,057.48	1,102.77
Trade/Commission receivable	1,096,685.36	829.75	781,819.83	540.63
Advance to suppliers	26,040.00	19.26	26,040	18.01

Particulars	As on 31-03-2020		As on 31-03-2019	
	Amount in JPY	₹ in Lakhs	Amount in JPY	₹ in Lakhs
Trade payable	26,181,842.00	182.23	9,497,584.00	59.28
Trade/Commission receivable	2,174,089.00	15.13	1,839,989.00	11.49

The Company is mainly exposed to changes in US Dollar. The sensitivity to 1% increase or decrease in US Dollar against INR with all other variables held constant will be ₹ 33.36 Lakhs. (Previous Year - ₹ 26.33 Lakhs).

The Sensitivity analysis is prepared on the net unhedged exposure of the Company at the reporting date.

### c) Price Risks

The Company's revenues are mainly generated from sales within India and the raw materials are procured through import and local purchases where local purchases track import parity price. The Company is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities, the Company enters into contract with the customers that has provision to pass on the change in the raw material prices and also the volatility in the exchange rate. The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

### ii) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Debt Funds and Balances with Banks.

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

The Company limits its exposure to credit risk by generally investing only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

## Notes to Financial Statements for the year ended 31st March, 2020

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2020 is 0.69% of the total trade receivables. The Company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

### iii) Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has obtained fund and non-fund based working capital lines from banks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Company has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Particulars	Refer Note	Less than 1 year ₹ in Lakhs	1-3 Years ₹ in Lakhs	3-5 Years ₹ in Lakhs	More than 5 Years ₹ in Lakhs
Borrowings	15, 19 & 21	1,769.41	444.07	1.54	7.50
		(1,920.43)	(280.69)	0.00	(777.50)
Trade payable	20	4,387.10	0.00	0.00	0.00
		(2,467.00)	0.00	0.00	0.00
Other financial liabilities	21	5.05	0.00	0.00	0.00
		(12.44)	0.00	0.00	0.00
Employee benefit/Expense liabilities	17 & 23	99.51	0.00	0.00	0.00
		(63.37)	0.00	0.00	0.00
Unclaimed dividends	21	8.22	0.00	0.00	0.00
		(4.16)	0.00	0.00	0.00

Figures in brackets are in respect of Previous year

## 37 INCOME TAXES (IND AS 12)

### (i) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	Year Ended 31st March, 2020 ₹ in Lakhs	Year Ended 31st March, 2019 ₹ in Lakhs
Profit before tax	2,640.82	1,858.20
Applicable tax rate @ 25.17% (31st March, 2019 @ 29.12%)	664.69	541.11
Effect of tax exempt income	0.00	0.00
Effect of non-deductible expenses	79.36	73.68
Effect of allowances for tax purpose	(72.15)	(80.12)
Effect of tax paid at a lower rate	0.00	0.00
Effect of previous year adjustments	0.00	0.00
Others	(7.26)	7.09
<b>Total</b>	<b>664.64</b>	<b>541.76</b>

### (ii) The Company has announced a proposed dividend of ₹ 0.35/- per share for the financial year 2019-20 and shall be recognized once the dividend is paid.

# Notes to Financial Statements for the year ended 31st March, 2020

## 38 LEASE (IND AS 116)

	Year Ended 31st March, 2020 ₹ in Lakhs	Year Ended 31st March, 2019 ₹ in Lakhs
<b>1. Future minimum lease payments under non-cancellable operating lease for the period</b>		
(a) Not later than one year	59.24	49.87
(b) Later than one year but not later than 5 years	43.73	28.80
(c) More than 5 years	0.00	0.00
<b>2. Lease payments charged to Profit and Loss Account</b>		
Rental expenses	38.25	41.37
Depreciation	16.82	0.00
Interest	3.60	0.00

3. The Company has taken on lease a number of premises under operating leases. The lease typically runs for a period of 3 to 5 years with an option to renew the lease after that period. The lease payments for the entire lease period are fixed at the time of entering into the lease agreement and are renegotiated towards the end of the lease period in case of renewals.

Effective 1st April, 2019, the Company has adopted IND AS 116 "Leases" and applied to lease contracts existing on 1st April, 2019 by electing the Modified Retrospective option (Para C5(b) of the Application Guidance of this Standard) and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31st March, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 51.47 Lakhs and a lease liability of ₹ 38.96 Lakhs. The cumulative effect of applying the standard resulted in adjusting retained earnings net of taxes of ₹ 7.02 Lakhs as at 1st April, 2019.

In the Statement of Profit and Loss account for the current year, the nature of expenses in respect of operating leases has changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability. The figures for the year (with and without the impact of the new Lease Standard) for comparative purposes only are as under:-

	₹ In Lakhs		
Particulars	Year ended 31st March 2020 (after adoption of IND AS 116)	Year ended 31st March 2020 (before adoption of IND AS 116)	Impact of adoption of IND AS 116 for the Year ended 31st March, 2020
<b>Expenses:</b>			
Employee benefits expense	493.24	493.24	0.00
Finance costs	254.25	250.65	3.60
Depreciation and amortization expense	233.44	216.61	16.82
Other expenses	1,933.46	1,954.91	(21.45)
<b>Total expenses</b>	<b>2,914.39</b>	<b>2,915.41</b>	<b>(1.02)</b>
Profit/(loss) before tax	2,640.82	2,639.80	1.02
Profit/(loss) after tax	1,995.39	1,994.37	1.02

## 39 EMPLOYEE BENEFITS (IND AS 19)

### Defined Benefit Plans

#### Gratuity

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company for payment of gratuity.

#### Inherent Risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

## Notes to Financial Statements for the year ended 31st March, 2020

### Statement of Assets and Liabilities for Defined Benefit Obligation

Gratuity and other post employment benefit plans	As at 31st March, 2020 ₹ in Lakhs	As at 31st March, 2019 ₹ in Lakhs
<b>(i) Change in present value of obligation</b>		
Balance at the beginning of the year	33.37	31.64
Adjustment of:		
Interest cost	2.36	2.37
Current service cost	4.87	4.10
Past service cost	0.00	0.00
Liability transferred in/Acquisitions	0.68	0.00
(Liability transferred out/Disinvestment)	(0.21)	0.00
Benefit paid directly by the employer	0.00	(5.35)
Actuarial (gains)/losses on obligation - Due to change in financial assumptions	2.03	0.75
Actuarial (Gains)/Losses on obligation - Due to experience	2.93	(0.14)
Balance at the end of the year	<b>46.04</b>	<b>33.37</b>
<b>(ii) Change in Fair Value of Assets</b>		
Fair value of plan assets at the beginning of the period	0.00	0.00
Interest income	0.00	0.00
Contributions by the employer	0.00	0.00
Expected contributions by the employees	0.00	0.00
Assets transferred In/Acquisitions	0.00	0.00
(Assets transferred out/Divestments)	0.00	0.00
(Benefit paid from the fund)	0.00	0.00
(Assets distributed on settlements)	0.00	0.00
Effects of asset ceiling	0.00	0.00
The effect of changes in foreign exchange rates	0.00	0.00
Return on plan assets, excluding interest income	0.00	0.00
Fair value of plan assets at the end of the period	0.00	0.00
<b>(iii) Net Asset/(Liability) recognised in the Balance Sheet</b>		
(Present value of benefit obligation at the end of the period)	(46.04)	(33.37)
Fair value of plan assets at the end of the period	0.00	0.00
Funded status (Surplus/(Deficit))	(46.04)	(33.37)
Net (Liability)/Asset recognized in the balance sheet	<b>(46.04)</b>	<b>(33.37)</b>
<b>(iv) Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	4.87	4.10
Net interest cost	2.36	2.37
Past Service cost	0.00	0.00
Expenses recognized	<b>7.23</b>	<b>6.48</b>
<b>(v) Re-measurements recognised in Other Comprehensive Income (OCI)</b>		
Actuarial (Gains)/Losses on obligation for the period	4.95	0.61
Return on plan assets, excluding interest income	0.00	0.00
Change in asset ceiling	0.00	0.00
Net (Income)/expense for the period recognized in OCI	<b>4.95</b>	<b>0.61</b>
<b>(vi) Maturity profile of defined benefit obligation</b>		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st following year	5.19	3.90

## Notes to Financial Statements for the year ended 31st March, 2020

Gratuity and other post employment benefit plans	As at 31st March, 2020 ₹ in Lakhs	As at 31st March, 2019 ₹ in Lakhs
2nd following year	5.07	3.90
3rd following year	5.08	3.81
4th following year	4.80	3.75
5th following year	4.67	3.52
Sum of years 6 To 10	22.22	17.11
Sum of years 11 and above	22.63	16.75
<b>(vii) Sensitivity analysis for significant assumptions*</b>		
Projected Benefit Obligation on Current Assumptions	46.04	33.37
Delta effect of +1% Change in rate of discounting	(2.42)	(1.68)
Delta effect of -1% Change in rate of discounting	2.70	1.87
Delta effect of +1% Change in rate of salary increase	2.36	1.64
Delta effect of -1% Change in rate of salary increase	(2.28)	(1.62)
Delta effect of +1% Change in rate of employee turnover	(0.66)	(3.84)
Delta effect of -1% Change in rate of employee turnover	0.72	0.42
<b>(viii) Actuarial Assumptions</b>		
Discount rate (p.a.)	6.24%	7.50%
Expected return on plan assets (p.a.)	N.A.	N.A.
Turnover rate	15.20%	15.20%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary escalation rate (p.a.)	10.24%	10.24%
Retirement age	60 years	60 years
<b>(ix) Weighted Average duration of defined benefit obligation</b>	7 years	7 years

\* The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (x) Gratuity is payable as per company's scheme as detailed in the report.
- (xi) Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.
- (xii) Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.
- (xiii) Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.
- (xiv) Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

## Notes to Financial Statements for the year ended 31st March, 2020

### 40 GOVERNMENT GRANT (IND AS 20)

Interest, Wages Expenses and Repairs to plant and machinery are net of subsidy received under State Investment Promotion Scheme of ₹ 17.91 Lakhs (31st March, 2019 ₹ 12.87 Lakhs).

