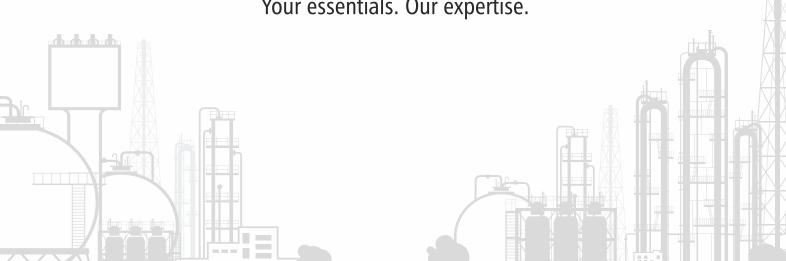


2019-2020



# **MEGHMANI FINECHEM LIMITED**

Your essentials. Our expertise.





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# From The Desk Of Chairman

# Dear Stakeholders,

I have pleasure in presenting Annual Report for the Financial Year (FY) 2019-20. This year is the milestone year in 11 years journey of Meghmani Finechem Limited (Company) in Chloro-Alkali and Derivatives business.

The COVID 19 Pandemics is affecting millions of people to health crisis worldwide as well as disrupting the economy across the Globe. While the containment and isolation measures taken by Governments have painful consequences for the economy and for the everyday life of each of us, they are sensible and necessary. The virus is not only claiming human lives but also putting the entire psychological immune system of globalisation to the most severe stress test.

However, the situation has not impacted much to the Company, due to high growth in Pharmaceutical and Agro Chemical being essential industries. As a Company, we are committed to the health and safety of our team. We want to ensure that business steer forward for our Customers. We are now poised to take several growth opportunities and I am sure that we will continue to receive your support as ever.

In present business conditions and industry environment, the Company believes in Monitoring the Operation **TO DAY** to maximise the opportunity and **PREPARING** for **TOMORROW**.

# **Financial Performance**

The Company has successfully commenced the operations of Chloromethane Plant in July 2019 and achieved the capacity utilisation of 70% in first nine months. This Choro-Alkali Derivative (Chloromethane) Segment has contributed to 20% share of total revenue. The Company has also achieved capacity utilisation of 82% for Chloro-Alkali Plant. During the FY 2020, the Company earned Revenue of Rs. 609 Cr and Profit before Tax at Rs. 143 Cr. The year witnessed many external and internal challenges, affecting the performance of the Company.

#### **Future Growth**

**On-going & Expansion Projects:** The Company commenced the commercial operations of Caustic Soda Lye Expansion of 140000 TPA with Captive Power Plant of 36 MW in June 2020, eventually the Caustic Soda Lye capacity reached to 294000 TPA and Captive Power plant to 96 MW. The Company also commenced the commercial operations of Hydrogen Peroxide Plant of 60000 MT in July 2020.

**New Projects:** Using Chloro-Alkali products as basic building block, the Company has now planned to move downstream products and decided to set up the Plant of Epichlorohydrin (ECH) of 50000 TPA and Chlorinated Polyvinyl Chloride (CPVC) of 30000 TPA. Both the plants will be commissioned and the Commercial operation will start by FY 2023. Epichlorohydrin will be the first largest plant in India based on 100% renewable source.

#### **Growth Plan**

The Company is planning and evaluating for Expansion of Caustic Soda (105000 TPA) Phase III along with additional Captive Power Plant of 36 MW. After this expansion, the Company will reach to total capacity of 400000 MT of Caustic Soda and 132 MW of Captive Power Plant.

The primary focus of the Company is to complete of Expansion Projects, Strengthen Internal Controls, and Realign Business Objectives. The entire team of MFL is confident to achieve the target of the Revenue of Rs. 2000 Cr with CAGR of 35% in coming years.

With increasing portfolio in Chloro-Alkali Derivative Segment, the Revenue share from Derivative Segments is expected to increase to more than 55% by FY 2024. Major contributory in Derivative Segments will be Chloromethanes, Hydrogen Peroxide, Epichlorohydrin and Chlorinated Poly Vinyl Chloride (CPVC Resin).

#### To Conclude..

I take this opportunity to thank all our stakeholders, who are an integral part of business and have contributed significantly in our progress.

I convey my sincere gratitude to my Management Team, Staff, Bankers and Business Associates for their commitment and contribution towards the present growth of the Company.

Further, I express my appreciation to my fellow Directors for providing guidance amidst the tough operating environment. Last but not least, I extend my gratitude to our loyal Shareholders for their support.

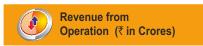
We will continue to drive ahead in building a more sustainable chemical business for our Customers, while enhancing our shareholders' value.

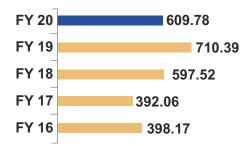
We strongly believe in delivering our promises made to Stakeholders.

Thanking You Maulik Patel Chairman & Managing Director

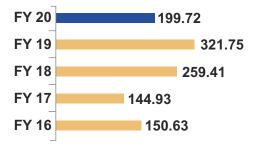
# **PERFORMANCE REVIEW**

# **KEY TRENDS - PROFIT AND LOSS**

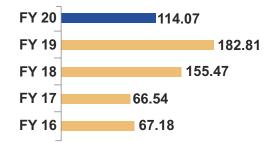




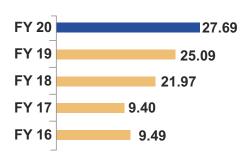




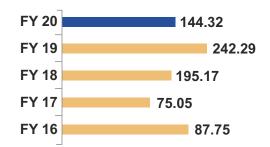




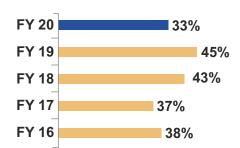








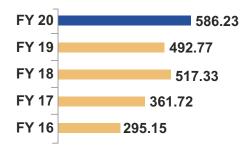




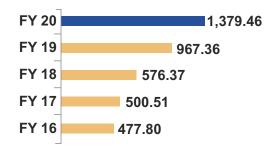
# **PERFORMANCE REVIEW**



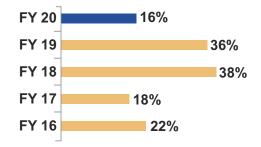




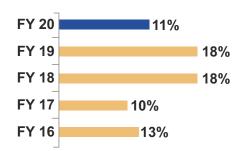




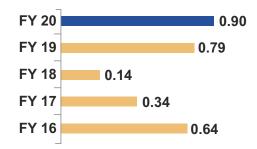




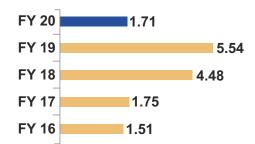












# **Vision**

To be a responsible chemical conglomerate with diversified portfolio with Sustainability and Profitable Growth

To treat its stakeholders as partners in growth and to focus on providing **Quality Products and Services** 

To provide due consideration to Health, Safety & Environment (HSE) and Corporate Social Responsibility (CSR)

To remain committed for providing opportunities to its personnel for **converting their Potential into Performance** 

# **Mission**

# We will lead through:

- Empowered work empowerment
- Speed of decision making
- Ethical way of functioning
- Business Integrity
- Hououring Commitments
- Focusing on Results
- Innovation & Efficiency