### 41 RELATED PARTY DISCLOSURES (IND AS 24)

#### (A) Information about related parties :

- (i) Holding company Wedgewood Holdings Limited, Mauritius
- (ii) Wholly-owned foreign subsidiary company B.R.Chemicals Co., Limited, Osaka, Japan
- (iii) Other Related Parties with whom there were transactions during the year:

Parties	Relationship
Anup Jatia, Executive Director	Key Management Personnel (KMP)
C. P. Vyas, Company Secretary (Till 31.05.19)	Key Management Personnel (KMP)
Nevil Avlani, Company Secretary (From 01.06.2019)	Key Management Personnel (KMP)
Ratan Agrawal, Chief Financial Officer	Key Management Personnel (KMP)
Black Rose Trading Private Limited	Enterprises owned or significantly influenced by any management personnel or their relatives
Tozai Safety Private Limited	
Tozai Enterprises Private Limited	
Accent Industries Limited	
Atmasantosh Foundation	

#### (B) The following transactions were carried out with the related parties in the ordinary course of business:

₹ in Lakhs

Nature of Transactions	Key Management Personnel	Other related parties as in 41 (A)(iii)
Sales	0.00	29.37
	0.00	(150.36)
Purchase	0.00	74.23
	0.00	(58.17)
Rent expenses	0.00	42.60
	0.00	(25.12)
Directors remuneration	100.00	0.00
	(42.00)	0.00
Retainership fees expenses	2.40	0.00
	(10.55)	0.00
Salary expenses	27.15	0.00
	(18.89)	0.00
Interest expenses	83.14	0.00
	(100.80)	0.00
Rent income	0.00	19.32
	0.00	(19.32)
Loan given	5.00	0.00
	(11.70)	0.00
CSR contribution	0.00	14.50
	0.00	(5.50)
Loan recovered	5.40	0.00
	(4.70)	0.00



## Notes to Financial Statements for the year ended 31st March, 2020

₹ in Lakhs

Nature of Transactions	Key Management Personnel	Other related parties as in 41(A)(iii)
Unsecured deposit refunded	350.00	0.00
	0.00	0.00
Reimbursement of expenses paid	0.00	0.04
	0.00	(0.02)
Reimbursement of expenses received	0.00	4.06
	0.00	(2.63)

### (C) Balance as at 31st March, 2020

₹ in Lakhs

	Key Management Personnel	Other related parties as in 40(A)(iii)
Security Deposit Received	0.00	7.50
	0.00	(7.50)
Loan Given	0.00	0.00
	(7.00)	0.00
Unsecured Deposit Payable	370.00	0.00
	(720.00)	0.00
Interest Payable (Net of T.D.S.)	4.00	0.00
	0.00	0.00

## 42 EARNINGS PER SHARE (EPS) (IND AS 33)

Particulars	Year Ended 31st March, 2020 ₹ in Lakhs	Year Ended 31st March, 2019 ₹ in Lakhs
<b>(A) Basic EPS:</b>		
(i) Net Profit attributable to Equity Shareholders	1,995.39	1,329.10
(ii) Weighted average number of Equity Shares outstanding (Nos.)	510	510
<b>Basic EPS (₹) (i)/(ii)</b>	<b>3.91</b>	<b>2.61</b>
<b>(B) Diluted EPS:</b>		
(i) Net Profit attributable to Equity Shareholders	1,995.39	1,329.10
(ii) Weighted average number of Equity Shares outstanding (Nos.)	510	510
<b>Diluted EPS (₹) (i)/(ii)</b>	<b>3.91</b>	<b>2.61</b>

## 43 CONTINGENT LIABILITIES (IND AS 37)

### (a) Contingent liabilities not provided for in respect of:

- Central Sales Tax liability of ₹ 3.62 Lakhs including interest (P.Y. NIL) as per CST assessment order for FY 2015-16. The management is in the process of filing an appeal against the said order and are of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- M VAT liability of ₹ 16.47 Lakhs including interest (P.Y. NIL) as per the CST the assessment order for FY 2015-16. The management is in the process of filing an appeal against the said order and are of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- Central Sales Tax liability of ₹ 8.33 Lakhs (P.Y. ₹ 35.28 Lakhs) as per MVAT Audit, as the said liability is on account of non receipt of 'C' forms from various payable customers and the company is awaiting the receipt of said forms. The liabilities if any will be accounted in the books of account in the year in which the final liability is determined.
- Disputed Income Tax demands of ₹ 177.17 Lakhs (Previous Year ₹ 177.17 Lakhs) for which company has gone in appeal. The management is of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

### (b) Guarantees:

The Company has issued bank guarantees as under:

- Guarantee given to Government authorities ₹ NIL (P.Y. ₹ 12.32 Lakhs).

## Notes to Financial Statements for the year ended 31st March, 2020

### 44 SEGMENT REPORTING (IND AS 108)

In accordance with IND AS 108 'Operating Segment', segment information has been given in the consolidated financial statements, and therefore, no separate disclosure on segment information is given in these financial statements.

### 45 CORPORATE SOCIAL RESPONSIBILITY

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended 31st March, 2020 is ₹ 27.35 Lakhs (31st March, 2019 ₹ 16.61) i.e. 2% of average net profits for last three financial years, calculated as per Section 198 of the Companies Act, 2013. However, during the year, the Company has spent ₹ 21.47 Lakhs towards FY 2019-20 & ₹ 17.52 Lakhs towards FY 2018-19 & FY 2017-18 (31st March, 2019 ₹ 5.50 Lakhs) towards its CSR activities and the balance will be added to the CSR Budget for the Financial Year 2020-2021.

- 46 Some of the suppliers have sent their intimations of them being the Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. However, there were no amounts payable at the year end together with interest paid/payable beyond as stipulated period as required under the said Act.

In respect of other suppliers, the Company has not received any intimation regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given to that extent.

### 47 VALUE OF IMPORTS CALCULATED ON CIF BASIS

	31st March, 2020 ₹ in Lakhs	31st March, 2019 ₹ in Lakhs
Raw Materials	6,559.96	5,633.89
Traded Goods	11,876.07	10,362.68
Others	523.70	395.18
	<b>18,959.72</b>	<b>16,391.75</b>

### 48 EXPENDITURE IN FOREIGN CURRENCY

	31st March, 2020 ₹ in Lakhs	31st March, 2019 ₹ in Lakhs
Interest on short term borrowings	30.93	30.00
Membership & subscription	5.16	5.72
Royalty	150.82	67.54
Travelling	13.66	6.88
Books & periodicals	1.79	1.61
Technical advisory services - Capitalised	57.15	-
	<b>259.51</b>	<b>111.75</b>

### 49 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS CONSUMED:

	% of total consumption 31st March, 2020	Value 31st March, 2020 ₹ in Lakhs	% of total consumption 31st March, 2019	Value 31st March, 2019 ₹ in Lakhs
<b>Raw Materials</b>				
Imported	96.39%	4,967.65	88.73%	4,762.00
Indigenously obtained	3.61%	185.96	11.27%	604.85
	<b>100.00%</b>	<b>5,153.61</b>	<b>100.00%</b>	<b>5,366.85</b>

### 50 EARNINGS IN FOREIGN CURRENCY

	31st March, 2020 ₹ in Lakhs	31st March, 2019 ₹ in Lakhs
Exports at F.O.B. value	3,472.25	3,245.13
Commission income	41.16	29.09
	<b>3,513.41</b>	<b>3,274.22</b>

## Notes to Financial Statements for the year ended 31st March, 2020

- 51** World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on 11th March, 2020. Consequent to this, Government of India declared lockdown on 24th March, 2020 which has impacted the business activities of the Company. On account of this, the Company has assessed the recoverability of receivables, contract assets, factored assumptions used in annual impairment, using the various internal and external information up to the date of approval of these financial statements. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and non-financial assets. The Company will continue to closely monitor any material changes to future economic conditions.
- 52** In the Opinion of the Board of Directors, the Current Assets, Loans & Advances are realisable in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 53** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest ₹ in Lakhs.

As per our report of even date attached

**For and on behalf of P K J & CO.**

Chartered Accountants

Firm Registration No. 124115W

**Padam Jain**

*Partner*

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN : 20071026AAAAV7226

**For and on behalf of the Board of Directors**

**Sandeep Chokhani**

*Director*

DIN : 02346782

**Nevil Avlani**

*Company Secretary*

**Anup Jatia**

*Executive Director*

DIN : 00351425

**Ratan Agrawal**

*Chief Financial Officer*

## FORM AOC - 1

(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 / ASSOCIATE COMPANIES / JOINT VENTURES

#### PART "A" : SUBSIDIARIES

Sl No.	Particulars	Name of Subsidiary Company B.R. Chemicals Co., Ltd.	
1	Financial year ending on	31-03-2020	31-03-2019
2	Reporting Currency	JPY (¥)	JPY (¥)
3	Exchange Rate on the last date of financial year	0.6960	0.6242
4	% of shareholding	100	100
5	No. of Shares	60	60
		₹ in Lakhs	₹ in Lakhs
6	Share Capital	16.21	16.21
7	Reserves & Surplus	197.96	126.00
8	Total Assets	350.98	155.46
9	Total Liabilities	350.98	155.46
10	Investments	0.00	0.00
11	Turnover	12,034.29	9,523.34
12	Profit / (Loss) before Taxation	91.14	77.54
13	Provision for Taxation	19.19	18.04
14	Profit /(Loss) after Taxation	71.96	59.50
15	Proposed Dividend	0.00	0.00

#### Notes:

- The assets and liabilities are translated at the exchange rate prevailing at the Balance Sheet date, and the income and expense items are translated at the average rates of exchange for the year.
- The reporting period of the subsidiary is same as that of the holding company i.e. 1st April, 2019 to 31st March, 2020.
- Names of subsidiaries which are yet to commence operations - NIL
- Names of subsidiaries which have been liquidated or sold during the year - NIL

Since the company does not have any Associates or Joint Ventures, information pertaining to Part "B" to this form relating to Associates and Joint Ventures is not given.

As per our report of even date attached

For and on behalf of

**PKJ & CO.**

Chartered Accountants

Firm Regn. No. 124115W

**Padam Jain**

Partner

Membership No. 71026

Place: Mumbai

Date: 26th June, 2020

UDIN: 20071026AAAAW6811

For and on behalf of the Board of Directors

**Sandeep Chokhani**

Director

**Anup Jatia**

Executive Director

**Nevil Avlani**

Company Secretary

**Ratan Agrawal**

Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Black Rose Industries Limited

## Report on the Audit of the Consolidated Financial Statements

### 1. OPINION

We have audited the accompanying Consolidated Financial Statements of **BLACK ROSE INDUSTRIES LIMITED** (hereinafter referred to as the 'Holding Company') and its one foreign subsidiary Company (together referred to as "Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2020, and the Consolidated Statement of Profit and Loss, 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 (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at 31st March, 2020, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### 2. BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities

for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note No. 50 of the Consolidated Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Group is evaluating the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of these matters.

### 4. KEY AUDIT MATTERS

Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Consolidated Financial Statements for the year ended 31st March, 2020. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key Audit Matter	Our Response
1	<p><b><u>Defined benefit obligation:</u></b></p> <p>The valuation of the retirement benefit schemes in the Holding Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation</p>	<p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p>

Sr. No.	Key Audit Matter	Our Response
2	<p><b><u>Related Party Transactions:</u></b></p> <p>During the year the Group has entered into various transactions with related parties.</p> <p>Determination of transaction price for such related parties transactions outside the normal course of business is a key audit matter considering the significance of the transaction value and the significant judgements involved in determining the transaction value.</p>	<p>Our audit procedures included considering the compliance with the various requirements for entering in to such related party transactions.</p> <p>We have read the approvals obtained for the transactions.</p> <p>We have assessed the disclosures in accordance with Ind AS 24 "Related Party Disclosures".</p>
3	<p><b><u>Modified Audit Procedures carried out in light of COVID-19 outbreak:</u></b></p> <p>Due to COVID-19 pandemic, Nation-wide lockdown and travel restrictions imposed by Central/State Government/Local Authorities during the period of our audit to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of the Holding Company.</p> <p>As we could not gather audit evidence in person/physically/through discussions and personal interactions with the officials at the Holding Company's Office, we have identified such modified audit procedures as a Key Audit Matter.</p> <p>Accordingly, our audit procedures were modified to carry out the audit remotely.</p>	<p>Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Holding Company's Office and carry out the audit processes physically.</p> <p>Wherever physical access was not possible, necessary records/reports/documents/certificates were made available to us through digital medium, remote access and emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.</p> <p>Accordingly, we modified our audit procedures as follows:</p> <ol style="list-style-type: none"> <li>Conducted verification of necessary records/documents through remote access and emails wherever physical access was not possible.</li> <li>Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through remote access and emails.</li> <li>Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels.</li> <li>Resolution of our audit observations telephonically/through email instead of a face-to-face interaction with the designated officials.</li> </ol>

## 5. OTHER INFORMATION

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 auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the 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.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## 7. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section

143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

## 8. OTHER MATTERS

We did not audit the financial statements of One Foreign Subsidiary Company whose financial statements reflect total assets of ₹ 350.98 Lakhs as at 31st March, 2020, total revenue of ₹ 12,035.91 Lakhs, total net profit after tax of ₹ 71.96 Lakhs, total comprehensive income of ₹ 71.96 Lakhs for the year ended 31st March, 2020, and net cash inflows of ₹ 127.75 Lakhs for the year ended 31st March, 2020 as considered in the Consolidated Financial Statements whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on the information and explanation provided by the management.