# **Values**

# We Value:

- TRUST
- ETHICS
- ADAPTABILITY
- INTEGRITY
- DIVERSITY



FY 2021	<ul> <li>Expanded Caustic Chlorine capacity to 294000 TPA and Captive Power Plant to 96 MW in June 2020</li> <li>Commissioned 60,000 TPA Hydrogen Peroxide Plant in July 2020</li> </ul>
,	Announcement for setting up new CPVC Plant (Capacity- 30000 TPA)
	Commissioned 50,000 TPA Chloromethane Plant in July 2019
FY 2020	<ul> <li>Announcement for setting up new Epichlorohydrin Plant (Capacity- 50000 TPA)</li> </ul>
FY 2019	<ul> <li>Achieved Turnover of USD 107 Million (Rs. 718 Cr.), YoY growth @ 18%</li> </ul>
	Planned for New Caustic Expansion and Chlor-Alkali Derivatives
FY 2018	(Chloromethane and Hydrogen Peroxide)  ➤ Achieved Turnover of USD 95 Million (Rs. 609 Cr.)
FY 2017	<ul> <li>Commissioned KOH Plant of 21,000 TPA and Convert all Membrane to ZERO Gap</li> </ul>
FY 2015	Expanded Caustic Chlorine to 1,67,000 TPA with 60MW Captive Power Plant
FY 2010	<ul> <li>Started Operation from July 2009 as Greenfield Project of 1,19,000 TPA of Caustic Chlorine and Captive Power Plant of 40MW</li> </ul>
FY 2008	International Finance Corporation (World Bank) Joined in as a partner with 24.97% stake
FY 2007	Meghmani Finchem Ltd: Subsidiary of Meghmani Organics Limited

# Report 2019-20

# **MEGHMANI FINECHEM LIMITED**

#### **CORPORATE INFORMATION**

BOARD OF DIRECTORS Mr. Maulik Patel - Chairman & Managing Director

Mr. Kaushal Soparkar - Managing Director
Mr. Karana Patel - Executive Director
Mr. Ankit Patel - Executive Director

Mr. Darshan Patel - Executive Director

Mr. Balkrishna Thakkar - Independent DirectorMr. Manubhai Patel - Independent DirectorMs. Nirali Parikh - Independent Director

AUDIT COMMITTEE Mr. Manubhai Patel - Chairman

Mr. Balkrishna Thakkar - Member Mr. Kaushal Soparkar - Member

NOMINATION & Mr. Balkrishna Thakkar - Chairman

**REMUNERATION COMMITEE** Mr. Manubhai Patel - Member

Mr. Maulik Patel - Member

COMPANY SECRETARY Mr. K. D. Mehta

CHIEF FINANCIAL OFFICER Mr. Sanjay Jain

**REGISTERED OFFICE & PLANT LOCATION** Plot No.CH1/CH2,

GIDC Industrial Estate, Dahej,

Tal. Vagara,

Dist. Bharuch 392 130,

Gujarat, India.

CORPORATE OFFICE "Meghmani House",

B/h Safal Profitaire, Corporate Road, Nr. Auda Garden, Prahlad Nagar,

Ahmedabad - 380 015,

Gujarat, India.

helpdesk@meghmani.com





#### **CORPORATE INFORMATION**

PRINCIPAL BANKERS ICICI Bank Limited

JMC House, Opp. Parimal Garden, Ambawadi, Ahmedabad 380 009

**Federal Bank Limited** 

11, Zodiac Square, Opp. Gurudwara, SG Highway, Ahmedabad 380 054

**HDFC Bank Limited** 

Ground Floor, Astral Towers,

Nr. Mithakahali Six Road, Navrangpura,

Ahmedabad 380 009

**Standard Chartered Bank** 

Abhijeet- II, Ground Floor, Near Mithakhali Six Road,

Ahmedabad 380 006

STATUTORY AUDITOR S R B C & CO LLP

Assurance Services

21st Floor, B Wing, Privilon,

Ambli BRT Road,

Behind ISKCON Temple,

Off S. G. Highway Ahmedabad 380 059

INTERNAL AUDITOR C N K Khandwala & Associates

Chartered Accountants, 2nd Floor, "HRISHIKESH",

Vasantbaug Society,
Opposite Water Tank,

Gulbai Tekra, Ahmedabad 380 006



#### **DIRECTORS' REPORT**

To,

#### The Members,

Meghmani Finechem Limited

Your Directors have pleasure in presenting Thirteenth Annual Report and Audited Financial Statement of the Company for the **Financial Year ended on 31st March, 2020.** 