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 and the financial statements certified by the Management.

## 9. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow

Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2020, and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31st March, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
- f) The Holding Company does not have subsidiaries in India. Hence, no reporting is to be done for these entities. Accordingly, we refer Annexure-B of our report of even date on the Standalone Financial Statements of the Holding Company with respect to the adequacy of the internal financial controls over financial reporting and effectiveness of such controls.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the 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, we report that:
  - i) There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

For and on behalf of **P K J & CO.**

Chartered Accountants

Firm Regn No. 124115W

(Padam Jain)

Partner

Membership No. 71026

Place: Mumbai

Dated: 26th June, 2020

# Consolidated Statement of Assets and Liabilities as at 31st March, 2020

₹ In Lakhs

	Note No.	As At 31-03-2020	As At 31-03-2019
<b>I ASSETS</b>			
<b>1 Non Current Assets</b>			
Property, Plant & Equipments	2	3,201.05	2,887.76
Intangible Assets	2	26.48	7.38
Capital Work-in-Progress	2	238.01	21.65
Right of Use Lease Assets	2	423.40	375.17
		<b>3,888.94</b>	<b>3,291.96</b>
Financial Assets			
Other Financial Assets	3	0.32	0.32
Other Non-Current Assets	4	46.34	46.34
		<b>46.66</b>	<b>46.66</b>
<b>2 Current Assets</b>			
Inventories	5	3,867.17	3,311.91
Financial Assets			
Trade Receivables	6	4,772.16	2,805.53
Cash and Cash Equivalents	7	298.01	178.38
Bank Balances other than Cash & Cash Equivalents	8	491.91	445.93
Loans	9	6.39	7.07
Other Financial Assets	10	100.75	87.60
Other Current Assets	11	602.31	642.57
Current Tax Assets (Net)	12	57.09	109.27
		<b>10,195.78</b>	<b>7,588.26</b>
<b>Total</b>		<b>14,131.38</b>	<b>10,926.87</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
Equity Share Capital	13	510.00	510.00
Other Equities		6,238.18	4,325.49
		<b>6,748.18</b>	<b>4,835.49</b>
<b>2 Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	14	453.11	1,058.19
Lease Liability	15	60.83	0.00
Provisions	16	47.50	33.93
Deferred Tax Liabilities (Net)	17	357.04	401.54
		<b>918.48</b>	<b>1,493.65</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	18	1,520.67	1,524.79
Trade Payables	19	4,479.21	2,467.89
Other Financial Liabilities	20	263.04	413.48
Other Current Liabilities	21	149.80	162.13
Provisions	22	52.01	29.44
		<b>6,464.72</b>	<b>4,597.73</b>
<b>Total</b>		<b>14,131.38</b>	<b>10,926.87</b>

Significant Accounting Policies

1

Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached

**For and on behalf of P K J & CO.**

Chartered Accountants

Firm Registration No. 124115W

**Padam Jain**

*Partner*

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN : 20071026AAAAW6811

**For and on behalf of the Board of Directors**

**Sandeep Chokhani**

*Director*

DIN : 02346782

**Nevil Avlani**

*Company Secretary*

**Anup Jatia**

*Executive Director*

DIN : 00351425

**Ratan Agrawal**

*Chief Financial Officer*

# Consolidated Statement of Profit and Loss as at 31st March, 2020

₹ In Lakhs

	Note No.	For the Year ended 31-03-2020	For the year ended 31-03-2019
<b>I INCOME</b>			
Revenue from Operations	23	37,262.98	30,871.43
Other Income	24	87.07	74.77
<b>Total Revenue</b>		<b>37,350.05</b>	<b>30,946.20</b>
<b>II EXPENDITURE</b>			
Cost of Materials Consumed	25	5,153.61	5,366.85
Purchase of Traded Goods	26	26,259.64	21,176.83
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	27	89.75	(257.01)
Employee Benefits Expense	28	513.65	397.54
Finance Cost	29	254.25	312.92
Depreciation and Amortization Expenses	30	233.44	210.94
Other Expenses	31	1,990.09	1,802.38
<b>Total Expenditure</b>		<b>34,494.43</b>	<b>29,010.46</b>
<b>III. Profit/(Loss) before Exceptional Items and Tax</b>		<b>2,855.62</b>	<b>1,935.74</b>
<b>IV. Exceptional Item</b>	32	(123.66)	0.00
<b>V. Profit before Tax (III-IV)</b>		<b>2,731.97</b>	<b>1,935.74</b>
Less: Tax Expenses			
Current Tax		684.68	559.80
Deferred Tax		(44.50)	(12.66)
Earlier years adjustments		24.43	0.00
		<b>664.61</b>	<b>547.14</b>
<b>VI. Profit for the period</b>		<b>2,067.35</b>	<b>1,388.60</b>
<b>Other Comprehensive Income</b>			
A. Items that will not be classified to Profit & Loss (Net of Tax)			
Actuarial Gain/(Loss) on employee benefits		(3.71)	(0.43)
B. Items that will be classified to Profit & Loss (Net of Tax)			
Gain/(Loss) on hedging instruments		25.29	(6.29)
<b>VII. Total Comprehensive Income for the period</b>		<b>2,088.94</b>	<b>1,381.89</b>
Earnings per Equity Share (Nominal Value of share ₹ 1/- each)	41		
Basic		4.05	2.72
Diluted		4.05	2.72

Significant Accounting Policies

1

Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of P K J &amp; CO.

Chartered Accountants

Firm Registration No. 124115W

Padam Jain

Partner

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN : 20071026AAAAW6811

For and on behalf of the Board of Directors

Sandeep Chokhani

Director

DIN : 02346782

Nevil Avlani

Company Secretary

Anup Jatia

Executive Director

DIN : 00351425

Ratan Agrawal

Chief Financial Officer

## Consolidated Statement of Cash Flows for the Year Ended 31st March, 2020

₹ In Lakhs

	Year Ended 31-03-2020	Year Ended 31-03-2019
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax and extraordinary items	2,731.97	1,935.74
Adjustments for:		
Depreciation	233.44	210.94
(Profit)/Loss on sale of fixed assets	(0.04)	2.12
Increase/(Decrease) in foreign currency translation reserve	21.81	0.63
Interest expenses	231.99	290.78
Interest income	(37.10)	(28.56)
Unrealised foreign exchange (Gain)/Loss	129.48	(88.32)
Provision for expenses, gratuity & leave encashment	57.61	38.18
Prior Period Items	0.00	0.43
Sundry balances written back	(2.15)	(11.87)
Interest Subsidy Received	0.00	(15.91)
Rental Income	(19.32)	(19.32)
Bad Debts written off	0.00	37.16
Operating profit before working capital changes	<b>3,347.69</b>	<b>2,352.00</b>
Adjustments for:		
(Increase)/Decrease in receivables and contract assets	(1,249.32)	342.00
(Increase)/Decrease in inventories	(555.26)	(695.95)
Increase/(Decrease) in payables and contract liabilities	848.02	-259.25
Cash generated from operating activities	2,391.13	1,738.80
Less : Direct taxes (net of refund)	653.39	620.14
Net cash flow from/(used in) operating activities	<b>1,737.74</b>	<b>1,118.66</b>
<b>B. Cash Flow From Investing Activities</b>		
Sale of fixed assets	0.54	25.14
Purchase of fixed assets/Capital work in progress	(765.87)	(109.43)
Interest Income	37.10	28.56
Rental Income	19.32	19.32
Cash generated from investing activities	(708.91)	(36.41)
Less : Income-tax paid at source	1.93	1.93
Net Cash flow from/(used in) investing activities	<b>(710.84)</b>	<b>(38.35)</b>
<b>C. Cash Flow from Financing activities</b>		
Proceeds from borrowings	(609.19)	(583.11)
Interest Subsidy Received	0.00	12.87
Lease Payment on Right of Use Assets	(20.11)	0.00
Interest Expenses	(231.99)	(290.78)
Net cash flow/(used in) from financing activities	<b>(861.29)</b>	<b>(861.01)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	165.61	219.30
Cash and cash equivalent as at the beginning of the year	624.31	405.00
Cash and cash equivalent as at the end of the year	<b>789.92</b>	<b>624.31</b>

## Consolidated Statement of Cash Flows for the Year Ended 31st March, 2020

### Notes:

#### 1) Cash and cash equivalents comprises of

₹ In Lakhs

	Year Ended 31-03-2020	Year Ended 31-03-2019
a) Cash in hand	4.25	4.27
b) Bank balance in current accounts	293.75	174.12
c) Unpaid dividend account	8.22	4.16
d) In fixed deposit account	483.69	441.77
	<b>789.92</b>	<b>624.31</b>

- 2) Direct Tax paid are treated as arising from operating activity and not bifurcated in investment and financing activities.
- 3) Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.
- 4) Figures in brackets represent outflows.

As per our report of even date enclosed

**For and on behalf of P K J & CO.**

Chartered Accountants

Firm Registration No. 124115W

**Padam Jain**

*Partner*

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN: 20071026AAAAW6811

**For and on behalf of the Board of Directors**

**Sandeep Chokhani**

*Director*

DIN : 02346782

**Nevil Avlani**

*Company Secretary*

**Anup Jatia**

*Executive Director*

DIN : 00351425

**Ratan Agrawal**

*Chief Financial Officer*

## Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

### A EQUITY SHARE CAPITAL

For the Year ended 31st March, 2020

₹ In Lakhs

Balance as at 1st April, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
510.00	0.00	510.00

### B OTHER EQUITY

For the year ended 31st March, 2020

₹ In Lakhs

Particular	Capital Reserve	General Reserve	Securities Premium Reserve	Retained Earnings	Foreign Exchange Fluctuation reserve on Consolidation	Total Equity
Balance as at 1st April, 2019	30.00	62.40	644.70	3,580.97	7.42	4,325.49
Prior Period Errors	0.00	0.00	0.00	0.00	0.00	0.00
Total Comprehensive Income for the period	0.00	0.00	0.00	2,088.94	21.81	2,110.75
Total Comprehensive Income/(loss) for the period	30.00	62.40	644.70	5,669.91	29.23	6,436.24
Dividend (Including Dividend Distribution Tax)	0.00	0.00	0.00	(184.45)	0.00	(184.45)
Transfer to/from Retained Earnings	0.00	0.00	0.00	0.00	0.00	0.00
Transition Impact on account of Implementation of Ind As 116	0.00	0.00	0.00	(13.61)	0.00	(13.61)
<b>Balance as at 31st March, 2020</b>	<b>30.00</b>	<b>62.40</b>	<b>644.70</b>	<b>5,471.85</b>	<b>29.23</b>	<b>6,238.18</b>

For the year ended 31st March, 2019

₹ In Lakhs

Particular	Capital Reserve	General Reserve	Securities Premium Reserve	Retained Earnings	Foreign Exchange Fluctuation reserve on Consolidation	Total Equity
Balance as at 1st April, 2018	30.00	62.40	644.70	2,290.88	6.79	3,034.77
Prior Period Errors	0.00	0.00	0.00	0.43	0.00	0.43
Total Comprehensive Income for the year	0.00	0.00	0.00	1,381.89	0.63	1,382.51
Total Comprehensive Income/(loss) for the year	30.00	62.40	644.70	3,673.20	7.42	4,417.72
Dividend (Including Dividend Distribution Tax)	0.00	0.00	0.00	(92.23)	0.00	(92.23)
Transfer to/from Retained Earnings	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31st March, 2019</b>	<b>30.00</b>	<b>62.40</b>	<b>644.70</b>	<b>3,580.97</b>	<b>7.42</b>	<b>4,325.49</b>



# Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## 1 CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### Corporate information

Black Rose Industries Limited (the Holding Company) is a Public Limited Company incorporated in India having its registered office at Mumbai, Maharashtra, India. The Company is primarily engaged in manufacturing and distribution of chemicals. The Holding Company is also engaged in the business of textile manufacturing activity in Maharashtra & wind power generation in the State of Rajasthan and Gujarat.

### Principles of consolidation

The consolidated financial statements relate to Black Rose Industries Limited and its subsidiary company write as B.R. Chemicals Co., Ltd. (collectively referred to as 'the Group'). The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions.
- b) In case of financial statements of non integral foreign operations, the assets and liabilities are translated at the closing exchange rate. Income and Expense items are translated at average exchange rates and all resulting exchange differences are accumulated in foreign exchange fluctuation reserves on consolidation until the disposal of the investment.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as Holding Company's separate financial statements, as far as possible, except as specifically mentioned in the Notes to Accounts.
- d) The financial statements of the subsidiary company used into the consolidation are drawn upto the same reporting date as that of the Holding Company.

### Significant Accounting Policies

#### a) Statement of Compliance

These Separate financial statements (also known as Consolidated Financial Statements) have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

#### b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Certain financial assets and liabilities (including derivative instruments), and
- ii) Employee's Defined Benefit Plan as per actuarial valuation

The financial statements are presented in Indian Rupees, which is the functional currency of the Holding Company and the currency of the primary economic environment in which the Holding Company operates.

These Consolidated Financial Statements are prepared, to the extent possible, based on information available with the management in respect of its Subsidiary Company.

#### c) Applicability of new and revised Ind AS

- i) New standards notified and adopted by the Group

##### 1. Ind AS 116 – Leases

Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items.

Lessor accounting remains similar to the current standard.

Refer Note 37 to the financial statements for the implementation of this new accounting standard.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 2 Other Amendments

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April, 2019. Such changes include clarification/guidance on:

- (i) business combination accounting in case of obtaining control of a joint operation;
- (ii) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- (iii) income tax consequences in case of dividends;
- (iv) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- (v) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- (vi) accounting for prepayment features with negative compensation in case of debt instruments;
- (vii) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- (viii) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

None of these amendments have any material effect on the Group's financial statements.

- ii) New standards notified and yet to be adopted by the Group - None

### d) Property, Plant and Equipment (PPE)

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work-in-Progress.

### e) Depreciation

Depreciation on property, plant and equipment is provided using straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognised.

Depreciation on property plant and equipment added/disposed off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### f) Intangible Assets

- (i) Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

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 entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

- (ii) Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Group determines the amortisation period as the period over which the future economic benefits will flow to the Group after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.
- (iii) Licensed Software & Other Intangibles are amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 5 years.

### g) Impairment of non-financial assets - property, plant and equipment and intangible assets

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### h) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### i) Borrowing Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### j) Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

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 a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also 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.

Claims against the Group where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

### k) Revenue Recognition

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from operations includes sale of goods, services, service tax, excise duty and adjusted for discounts (net), and gain/loss on corresponding hedge contracts.

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

### l) Leases

A right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments is recognized for all leases over 1 year on initial recognition basis. Discounted committed & expected future cash flows and depreciation on the asset portion on straight-line basis & interest on liability portion (net of lease payments) on EIR basis is recognized over the expected lease term. No right-of-use asset is created for short term leases (i.e. lease term less than 1 year) and leases of low value items (i.e. lease of asset with original cost of less than ₹ 1 lakh).

### m) Retirement and other employee benefits

#### Short Term Employee Benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

#### Post-Employment Benefits:

##### Defined Benefit Plans

The Group pays gratuity to the employees whoever has completed five years of service with the Group at the time of resignation/ superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

### n) Income Taxes

Income Tax expenses comprise current tax and deferred tax charge or credit.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

### o) Earnings Per Share

The basic Earnings Per Share ("EPS") is computed by dividing the net profit/(loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### p) Foreign Currency Transactions

In preparing the financial statements of the Group, the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transactions.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences relating to qualifying effective cash flow hedges and qualifying net investment hedges in foreign operations.

### q) Financial Instruments

Financial assets and financial liabilities are recognized when a Group becomes a party to the contractual provisions of the instruments.

#### Initial Recognition:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in Statement of Profit and Loss.

#### Classification and Subsequent Measurement:

##### Financial Assets:

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### **Amortized Cost:**

A financial asset shall be classified and measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Fair Value through OCI:**

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Fair Value through Profit or Loss:**

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through OCI.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

### **Classification and Subsequent Measurement:**

#### **Financial liabilities:**

Financial liabilities are classified as either financial liabilities at FVTPL or 'Other Financial Liabilities'.

#### **Financial Liabilities at FVTPL:**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL.

Gains or Losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

#### **Other Financial Liabilities:**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **r) Cash and Cash Equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

#### **s) Financial liabilities and equity instruments**

##### **- Classification as debt or equity:**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **- Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognized at the proceeds received.

#### **t) Derivative financial instruments**

The Group enters into derivative financial instruments viz. foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. The Group does not hold derivative financial instruments for speculative purposes.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately excluding derivatives designated as cash flow hedge.

### u) Hedge accounting

The Group designates certain hedging instruments in respect of foreign currency risk as cash flow hedges. At the inception of the hedge relationship, the entity 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 effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognized in other comprehensive income and accumulated under equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized 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 recognized 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 and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

### v) Segment Reporting - Identification of Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

### w) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such basis. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.



## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

### x) Current versus Non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

#### i) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the 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.

All other assets are classified as non-current.

#### ii) A liability is current when:

- It is expected to be settled in the 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.

All other liabilities are classified as non-current.

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

#### iv) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Key assumptions

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

#### i) Useful Lives of Property, Plant & Equipment

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

#### ii) Lease term of right-to-use assets

Management reviews its estimate of the lease term of right-to-use assets at each reporting date, based on the expected utility of the leased property. Uncertainties in this estimate relate to business obsolescence/discontinuance that may change the lease term for certain right-to-use assets.

#### iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### iv) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature,

### v) Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### vi) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### vii) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

### viii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash 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.

### Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies amendments to the new Ind AS. There is no such notification which would have been applicable from 1st April, 2020.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 2 PROPERTY, PLANT & EQUIPMENTS

As at 31st March, 2020

₹ in Lakhs

Particular	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK		
	Cost as at 01st April, 2019	Additions/ Disposals	Other Adjustments	Cost as at 31st March, 2020	As at 1st April, 2019	For the Year	Adjustment/ Disposals	As at 31st March, 2020	As at 31st March, 2019
TANGIBLE ASSETS:									
Factory Building *	1,404.93	39.92	0.00	1,444.85	398.91	46.32	0.00	445.23	999.62
Office Equipments	26.72	0.83	0.00	27.56	23.40	1.18		24.58	2.98
Electric Installation	58.70	25.11	0.00	83.81	51.75	1.29	0.00	53.05	30.76
Factory Equipments	11.66	8.92	0.00	20.59	4.89	0.87	0.00	5.76	14.83
Plant & Machinery (Owned)	1,988.47	413.62	0.00	2,402.09	593.26	111.51	0.00	704.77	1,697.32
Furniture & Fittings	47.47	4.97	0.00	52.44	36.50	3.82	0.00	40.33	12.11
Computers	37.15	2.67	0.00	39.82	35.01	1.21	0.00	36.22	3.60
Printer	0.65	0.00	0.00	0.65	0.53	0.05	0.00	0.59	0.06
Vehicles	137.17	29.45	10.17	156.44	43.03	17.58	(9.66)	50.95	105.50
Wind Mills	873.52	0.00	0.00	873.52	511.38	27.86	0.00	539.24	334.28
Total (A)	4,586.44	525.49	10.17	5,101.76	1,698.68	211.70	(9.66)	1,900.71	3,201.05
Previous Year	4,567.42	87.78	68.75	4,586.44	1,532.55	207.63	(41.50)	1,698.68	2,887.76
INTANGIBLE ASSETS:									
Software	28.54	0.00	0.00	28.54	21.16	4.14	0.00	25.30	3.24
Technical Know-how	269.60	24.01	0.00	293.61	269.60	0.77	0.00	270.37	23.24
Total (B)	298.14	24.01	0.00	322.15	290.76	4.91	0.00	295.68	26.48
Previous Year	298.14	0.00	0.00	298.14	287.50	3.26	0.00	290.76	7.38
Total (A+B)	4,884.58	549.50	10.17	5,423.91	1,989.44	216.61	(9.66)	2,196.39	3,227.52
Previous Year	5,241.04	87.78	68.75	5,260.06	1,820.31	210.94	(41.50)	1,989.76	3,270.31
CAPITAL WORK IN PROGRESS:									
Previous Year	21.65	512.85	296.48	238.01	0.00	0.00	0.00	0.00	238.01
Previous Year	0.00	21.65	0.00	21.65	0.00	0.00	0.00	0.00	21.65
RIGHT OF USE LEASE ASSETS									
Leasehold Land **	375.48	0.00	0.00	375.48	0.32	3.80	20.63	24.75	350.73
Leasehold Premises	51.48	39.71	0.00	91.19	5.49	13.02	0.00	18.51	72.68
Total	426.96	39.71	0.00	466.67	5.81	16.82	20.63	43.27	423.40
Previous Year **	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* including part of Factory Building given on Leave & License.

\*\* Reclassified on account of adoption of Ind AS 116 "Leases"

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 3 OTHER FINANCIAL NON-CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Fixed deposits with Bank with original maturity of more than 12 months*	0.32	0.32
	<b>0.32</b>	<b>0.32</b>

\* Lodged as Security towards Margin money.