#### **FINANCIAL RESULTS**

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED ON 31 <sup>st</sup> MARCH, 2020	YEAR ENDED ON 31st MARCH, 2019
Revenue from Operations	60,978.03	71,039.30
Other Income	215.98	1,006.84
Total Revenue	61,194.01	72,046.14
Profit Before Finance Cost & Depreciation	19,971.70	32,174.85
Finance Cost	1,109.40	2,535.84
Depreciation	4,430.20	5,409.88
Profit Before Tax	14,432.10	24,229.13
Payment & Provision of Current Tax	2,534.16	5,233.10
Deferred Tax Expenses/(Income)	490.65	703.08
Short/ (Excess) Provision of Tax of earlier years	-	12.27
Profit After Tax	11,407.29	18,280.69

#### COVID-19

The outbreak of the COVID-19 virus is already disrupting economic activities in the world and the chemical industry is not an exception. The Chemical manufacturers are facing supply chain interruptions and global travel restrictions in addition to quarantined workforce. Majority of the Companies have either reduced production in the Country or temporarily shut down their plants.

#### Impact on Production:-

The production capacities of the Company were impacted due to complete shutdown for 10-12 days in March 2020 under lockdown 1.0.

The capacity utilization was also affected on account of Logistic challenges, Lower demand from end user Segments and Shortage of Labours.

The above factors have affected the Profitability across the industry in FY 2020 and coming quarter and Meghmani Finechem Limited is not an exception.

Moreover, in order to maintain the guidelines of Social Distancing, the Company could run its Caustic plant at capacity of 56% - 60% in April 2020.

The overall impact would be assessable once the situation becomes normal.

However, there is no major effect in plant capacity utilization for Caustic Potash.

The Company has achieved capacity utilization of 70% in first nine months of its operation for its Chloromethane Plant.

#### Impact on Marketing:-

Except logistic challenges the Supplies and Dispatches continued and there were no major changes in key Customers and Suppliers and their structure.

However, there is slowdown in overall logistics (both for supplies and dispatches sides) which affected the overall performance of the Company.





#### **DIRECTORS' REPORT**

#### Impact on Labour:-

The Company has arrangement of Contractual Labour for its manufacturing facilities. But with migration of labour to their hometown the Company was not able to run it operations at optimized level.

#### Impact on Profit:-

As such, the overall performance in terms of profit had marginal impact particularly in Q4 FY 2020. But the Company is confident to achieve the targeted profit subject to no major changes in prevailing conditions.

#### 1. STATE OF COMPANY'S AFFAIRS

The Company is in the business of manufacturing of Chloralkali and its Derivatives. This was the challenging year for the Company as the ECU (Electro Chemical Unit) prices remained volatile, production volume and sales volume decreased and raw material prices also soared up throughout the year impacting the profitability of the Company.

The operating results of the Company are given hereunder: -

#### i) REVENUE FROM OPERATIONS:-

The Revenue from Operations of the Company decreased by **Rs.10,061.27 Lakhs** i.e. from **Rs. 71,039.30 Lakhs** in FY 2019 to **Rs. 60,978.03** Lakhs in FY 2020, mainly due to decrease in sales quantity of Caustic Lye and lower ECU realization both for Caustic Lye and Caustic Potash.

#### ii) OTHER INCOME:-

Other Income decreased by **Rs. 790.86 Lakhs** i.e. from **Rs. 1,006.84 Lakhs** in FY 2019 to **Rs. 215.98 Lakhs** in FY 2020. The decrease in other income mainly comprises of reduction in net Gain on Sale of Mutual Fund and exchange gain on Foreign Currency Transaction compared to previous year.

#### iii) EARNING BEFORE INTEREST, TAX, DEPRECIATION & AMORTIZATION (EBITDA):-

EBITDA has decreased by **Rs.12,203.13 Lakhs** i.e. from **Rs. 32,174.84 Lakhs** in FY 2019 to **Rs. 19,971.71 Lakhs** FY 2020.