### 4 OTHER NON-CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Security Deposit to Government authorities and others	46.34	46.34
	<b>46.34</b>	<b>46.34</b>

### 5 INVENTORIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
(Valued at lower of cost or net realisable value) (As certified by the management)		
Raw Materials and components	1,955.77	1,318.68
[includes in transit ₹ 474.70 Lakhs (31st March, 2019 - ₹ 266.29 Lakhs)]		
Work-in-progress	231.04	127.15
Finished Goods	60.98	29.13
Traded Goods	1,512.16	1,763.22
[includes in transit ₹ 222.37 Lakhs (31st March, 2019 - ₹ 440.16 Lakhs)]		
Stores and spares & Packing Materials	107.22	73.73
	<b>3,867.17</b>	<b>3,311.91</b>

### 6 TRADE RECEIVABLES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Unsecured, Considered good</b>		
Outstanding for a period exceeding six months from date they are due for payment	32.34	19.85
Others	4,739.82	2,785.69
Doubtful	28.39	28.39
	<b>4,800.55</b>	<b>2,833.92</b>
Less: Provision for doubtful debts	(28.39)	(28.39)
	<b>4,772.16</b>	<b>2,805.53</b>

### 7 CASH AND CASH EQUIVALENTS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Cash on hand	4.25	4.27
<b>Other Bank Balances</b>		
In Current Accounts	293.75	174.12
	<b>298.01</b>	<b>178.38</b>

# Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## 8 BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>In Fixed Deposits account</b>		
Fixed Deposits with original maturity for less than 3 months*	43.98	0.00
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	0.00	277.76
Current Maturities of Fixed Deposits with original maturity for more than 12 months*	439.71	164.01
Enmarked Balance with Bank for Unpaid Dividends	8.22	4.16
	<b>491.91</b>	<b>445.93</b>

\* Lodged as Security with Government Departments & Banks as Margin money for Trade Credit and L/C facilities.

## 9 CURRENT LOANS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Unsecured, considered good unless otherwise stated</b>		
Loans and advances to staff & Officer of the company	6.39	7.07
	<b>6.39</b>	<b>7.07</b>

## 10 OTHER FINANCIAL CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Interest accrued but not due on Bank Deposits	2.44	4.45
Interest accrued and due on Loans	0.02	1.02
Interest accrued on Security Deposits with MSEB and Dakshin Gujarat	2.37	2.12
Interest Subsidy receivable	62.11	80.02
Receivable for Mark to Market Profit on Open Forward Contracts	33.80	0.00
	<b>100.75</b>	<b>87.60</b>

## 11 OTHER CURRENT ASSETS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Prepaid Expenses	47.58	29.16
Security Deposits to others	14.17	9.88
Balances with Statutory Government authorities	328.94	503.10
MEIS License	84.92	2.44
MEIS License Receivable	23.40	52.14
Duty Drawback Receivable	7.22	5.38
Advances recoverable in cash or kind or for value to be received		
Unsecured, Considered Good	96.08	40.48
Unsecured, Considered Doubtful	45.39	45.39
Less - Provision for doubtful debts	(45.39)	(45.39)
	<b>602.31</b>	<b>642.57</b>

## 12 CURRENT TAX ASSETS/(LIABILITIES) (NET)

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Income Tax Deposits	1,207.75	1,037.43
Less : Provisions for Income Tax	1,150.66	928.16
	<b>57.09</b>	<b>109.27</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 13 EQUITY SHARE CAPITAL

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Authorised Shares</b>		
800 Lakhs (31st March, 2019: 800 Lakhs)	800.00	800.00
Equity Shares of ₹ 1/- each		
	800.00	800.00
<b>Issued, Subscribed and fully paid up Shares</b>		
510 Lakhs (31st March, 2019: 510 Lakhs)	510.00	510.00
Equity Shares of ₹ 1/- each		
	510.00	510.00

#### a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period Equity Shares:

	31-03-2020		31-03-2019	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
At the beginning of the period	51,000,000	510.00	51,000,000	510.00
Add: Shares issued during the year	0.00	0.00	0.00	0.00
<b>Outstanding at the end of the period</b>	<b>51,000,000</b>	<b>510.00</b>	<b>51,000,000</b>	<b>510.00</b>

#### b) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

	31-03-2020 Nos.	31-03-2019 Nos.
<b>Holding Company</b>		
Wedgewood Holdings Limited, Mauritius.		
Equity Shares of ₹ 1/-each fully paid	28,800,000	28,800,000
	28,800,000	28,800,000

#### c) Details of shareholders holding more than 5% share in the company

	31-03-2020		31-03-2019	
	Nos.	% of holding	Nos.	% of holding
Wedgewood Holdings Ltd., Mauritius	28,800,000	56.47	28,800,000	56.47
Triumph Worldwide Ltd., Hong Kong	9,210,000	18.06	9,210,000	18.06

#### d) Terms/Rights attached to equity shares

The company has only one class of equity share having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share and dividend per share on pari passu basis. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors except interim dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

# Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## 14 NON-CURRENT BORROWINGS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Secured</b>		
a) <b>Term Loans</b>		
Loan from Banks and Financial Institutions	300.39	677.57
[Refer Note No. 14(a)(i), (ii), (iii), (iv) & (v)]		
<b>Total Secured</b>	<b>300.39</b>	<b>677.57</b>
<b>Unsecured</b>		
b) <b>Deposits</b> [Refer Note No. 14(b)(i)]	395.00	770.00
c) <b>Other Loans and Advances</b>		
Interest Free Security Deposits [Refer Note No. 14(c)(i)]	7.50	7.50
<b>Total Unsecured</b>	<b>402.50</b>	<b>777.50</b>
	<b>702.89</b>	<b>1,455.07</b>
Less: Current maturities of long term borrowings disclosed under the head "Other Current Liabilities" (Refer Note No. 20)	(249.78)	(396.88)
	<b>453.11</b>	<b>1,058.19</b>

### Note No. 14(a):

#### Secured Loan:

##### (i) Vehicle Loan

###### From YES Bank

###### Nature of security

Secured by hypothecation of vehicle

###### Rate of Interest

The rate of interest is 8.98 % p.a.

###### Terms of Repayment

Equated monthly installment of ₹ 59,150/- commencing from 5th October, 2017 and ending on 2nd September, 2020.

##### (ii) Term Loan

###### From Kotak Mahindra Bank Ltd.

###### Nature of security

a) Secured by first pari-pasu charge with Axis Bank on all present & future current assets & movable fixed asset of the manufacturing unit at Jhagadia, Gujarat.

b) Collateral Security of Plot No.675 at GIDC, Jhagadia & Plot No.11 to 18 at Shri Laxmi Sahakari Aodhyogik Vasahat, Hatkanangale, Dist. Kolhapur.

c) Personal Guarantee of a Director.

###### Rate of Interest

The rate of interest is MCLR + 0.30 % p.a.

###### Terms of Repayment

Equated monthly installment of ₹ 27,31,810/- commencing from 1st July, 2015 and ending on 1st December, 2020.

Equated monthly installment of ₹ 9,17,394/- commencing from 20th April, 2016 and ending on 20th February 2020.

##### (iii) Secured Loan:

###### Vehicle Loan

###### From Daimler Financial Services Pvt. Ltd.

###### Nature of security

Secured by hypothecation of vehicles.

###### Rate of Interest

The rate of interest is 10.64% p.a.



## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### Terms of Repayment

Equated monthly installment of ₹ 85,881/- commencing from 4th August, 2018 and ending on 4th July, 2021.

#### (iv) Secured Loan:

##### Vehicle Loan

From HDFC Bank

##### Nature of security

Secured by hypothecation of vehicle.

##### Rate of Interest

The rate of interest is 8.70 % p.a.

##### Terms of Repayment

Equated monthly installment of ₹ 64,444/- commencing from 12th December, 2019 and ending on 7th November, 2022.

#### (v) Secured Loan:

##### Vehicle Loan

From HDFC Bank

##### Nature of security

Secured by hypothecation of vehicle.

##### Rate of Interest

The rate of interest is 9.11% p.a.

##### Terms of Repayment

Equated monthly installment of ₹ 21,970/- commencing from 16th November, 2019 and ending on 7th December, 2022.

#### Note No. 14(b):

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Unsecured Loan:</b>		
<b>Deposits</b>		
Received from Director	395.00	770.00
	<b>395.00</b>	<b>770.00</b>

##### Rate of Interest

The rate of interest is 12.75% p.a.

##### Terms of Repayment

Repayable on or after 24 months.

#### Note No. 14(c):

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Other Loans and Advances</b>		
<b>Security Deposits</b>		
Received from related party	7.50	7.50

## 15 LEASE LIABILITY

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Right of Use Lease Liability (Refer Note No. 37)	60.83	0.00
	<b>60.83</b>	<b>0.00</b>

# Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## 16 NON-CURRENT PROVISIONS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Provisions for employees benefits</b>		
Provision for Gratuity (Refer Note No. 38)	40.85	29.47
Provisions for Leave Benefits	6.65	4.46
	<b>47.50</b>	<b>33.93</b>

## 17 DEFERRED TAX LIABILITIES (NET)

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Items leading to deferred tax liability</b>		
Difference in depreciation in block of fixed assets as per Income Tax and Books of Accounts	373.83	415.68
Right to Use Lease Impact	0.26	0.00
<b>Less: Items leading to deferred tax assets</b>		
Expenses allowable on Payment basis	(17.05)	(14.14)
<b>Net (Deferred Tax Liability)</b>	<b>357.04</b>	<b>401.54</b>

## 18 CURRENT BORROWINGS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>a) Secured [Refer Note No. 18(a)]</b>		
<b>Repayable on demand</b>		
Cash Credit from Banks	421.69	420.77
Trade Credit	1,097.94	1,102.77
	<b>1,520.67</b>	<b>1,524.79</b>

### Note No. 18(a):

#### Nature of security

- Secured by first pari-pasu charge with Axis Bank & Kotak Mahindra Bank on all present & future current assets and movable/intangible fixed asset of the Company (Other than vehicles).
- Secured by first pari-pasu charge with HDFC Bank on all present and future stock, book debts and entire current assets of the Company.
- Collateral Security of Plot No. 675 at GIDC, Jhagadia & Plot No. 11 to 18 at Shri Laxmi Sahakari Aodhyogik Vasahat, Hatkanangale, Dist. Kolhapur.
- Corporate guarantee of Black Rose Trading Pvt. Ltd. and Tozai Enterprises Pvt. Ltd.
- Personal Guarantee of a Director.