#### iv) PROFIT BEFORE TAX (PBT): -

Profit before Tax (PBT) has decreased by **Rs. 9,797.03 Lakhs** i.e. from **Rs. 24,229.13 Lakhs** in FY 2019 to **Rs. 14,432.10 Lakhs** in FY 2020. The major reasons for decrease in profit are:-

- Lower ECU Realization
- Lower Capacity utilization of Caustic lye
- Decrease in Other Income and
- · Higher Maintenance Cost

The Profit of the Company was further impacted due to negative impact of provision of Mark to Market for its ECB Loan

#### 2. COMPOSITE SCHEME OF ARRANGEMENT

During the year, the Board approved the Draft Composite Scheme of Arrangement of the Company involving:-

- a) Demerger of Agrochemical and Pigment Undertaking from Meghmani Organics Limited ("MOL 1"), into its wholly owned subsidiary Meghmani Organochem Limited ("MOL 2")
- b) Change of terms of OCRPS issued by Meghmani Finechem Limited (MFL) to Meghmani Organics Limited ("MOL 1")
- Amalgamation of Remaining Business Undertaking of MOL 1 viz., Trading in Chemical Products and Investment with MFL.
- d) The name of Meghmani Organochem Limited to be changed to Meghmani Organics Limited.



#### **DIRECTORS' REPORT**

#### **BENEFITS OF THE SCHEME:-**

The amalgamation of MOL1 with MFL is to result in following benefits:-

- a) To create enhanced value for the shareholders through potential unlocking of value through listing of **MFL** on NSE and BSE:
- b) MFL to have a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the aforesaid companies;
- The shareholders of MOL1 will get the opportunity to directly participate in Chlor-Alkali and its Derivatives business of MFL:
- d) The investors will get the opportunity to hold investments in the businesses of MFL with different investment characteristics, to best suit their investment strategies and risk profiles;
- e) MFL management to have a greater/ enhanced focus of the management on the Chlor-Alkali and its Derivatives business for exploiting opportunities.

#### Present Status of the Scheme:-

The Composite Scheme has been disseminated by the Stock Exchanges for the Comments of Shareholders. The Company has also submitted the Complaint report to both the Stock Exchanges. The Company is now waiting for the observations of Securities & Exchange Board of India (SEBI).

#### 3. DIVIDEND

The Company has paid Dividend of **Rs.1,687.36 Lakhs** on 210,919,871, 8 % Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs. 10/- each aggregating **Rs. 21,092 Lakhs**.

The Company in view of on-going expansion plan has decided not to recommend final dividend to Equity Shareholders for FY 2019-20.

The Company has neither issued Equity Shares with differential rights as to dividend, voting or otherwise, nor issued / granted Employee Stock Options or Sweat Equity Shares to the Employees or Directors of the Company under any Scheme.

#### 4. FINANCIAL/BORROWING

To meet with the finance requirement of ongoing Capital project, the Company has availed the term loan facilities of Rs. 52,900 Lakhs sanctioned by (1) Federal Bank Limited (Rs.12,500 Lakhs) (2) Standard Chartered Bank (Rs. 14,400 Lakhs) (3) HDFC Bank Limited (Rs. 26,000 Lakhs).

#### 5. CREDIT RATING

The Company has been assigned Long Term Rating CRISIL A + (Placed on "Rating Watch with Developing Implications") to its various bank facility of **Rs. 65,000 Lakhs** by CRISIL Limited (Rating Agency) vide its letter no GDS12080/240549/BLR/022000324 dated February 10, 2020.

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

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached to this report as "Annexure-A".

#### 7. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

#### 8. ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is attached to this report herewith as "Annexure B".





#### **DIRECTORS' REPORT**

#### 9. MEETINGS OF BOARD

During the year, Six Board meetings were convened and held respectively on 09/05/2019, 02/08/2019, 04/11/2019, 23/01/2020, 29/01/2020 and 02/03/2020 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

#### 10. AUDIT COMMITTEE MEETING

The Audit Committee comprises of three members. During the year five Audit Committee meetings were convened and held on 9/05/2019, 02/08/2019, 04/11/2019, 23/01/2020 and 29/01/2020.