## 19 TRADE PAYABLES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Trade payables (Refer Note No. 45)</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	27.90	0.00
Total outstanding dues of other than Micro Enterprises and Small Enterprises	4,451.31	2,467.89
	<b>4,479.21</b>	<b>2,467.89</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 20 OTHER FINANCIAL CURRENT LIABILITIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Current maturities of long term borrowings (Refer Note No. 14)	249.78	396.88
Interest accrued but not due on borrowings	5.05	3.57
Unpaid Dividend *	8.22	4.16
Provision for Mark to Market Loss on Open Forward Contract	0.00	8.87
	<b>263.04</b>	<b>413.48</b>

\* Amount due to be credited to Investor Education and Protection Fund is ₹ Nil

### 21 OTHER CURRENT LIABILITIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Payable for other expenditure	105.45	67.70
Other Non Trade Liabilities	0.22	0.68
Advance from Customers	19.43	82.07
TDS payable	24.53	11.63
Rates & Taxes payable	0.16	0.05
	<b>149.80</b>	<b>162.13</b>

### 22 CURRENT PROVISIONS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Provisions for employee benefits</b>		
Salary and Reimbursements	41.35	22.33
Contribution to Provident Fund	4.17	2.29
Gratuity	5.19	3.90
Leave benefits	1.29	0.91
	<b>52.01</b>	<b>29.44</b>

### 23 REVENUE FROM OPERATIONS

	For the Year ended 31-03-2020 ₹ in Lakhs	For the year ended 31-03-2019 ₹ in Lakhs
a) Sale of products [Refer Note No. 23(a)(i)]	37,098.34	30,538.22
	<b>37,098.34</b>	<b>30,538.22</b>
b) <b>Other Operating Revenue</b>		
Export Entitlement	122.07	113.09
Insurance Claim	0.74	0.00
Exchange difference	0.00	147.32
Commission Income	41.16	29.09
Miscellaneous Income	0.67	43.71
	<b>164.64</b>	<b>333.20</b>
<b>Revenue from Operations</b>	<b>37,262.98</b>	<b>30,871.43</b>
<b>Note No. 23(a)(i)</b>		
<b>Details of Sale of products</b>		
Chemicals	36,943.79	30,304.77
Others	154.55	233.45
	<b>37,098.34</b>	<b>30,538.22</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 24 OTHER INCOME

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Interest income</b>		
From Bank	31.22	24.97
From Others	5.88	3.59
	<b>37.10</b>	<b>28.56</b>
Profit on sale of Asset	0.04	1.40
Provision for Doubtful Debts written back (net of ₹ 6,644,013/-)	0.00	13.62
Other non-operating income	49.94	31.19
	<b>87.07</b>	<b>74.77</b>

### 25 COST OF MATERIALS CONSUMED [REFER NOTE NO. 25(a)]

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Inventory at the beginning of the year	1,318.68	836.84
Add: Purchases	5,790.70	5,848.69
Add: Transferred from Traded Goods	84.88	56.46
	<b>7,109.38</b>	<b>6,685.53</b>
Less: Inventory at the end of the year	1,955.77	1,318.68
	<b>5,153.61</b>	<b>5,366.85</b>
<b>Note No. 25(a):</b>		
<b>(i) Details of materials consumed</b>		
Chemical	5,150.91	5,350.88
Others	2.70	15.97
Chemical	1,954.78	1,300.89
Others	0.99	17.80
	<b>1,955.77</b>	<b>1,318.68</b>

### 26 PURCHASE OF TRADED GOODS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Purchases	26,318.95	21,218.56
Consumed in Manufacturing	59.31	41.73
	<b>26,259.64</b>	<b>21,176.83</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 27 (INCREASE)/DECREASE IN INVENTORIES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Opening Traded Goods	1,763.22	1,433.10
Consumed in Manufacturing	25.57	14.73
Closing Traded Goods [Refer Note No. 27(a)(i)]	1,512.16	1,763.22
	<b>225.49</b>	<b>(344.85)</b>
Opening Work-in-progress	127.15	101.88
Closing Work-in-progress [Refer Note No. 27(a)(ii)]	231.04	127.15
	<b>(103.89)</b>	<b>(25.27)</b>
Opening Finished Goods	29.13	142.24
Closing Finished Goods [Refer Note No. 27(a)(iii)]	60.98	29.13
	<b>(31.85)</b>	<b>113.11</b>
<b>Total (Increase)/Decrease in Inventories</b>	<b>89.75</b>	<b>(257.01)</b>

#### Note No. 27(a):

#### Details of inventories at the end of the year

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>(i) Traded Goods</b>		
Chemicals	1,489.13	1,756.88
Others	23.03	6.33
	<b>1,512.16</b>	<b>1,763.22</b>
<b>(ii) Work-in-progress</b>		
Chemical	226.93	123.04
Others	4.11	4.11
	<b>231.04</b>	<b>127.15</b>
<b>(iii) Finished goods</b>		
Chemical	46.21	14.45
Others	14.77	14.69
	<b>60.98</b>	<b>29.13</b>

### 28 EMPLOYEE BENEFIT EXPENSES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Salaries, Wages and Bonus	483.68	376.59
Contribution to Provident fund and other funds	20.41	13.08
Staff Welfare expenses	9.57	7.86
	<b>513.65</b>	<b>397.54</b>

### 29 FINANCE COSTS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Interest on borrowings	206.96	282.81
Right of Use Lease Interest (Refer Note No. 37)	3.60	0.00
Bill Discounting Charges	0.37	1.35
Bank Charges on facilities	21.06	6.62
Applicable loss on foreign currency transactions and translation	22.26	22.15
	<b>254.25</b>	<b>312.92</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 30 DEPRECIATION AND AMORTIZATION EXPENSES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Depreciation of Tangible Assets	211.70	207.63
Amortization of Tangible Assets	0.00	0.05
Amortization of Intangible Assets	4.91	3.26
Right of Use Lease Depreciation (Refer Note No. 37)	16.82	0.00
	<b>233.44</b>	<b>210.94</b>

### 31 OTHER EXPENSES

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Power and Fuel	144.63	123.43
Rent	47.38	50.17
Rates and Taxes	7.21	11.07
Insurance	29.87	12.41
Repairs and Maintenance		
- Plant and Machinery	18.98	21.24
- Buildings	3.52	4.66
- Others	6.62	10.16
Legal and Professional fees	86.76	77.23
Royalty	150.82	67.54
Payment to auditor [Refer Note No. 31(a)]	9.44	5.80
Selling & Distribution expenses	129.01	132.61
Brokerage expenses	95.43	70.92
Windmill Maintenance Charges	21.18	19.85
Travelling and Conveyance	71.23	50.95
Bad debts written off	0.00	37.16
Communication costs	12.15	14.41
Printing and Stationery	3.95	4.90
Labour and Job work Charges	4.02	18.91
Packing Material consumed	635.02	693.87
Utility Material Consumed	6.44	15.05
Export expenses	180.20	185.80
Security Charges	12.40	7.81
Corporate office expenses	12.76	12.12
Office Expenses	8.39	13.59
Office Electricity Expenses	1.63	2.77
Warehousing Charges	25.85	21.41
Vehicle expenses	10.43	11.45
Bank Charges	51.65	40.57
CSR Expenses	38.99	5.50
Loss on sale of assets	0.00	3.52
Miscellaneous expenses	164.14	55.53
	<b>1,990.09</b>	<b>1,802.38</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
<b>Note No. 31(a):</b>		
<b>Details of Payment to Auditor</b>		
<b>As Auditor</b>		
Audit Fees	3.00	3.00
Tax Audit Fees	1.90	0.75
Limited Review	0.60	0.60
GST/VAT Audit Fees	2.80	0.25
<b>In Other capacity</b>		
Certification Fees	0.25	0.38
Reimbursement of expenses including tax	0.06	0.00
	<b>8.61</b>	<b>4.98</b>
<b>Cost Auditor</b>		
As Audit fees	0.83	0.83
	<b>0.83</b>	<b>0.83</b>
	<b>9.44</b>	<b>5.80</b>

### 32 EXCEPTIONAL ITEMS

	31-03-2020 ₹ in Lakhs	31-03-2019 ₹ in Lakhs
Payment Made under Sales Tax Amnesty Scheme	123.66	0.00

### 33 FAIR VALUES AND HIERARCHY

#### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

₹ in Lakhs										
i)	31st March, 2020	Note No.	Carrying Amount				Fair Value			
			FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets										
	Other Financial Assets	3 & 10	0.00	0.00	101.07	101.07	0.00	0.00	101.07	101.07
	Trade Receivables	6	0.00	0.00	4,772.16	4,772.16	0.00	0.00	4,772.16	4,772.16
	Cash and Cash Equivalents	7	0.00	0.00	298.01	298.01	0.00	0.00	298.01	298.01
	Bank Balances other than Cash & Cash Equivalents	8	0.00	0.00	491.91	491.91	0.00	0.00	491.91	491.91
	Loans	9	0.00	0.00	6.39	6.39	0.00	0.00	6.39	6.39
			0.00	0.00	5,669.53	5,669.53	0.00	0.00	5,669.53	5,669.53
Financial Liabilities										
	Borrowings	14 & 18	0.00	0.00	1,973.78	1,973.78	0.00	0.00	1,973.78	1 973.78
	Lease Liability	15	0.00	0.00	60.83	60.83	0.00	0.00	60.83	60.83
	Trade Payables	19	0.00	0.00	4,479.21	4,479.21	0.00	0.00	4,479.21	4,479.21
	Other Financial Liabilities	20	0.00	0.00	263.04	263.04	0.00	0.00	263.04	263.04
			0.00	0.00	6,776.86	6,776.86	0.00	0.00	6,776.86	6,776.86



# Notes to Consolidated Financial Statements for the year ended 31st March, 2020

₹ in Lakhs

ii)	31st March, 2020	Note No.	Carrying Amount				Fair Value			
			FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	Financial Assets									
	Other Financial Assets	3 & 10	0.00	0.00	87.92	87.92	0.00	0.00	87.92	87.92
	Trade Receivables	6	0.00	0.00	2,805.53	2,805.53	0.00	0.00	2,805.53	2,805.53
	Cash and Cash Equivalents	7	0.00	0.00	178.38	178.38	0.00	0.00	178.38	178.38
	Bank Balances other than Cash & Cash Equivalents	8	0.00	0.00	445.93	445.93	0.00	0.00	445.93	445.93
	Loans	9	0.00	0.00	7.07	7.07	0.00	0.00	7.07	7.07
			0.00	0.00	3,524.82	3,524.82	0.00	0.00	3,524.82	3,524.82
	Financial Liabilities									
	Borrowings	14 & 18	0.00	0.00	2,582.98	2,582.98	0.00	0.00	2,582.98	2,582.98
	Lease Liability	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Trade Payables	19	0.00	0.00	2,467.89	2,467.89	0.00	0.00	2,467.89	2,467.89
	Other Financial Liabilities	20	0.00	0.00	413.48	413.48	0.00	0.00	413.48	413.48
			0.00	0.00	5,464.34	5,464.34	0.00	0.00	5,464.34	5,464.34

## B. Measurement of fair values

### Valuation techniques and significant unobservable inputs

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Fair Value of financial assets included is the amount at which the instrument could be exchanged in a current transaction between willing parties.

## 34 CAPITAL MANAGEMENT (IND AS 1)

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Shareholder's wealth.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars	As at 31st March, 2020 ₹ in Lakhs	As at 31st March, 2019 ₹ in Lakhs
Total Debt (Long Term Bank and Other Borrowings)	453.11	1058.19
Equity	6,748.18	4,835.49
Debt to Equity (Net)	0.07	0.22

In addition, the Holding Company has financial covenants relating to the some of the borrowing facilities that it has to maintain Aggregate Tangible Net Worth which is maintained by the Holding Company.

## 35 FINANCIAL RISK MANAGEMENT (IND AS 1)

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables, investments in mutual funds and cash and short term deposits.

The Group has assessed market risk, credit risk and liquidity risk to its financial liabilities.

### i) Market Risk

Market Risk is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans and borrowings, investments and foreign currency receivables, payables and borrowings.

#### a) Interest Rate Risks

The Holding Company borrows funds in Indian Rupees and Foreign currency, to meet both the long term and short term funding requirements. The Interest rate risk in terms of Foreign currency is managed through financial instruments available to convert floating rate liability into fixed rate liability. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

If the interest rates had been 1% higher/lower and all other variables held constant, the Holding company's profit for the year ended 31st March, 2019 would have been decreased/increased by ₹ 25.30 Lakhs.

### b) Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Holding Company enters into forward exchange contracts to hedge its foreign currency exposures. Foreign currency risks from financial instruments at the end of the reporting period expressed in INR.

#### Holding Company's details of Derivative instruments and unhedged foreign currency exposure

#### a) Derivatives outstanding as at the balance sheet date

Particulars	For Hedging of foreign currency purchases		
	Amount in US\$	₹ in Lakhs	No. of Contracts
Forward contract to buy			
As on 31st March, 2020	877,808.00	664.24	4
As on 31st March, 2019	1,530,078.52	1,058.20	18

#### b) Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	As on 31-03-2020		As on 31-03-2020	
	Amount in US\$	₹ in Lakhs	Amount in US\$	₹ in Lakhs
Trade Payable	4,054,399.24	3,067.96	2,290,049.62	2,071.11
Secured Trade Credit	1,450,952.00	1,097.94	769,057.48	1,102.77
Trade/Commission receivable	1,096,685.36	829.75	781,819.83	540.63
Advance to Suppliers	26,040.00	19.26	26,040	18.01

Particulars	As on 31-03-2020		As on 31-03-2020	
	Amount in JPY	₹ in Lakhs	Amount in JPY	₹ in Lakhs
Trade Payable	26,181,842.00	182.23	9,497,584.00	59.28
Trade/Commission receivable	2,174,089.00	15.13	1,839,989.00	11.49

The Holding Company is mainly exposed to changes in US Dollar. The sensitivity to 1% increase or decrease in US Dollar against INR with all other variables held constant will be ₹ 33.36 Lakhs. (Previous Year - ₹ 26.33 Lakhs).

The Sensitivity analysis is prepared on the net unhedged exposure of the Holding company at the reporting date.

### c) Price Risks

The Holding Company's revenues are mainly generated from sales within India and the raw materials are procured through import and local purchases where local purchases track import parity price. The Holding Company is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities, the Holding Company enters into contract with the customers that has provision to pass on the change in the raw material prices and also the volatility in the exchange rate. The Holding Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

### ii) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Debt Funds and Balances with Banks.

The Group holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

The group limits its exposure to credit risk by generally investing only with counterparties that have a good credit rating. The group does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2020 is 0.68% of the total trade receivables. The group uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### iii) Liquidity Risk

The group manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The group has obtained fund and non-fund based working capital lines from banks. The group monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The group has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Particulars	Refer Note	Less than 1 year ₹ in Lakhs	1-3 Years ₹ in Lakhs	3-5 Years ₹ in Lakhs	More than 5 Years ₹ in Lakhs
Borrowings	14, 18 & 20	1,770.45	444.07	1.54	7.50
		(1,921.67)	(280.69)	0.00	(777.50)
Trade Payable	19	4,479.21	0.00	0.00	0.00
		(2,467.89)	0.00	0.00	0.00
Other Financial Liabilities	20	5.05	0.00	0.00	0.00
		(12.44)	0.00	0.00	0.00
Employee Benefit/Expense liabilities	16 & 22	99.51	0.00	0.00	0.00
		(63.37)	0.00	0.00	0.00
Unclaimed dividends	20	8.22	0.00	0.00	0.00
		(4.16)	0.00	0.00	0.00

Figures in brackets are in respect of Previous year

## 36 INCOME TAXES (IND AS 12)

### (i) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	Year Ended 31st March, 2020 ₹ in Lakhs	Year Ended 31st March, 2019 ₹ in Lakhs
<b>Profit Before Tax</b>	2,640.82	1,858.20
Applicable tax rate @ 25.170% (31st March, 2019 @ 29.12%)	664.69	541.11
Effect of Tax Exempt Income	0.00	0.00
Effect of Non-Deductible expenses	79.36	73.68
Effect of Allowances for tax purpose	(72.15)	(80.12)
Effect of Tax paid at a lower rate	0.00	0.00
Effect of Previous year adjustments	0.00	0.00
Others	(7.26)	7.09
<b>Total</b>	<b>664.64</b>	<b>541.76</b>

- (ii) The Company has announced a proposed dividend of ₹ 0.35/- per share for the financial year 2019-20 and shall be recognized once the dividend is paid.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 37 LEASE (IND AS 116)

	Year Ended 31st March, 2020 ₹ in Lakhs	Year Ended 31st March, 2019 ₹ in Lakhs
<b>1. Future Minimum Lease Payments under non-cancellable operating lease for the period</b>		
(a) Not later than one year	59.24	49.95
(b) Later than one year but not later than 5 years	44.10	28.80
(c) More than 5 years	0.00	0.00
<b>2. Lease payments charged to Profit and Loss Account</b>		
Rental expenses	47.38	50.17
Depreciation	16.82	0.00
Interest	3.60	0.00

3. The holding company has taken on lease a number of premises under operating leases. The lease typically runs for a period of 3 to 5 years with an option to renew the lease after that period. The lease payments for the entire lease period are fixed at the time of entering into the lease agreement and are renegotiated towards the end of the lease period in case of renewals.

Effective 1st April, 2019, the holding company has adopted Ind AS 116 "Leases" and applied to lease contracts existing on 1st April, 2019 by electing the Modified Retrospective option (Para C5(b) of the Application Guidance of this Standard) and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31st March, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 51.47 lakhs and a lease liability of ₹ 38.96 lakhs. The cumulative effect of applying the standard resulted in adjusting retained earnings net of taxes of ₹ 7.02 lakhs as at 1st April, 2019.

In the Statement of Profit and Loss account for the current year, the nature of expenses in respect of operating leases has changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability. The figures for the year (with and without the impact of the new Lease Standard) for comparative purposes only are as under:-

₹ In Lakhs			
Particulars	Year ended 31st March, 2020 (after adoption of Ind AS 116)	Year ended 31st March, 2020 (before adoption of Ind AS 116)	Impact of adoption of Ind AS 116 for the Year ended 31st March, 2020
<b>Expenses:</b>			
Employee benefits expense	513.65	513.65	0.00
Finance costs	254.25	250.65	3.60
Depreciation and amortization expense	233.44	216.61	16.82
Other expenses	1,990.09	2,011.54	(21.45)
<b>Total expenses</b>	<b>2,991.43</b>	<b>2,992.45</b>	<b>(1.02)</b>
Profit/(loss) before tax	2,731.97	2,730.95	1.02
Profit/(loss) after tax	2,067.35	2,066.33	1.02

### 38 EMPLOYEE BENEFITS (IND AS 19)

#### Defined Benefit Plans

##### Gratuity:

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the holding company and is in accordance with the rules of the holding company for payment of gratuity.

##### Inherent Risk:

The plan is defined benefit in nature which is sponsored by the holding company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the holding company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### Statement of Assets and Liabilities for Defined Benefit Obligation

Gratuity and other post employment benefit plans	As at 31st March, 2020 ₹ in Lakhs	As at 31st March, 2019 ₹ in Lakhs
<b>(i) Change in present value of obligation</b>		
Balance at the beginning of the year	33.37	31.64
Adjustment of:		
Interest Cost	2.36	2.37
Current Service Cost	4.87	4.10
Past Service Cost	0.00	0.00
Actuarial (Gains)/Losses on Obligation - Due to Change in Demographic Assumptions	0.68	0.00
(Liability Transferred Out/Disinvestment)	(0.21)	0.00
Benefit paid directly by the Employer	0.00	(5.35)
Actuarial (Gains)/Losses on Obligation - Due to Change in Financial Assumptions	2.03	0.75
Actuarial (Gains)/Losses on Obligation - Due to Experience	2.93	(0.14)
Balance at the end of the year	<b>46.04</b>	<b>33.37</b>
<b>(ii) Change in Fair Value of Assets</b>		
Fair Value of Plan Assets at the Beginning of the Period	0.00	0.00
Interest Income	0.00	0.00
Contributions by the Employer	0.00	0.00
Expected Contributions by the Employees	0.00	0.00
Assets Transferred In/Acquisitions	0.00	0.00
(Assets Transferred Out/Divestments)	0.00	0.00
(Benefit Paid from the Fund)	0.00	0.00
(Assets Distributed on Settlements)	0.00	0.00
Effects of Asset Ceiling	0.00	0.00
The Effect of Changes In Foreign Exchange Rates	0.00	0.00
Return on Plan Assets, Excluding Interest Income	0.00	0.00
Fair Value of Plan Assets at the End of the Period	0.00	0.00
<b>(iii) Net Asset/(Liability) recognised in the Balance Sheet</b>		
(Present Value of Benefit Obligation at the end of the Period)	(46.04)	(33.37)
Fair Value of Plan Assets at the end of the Period	0.00	0.00
Funded Status (Surplus/(Deficit))	(46.04)	(33.37)
Net (Liability)/Asset Recognized in the Balance Sheet	<b>(46.04)</b>	<b>(33.37)</b>
<b>(iv) Expenses recognised in the Statement of Profit and Loss</b>		
Current Service Cost	4.87	4.10
Net Interest Cost	2.36	2.37
Past Service Cost	0.00	0.00
Expenses Recognized	<b>7.23</b>	<b>6.48</b>
<b>(v) Re-measurements recognised in Other Comprehensive Income (OCI)</b>		
Actuarial (Gains)/Losses on Obligation For the Period	4.95	0.61
Return on Plan Assets, Excluding Interest Income	0.00	0.00
Change in Asset Ceiling	0.00	0.00
Net (Income)/Expense For the Period Recognized in OCI	<b>4.95</b>	<b>0.61</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

Gratuity and other post employment benefit plans	As at 31st March, 2020 ₹ in Lakhs	As at 31st March, 2019 ₹ in Lakhs
<b>(vi) Maturity profile of defined benefit obligation</b>		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	5.19	3.90
2nd Following Year	5.07	3.90
3rd Following Year	5.08	3.81
4th Following Year	4.80	3.75
5th Following Year	4.67	3.52
Sum of Years 6 To 10	22.22	17.11
Sum of Years 11 and above	22.63	16.75
<b>(vii) Sensitivity analysis for significant assumptions*</b>		
Projected Benefit Obligation on Current Assumptions	46.04	33.37
Delta Effect of +1% Change in Rate of Discounting	(2.42)	(1.68)
Delta Effect of -1% Change in Rate of Discounting	2.70	1.87
Delta Effect of +1% Change in Rate of Salary Increase	2.36	1.64
Delta Effect of -1% Change in Rate of Salary Increase	(2.28)	(1.62)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.66)	(3.84)
Delta Effect of -1% Change in Rate of Employee Turnover	0.72	0.42
<b>(viii) Actuarial Assumptions</b>		
Discount Rate (p.a.)	6.24%	7.50%
Expected Return on Plan Assets (p.a.)	N.A.	N.A.
Turnover Rate	15.20%	15.20%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate (p.a.)	10.24%	10.24%
Retirement age	60 years	60 years
<b>(ix) Weighted Average duration of Defined benefit obligation</b>	7 years	7 years