#### 11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### 12. STATUS OF EXPANSION PROJECTS

- a) The Company has set up **Chlormethane (CMS)** plant with the total Cost of **Rs. 18,200 Lakhs** and capacity of **50,000 MT**, in the existing Caustic Chlorine Complex situated at GIDC Dahei, Bharuch, in South Gujarat.
  - The Company has commercial production of Chlormethane (CMS) from **04th July**, **2019** and achieved Turnover of **Rs. 8,662.87 Lakhs** from the date of project commencing commercial production.
- b) The Company has also set up plant of **Caustic Soda Lye** with **Captive Power Plant** of 36 MW. The capacity of Caustic Soda Lye will enhance to **294,000 MT**. The Company has invested **Rs. 38,800 Lakhs** till 31st March 2020 and expected to commence the commercial production by end of **June, 2020**.
- c) The Company has also set up another plant of Hydrogen Peroxide (H2O2) with capacity of 60,000 MT. The Company has invested Rs. 18,000 lakhs till 31st March, 2020 and expected to commence the commercial production by end of July, 2020.

#### 13. NEW PROJECT - EPICHLOROHYDRIN (ECH)

The Company is planning to set up project of **Epichlorohydrin**, with capacity of **50,000 MT** which will be based on Technip FMC's EPICEROL® technology. This proven technology is of great interest to downstream users who are concerned about a cost-effective production route whilst taking advantage of an abundant renewable feedstock to reduce their carbon footprint.

The Company will be the first to **manufacture Epichlorohydrin in India**. Presently the entire need of the domestic consumption is met by imports. Once the plant of the Company goes on stream, the import will be reduced to that extent which will ultimately save valuable FOREX.

Epichlorohydrin is an essential feedstock for the production of epoxy resins, which is increasingly used in various applications including corrosion protection coatings in Industrial, Automotive and Packaging. Besides protective coatings, Epoxy resin is used in Composites which has major application in Aerospace, Wind Mill and Automotive Industries. It is also used in Adhesive, Elastomers, Paper and Textile industry as sizing agents and other specialty uses.

The Project is to set at Chlor Alkali and Derivatives Complex, Dahej with Capex of around **Rs. 27,500 Lakhs** and is expected to generate revenue of approximately **Rs. 44,000 Lakhs** per annum at optimum operating rate. This move is a step forward in the strategy of integration and value addition.

#### 14. INSURANCE

The Company's Plant, Property, Equipment and Stocks are adequately insured under the Industrial All Risk (IAR) Policy. The Company has insurance coverage for Product Liability, Public Liability and Directors' and Officers' Liability (D & O) Policy.



# Report 2019-20

# MEGHMANI FINECHEM LIMITED

#### **DIRECTORS' REPORT**

#### 15. RELATED PARTY TRANSACTIONS (RPT)

All related party transactions entered during the financial year was on an Arm's Length Basis and were in the ordinary course of business. The Company has not entered in to materially significant transactions with Related Parties, Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

During the year, all related party transactions were placed before the Audit Committee and the Board for approval. The Company had obtained members' approval at its Annual General Meeting held on 16th July, 2018 for entering into the transactions with Related Parties for the period of 3 (Three) years i.e. from 01st October, 2018 till decided otherwise.

#### 16. DIRECTORS

#### Directors coming up for retirement by rotation

In accordance with Section 149 (10) of the Companies Act, 2013, Mr. Kaushal Soparkar and Mr. Karana Patel, Directors of the Company are retiring by rotation at this Annual General Meeting and being eligible have offered themselves for reappointment.

The First Five year's term of Ms. Nirali Parikh – Independent Director is expiring at this Annual General meeting. Ms. Nirali Parikh being eligible has offered herself for re-appointment.

#### **Independent Directors**

In accordance with Section 149 (7) of the Companies Act, 2013, all Independent Director has given written declarations to the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

#### 17. KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to Section 2 (51) and Section 203 of the Companies Act, 2013 read with Rules framed there under the following persons have been designated as Key Managerial Personnel (KMP) of the Company.

- 1. Mr. Kaushal Soparkar CEO
- 2. Mr. Kamlesh Mehta Company Secretary
- 3. Mr. Sanjay Jain CFO

#### 18. INTERNAL FINANCE CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in its place adequate Internal Financial Controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weakness in the design or operation of Internal Finance Control System was observed.