\* The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (x) Gratuity is payable as per holding company's scheme as detailed in the report.
- (xi) Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.
- (xii) Salary escalation & attrition rate are considered as advised by the holding company; they appear to be in line with the industry practice considering promotion and demand and supply of the employees.
- (xiii) Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition and death in respective year for members as mentioned above.
- (xiv) Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

# Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## 39 GOVERNMENT GRANT (IND AS 20)

Interest, Wages Expenses and Repairs to plant and machinery are net of subsidy received under State Investment Promotion Scheme of ₹ 17.91 Lakhs (31st March, 2019 ₹ 12.87 Lakhs),

## 40 RELATED PARTY DISCLOSURES (IND AS 24)

### (A) Information about related parties :

#### (i) Holding company

Wedgewood Holdings Limited, Mauritius

#### (ii) Other Related Parties with whom there were transactions during the year:

Parties	Relationship
Anup Jatia, Executive Director	Key Management Personnel (KMP)
C. P. Vyas, Company Secretary (Till 31-05-2019)	Key Management Personnel (KMP)
Nevil Avlani, Company Secretary (From 01.06.2019)	Key Management Personnel (KMP)
Ratan Agrawal, Chief Financial Officer	Key Management Personnel (KMP)
Black Rose Trading Private Limited	Enterprises owned or significantly influenced by any management personnel or their relatives
Tozai Safety Private Limited	
Tozai Enterprises Private Limited	
Accent Industries Limited	
Atmasantosh Foundation	

### (B) The following transactions were carried out with the related parties in the ordinary course of business:

₹ in Lakhs

Nature of Transactions	Key Management Personnel	Other related parties as in 40(A)(ii)
Sales	0.00	29.37
	0.00	(150.36)
Purchase	0.00	74.23
	0.00	(58.17)
Rent Expenses	0.00	42.60
	0.00	(25.12)
Directors Remuneration	100.00	0.00
	(42.00)	0.00
Retainership Fees Expenses	2.40	0.00
	(10.55)	0.00
Salary Expenses	27.46	0.00
	(18.89)	0.00
Interest Expenses	83.14	0.00
	(100.80)	0.00
Rent Income	0.00	19.32
	0.00	(19.32)
Loan Given	5.00	0.00
	(11.70)	0.00
CSR Contribution	0.00	14.50
	0.00	(5.50)
Loan Recovered	5.40	0.00
	(4.70)	0.00
Unsecured Deposit Refunded	350.00	0.00
	0.00	0.00
Reimbursement of Expenses Paid	0.00	0.04
	0.00	(0.02)
Reimbursement of Expenses Received	0.00	4.06
	0.00	(2.63)



₹ in Lakhs

Balance as at 31st March, 2019	Key Management Personnel	Other related parties as in 40(A)(ii)
Security Deposit Received	0.00	7.50
	0.00	(7.50)
Loan Given	0.00	0.00
	(7.00)	0.00
Unsecured Deposit Payable	370.00	0.00
	(720.00)	0.00
Interest Payable (Net of T.D.S.)	4.00	0.00
	0.00	0.00

**41 EARNINGS PER SHARE (EPS) (IND AS 33)**

Particulars	Year Ended 31st March, 2020 ₹ in Lakhs	Year Ended 31st March, 2019 ₹ in Lakhs
<b>(A) Basic EPS:</b>		
(i) Net Profit attributable to Equity Shareholders	2,067	1,389
(ii) Weighted average number of Equity Shares outstanding (Nos.)	510	510
<b>Basic EPS (₹) (i)/(ii)</b>	<b>4.05</b>	<b>2.72</b>
<b>(B) Diluted EPS:</b>		
(i) Net Profit attributable to Equity Shareholders	2,067	1,389
(ii) Weighted average number of Equity Shares outstanding (Nos.)	510	510
<b>Diluted EPS (₹) (i)/(ii)</b>	<b>4.05</b>	<b>2.72</b>

**42 CONTINGENT LIABILITIES (IND AS 37)****(a) Contingent liabilities not provided for in respect of :**

- Central Sales Tax liability of ₹ 3.62 Lakhs including interest (P.Y. NIL) as per CST the assessment order for FY 2015-16. The management is in the process of filing an appeal against the said order and are of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- M VAT liability of ₹ 16.47 Lakhs including interest (P.Y. NIL) as per the CST assessment order for FY 2015-16. The management is in the process of filing an appeal against the said order and are of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- Central Sales Tax liability of ₹ 8.33 Lakhs (P.Y. ₹ 35.28 Lakhs) as per MVAT Audit, as the said liability is on account of non receipt of 'C' forms from various payable customers and the holding company is awaiting the receipt of said forms. The liabilities if any will be accounted in the books of account in the year in which the final liability is determined.
- Disputed Income Tax demands of ₹ 177.17 Lakhs (Previous Year ₹ 177.17) for which holding company has gone in appeal. The management is of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

**(b) Guarantees:**

The holding company has issued bank guarantees as under :

- Guarantee given to Government authorities ₹ NIL (P.Y. ₹ 12.32 Lakhs).

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 43 SEGMENT REPORTING (IND AS 108)

(i) Entity-wise disclosure required by Ind AS 108 are as detailed below:

Particulars	2019-20 ₹ in Lakhs	2018-19 ₹ in Lakhs
Chemicals	36,943.79	30,304.77
Others	154.55	233.45
	<b>37,098.34</b>	<b>30,538.22</b>

(ii) Geographic information

The geographic information analyses the Group's revenues and non-current assets by the Holding Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

	2019-20 ₹ in Lakhs	2018-19 ₹ in Lakhs
a) Revenue from Customer		
India	21,570.90	17,672.71
Outside India	15,527.43	12,865.51
	<b>37,098.34</b>	<b>30,538.22</b>
b) Non-current assets (other than financial instruments)		
India	3,935.28	3,338.30
Outside India	0.00	0.00
	<b>3,935.28</b>	<b>3,338.30</b>

(iii) There are no transactions with single external customer which amounts to 10% or more of the group's revenue.

Notes

The Group is engaged inter alia in the manufacture of Chemicals. These in the context of Ind AS 108 "Operating Segment" is considered to constitute one single primary segment.

### 44 CORPORATE SOCIAL RESPONSIBILITY

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended 31st March, 2020 is ₹ 27.35 Lakhs (31st March, 2019 ₹ 16.61) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013. However, during the year, the Company has spent ₹ 21.47 Lakhs towards FY 2019-20 & ₹ 17.52 Lakhs towards FY 2018-19 & FY 2017-18 (31st March, 2019 ₹ 5.50 Lakhs) towards its CSR activities and the balance will be added to the CSR Budget for the Financial Year 2020-2021.

45 Some of the suppliers have sent their intimations of them being the Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. However, there were no amounts payable at the year end together with interest paid/payable beyond as stipulated period as required under the said Act.

In respect of other suppliers, the Company has not received any intimation regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given to that extent.

### 46 VALUE OF IMPORTS CALCULATED ON CIF BASIS

	31st March, 2020 ₹ in Lakhs	31st March, 2019 ₹ in Lakhs
Raw Materials	6,559.96	5,633.89
Traded Goods	11,876.07	10,362.68
Others	523.70	395.18
	<b>18,959.72</b>	<b>16,391.75</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

### 47 EXPENDITURE IN FOREIGN CURRENCY

	31st March, 2020 ₹ in Lakhs	31st March, 2019 ₹ in Lakhs
Interest on short term borrowings	30.93	30.00
Membership & Subscription	5.16	5.72
Royalty	150.82	67.54
Travelling	13.66	6.88
Books & Periodicals	1.79	1.61
Technical advisory services - Mitsui	57.15	0.00
	<b>259.51</b>	<b>111.75</b>

### 48 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS CONSUMED

	% of total consumption 31st March, 2020	Value 31st March, 2020 ₹ in Lakhs	% of total consumption 31st March, 2019	Value 31st March, 2019 ₹ in Lakhs
<b>Raw Materials</b>				
Imported	96.39%	4,967.65	88.73%	4,762.00
Indigenously obtained	3.61%	185.96	11.27%	604.85
	<b>100.00%</b>	<b>5,153.61</b>	<b>100.00%</b>	<b>5,366.85</b>

### 49 EARNINGS IN FOREIGN CURRENCY

	31st March, 2020 ₹ in Lakhs	31st March, 2019 ₹ in Lakhs
Exports at F.O.B. Value	4,857.49	3,886.44
Commission Income	41.16	29.09
	<b>4,898.65</b>	<b>3,915.53</b>

**50** World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on 24-03-2020 which has impacted the business activities of the Group. On account of this, the Group has assessed the recoverability of receivables, contract assets, factored assumptions used in annual impairment, using the various internal and external information up to the date of approval of these financial statements. On the basis of evaluation and current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and non-financial assets. The Group will continue to closely monitor any material changes to future economic conditions.

**51** In the Opinion of the Board of Directors, the Current Assets, Loans & Advances are realisable in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

**52** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest ₹ in lakhs.

As per our report of even date attached

**For and on behalf of P K J & CO.**

Chartered Accountants

Firm Registration No. 124115W

**Padam Jain**

*Partner*

Membership No. 71026

Place : Mumbai

Date : 26th June, 2020

UDIN: 20071026AAAAW6811

**For and on behalf of the Board of Directors**

**Sandeep Chokhani**

*Director*

DIN : 02346782

**Nevil Avlani**

*Company Secretary*

**Anup Jatia**

*Executive Director*

DIN : 00351425

**Ratan Agrawal**

*Chief Financial Officer*

## NOTES

## NOTES

## NOTES

# Corporate Information

## BOARD OF DIRECTORS

MR. ANUP JATIA  
MR. SANDEEP CHOKHANI\*  
MR. BASANT KUMAR GOENKA  
MS. GARIMA TIBRAWALLA  
MR. SUJAY SHETH  
MR. RISHABH SARAF

## BANKERS

KOTAK MAHINDRA BANK LIMITED  
AXIS BANK LIMITED  
HDFC BANK LIMITED

## AUDITORS

M/S. PKJ & CO.  
CHARTERED ACCOUNTANTS  
2, GULMOHAR COMPLEX, OPP. ANUPAM CINEMA,  
STATION ROAD, GOREGAON (EAST), MUMBAI – 400001.

## REGISTERED OFFICE ADDRESS

145/A, MITTAL TOWER,  
NARIMAN POINT, MUMBAI – 400 021, MAHARASHTRA.

## REGISTRAR & SHARE TRANSFER AGENTS

M/S. SATELLITE CORPORATE SERVICES PRIVATE LIMITED  
OFFICE NO. A 106 & 107, DATTANI PLAZA,  
EAST WEST COMPOUND,  
ANDHERI KURLA ROAD, SAFEDPUL,  
SAKINAKA, MUMBAI - 400072.  
TEL: 022 2852 0461 / 62  
FAX: 022 2851 1809  
E-MAIL ID: SERVICE@SATELLITECORPORATE.COM

## CORPORATE IDENTITY NUMBER

L17120MH1990PLC054828

## COMPANY SECRETARY AND COMPLIANCE OFFICER

MR. NEVIL AVLANI  
E-MAIL: INVESTOR@BLACKROSECHEMICALS.COM

\*w.e.f. 1st April, 2020





**Black Rose Industries Limited**

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Mumbai – 400 021

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