As per the relevant provisions of the Companies Act, 2013, the Statutory Auditors have expressed their views on the adequacy of Internal Financial Control in their Audit Report.

#### 19. FIXED DEPOSITS

The Company has not accepted the fixed deposits during the year under report.

#### 20. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has formed a Corporate Social Responsibility (CSR) Committee and has identified projects in the areas of Kanya Kelwani, Livelihood, Health, Agaria Kalyan Yojana and Vanvasi Kalyan Yojana. These projects are in accordance with Schedule VII of the Companies Act, 2013.





#### **DIRECTORS' REPORT**

The CSR amount for the Financial Year 2019-20 works out to **Rs. 337.18 Lakhs**. During the year the Company has spent an amount of **Rs. 103.51 Lakhs** towards the CSR activities, the balance amount of **Rs. 233.67 Lakhs** is unspent.

The unspent CSR amount as on 31st March, 2020 is Rs. 579.29 Lakhs (Rs. 233.67 Lakhs - FY 2019-20 + Rs. 345.62 Lakhs accumulated prior to FY 2019-20). The report of amount spent in FY 2020-21 will be placed in the next Annual report.

#### 21. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

#### 22. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

All the Executive Directors (i.e. Chairman/MD/Whole-time Director) has been paid remuneration as may be mutually agreed between the Company and the appointee Executive Directors within the overall limits prescribed under the Companies Act, 2013.

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Nomination and Remuneration Committee shall ensure / consider the following:

- The remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- The remuneration including annual increment and performance bonus is decided based on the criticality of the roles
  and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance
  vis-à-vis Key Result Areas (KRAs) / Key Performance Indicators (KPIs), industry benchmark and current compensation
  trends in the market.

#### 23. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a WHISTLE BLOWER POLICY to deal with instance of unethical behaviour, actual or suspected fraud or violation of Company's code of conduct, if any. The detail of the WHISTLE BLOWER POLICY is posted on the website of the Company.



#### **DIRECTORS' REPORT**

#### 24. AUDITORS

#### a) STATUTORY AUDITORS

M/s. SRBC & Co LLP, Chartered Accountants, Ahmedabad (Firm Regn. No. 324982E / E 300003) was appointed as Statutory Auditors at the Annual General Meeting held on 27th July, 2017 to hold office from the conclusion of 10th Annual General Meeting (AGM) till the conclusion of 15th AGM i.e. for a period of five years (subject to ratification of the appointment by the Members at every AGM held after this AGM).

#### b) **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Shah & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2019-20 is appended to this report.

#### c) COST-AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company is required to be audited by a Qualified Cost Accountant.

Your Directors had, on the recommendation of Audit Committee, appointed M/s. K Melwani - Cost Accountants (Registration number 100497) for the financial year 2019-20 on a remuneration of **Rs.1,75,000/-** per annum. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting.

Accordingly, a Resolution seeking Member's approval for the remuneration payable to M/s K Melwani, Cost Accountants is included at **Item No. 5** of the notice convening the Annual General Meeting.

#### 25. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained the Board hereby submits its responsibility Statement in accordance with the provisions of Section 134(5) of the Companies Act, 2013:-

- a) In the preparation of the Annual Accounts for the year ended on <u>31st March</u>, <u>2020</u>, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments 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 31st March, 2020 and of the profit of the Company for the period ended on 31st March, 2020.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis;
- e) The Directors had laid down Internal Financial Controls and that such Internal Financial Controls are adequate and were operating effectively;
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.





#### **DIRECTORS' REPORT**

#### 26. ACKNOWLEDGMENT

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them.

The Directors also gratefully acknowledge all stakeholders of the Company viz. Customers, Members, Dealers, Vendors, Banks and other business partners for the excellent support received from them during the year.

The Directors place on record unstinted commitment and continued contribution of the Employee to the Company.

Date: 8<sup>th</sup> June, 2020 Place: Ahmedabad For and on behalf of the Board Maulik Patel Chairman & Managing Director (DIN-02006947)





# **ANNEXURE-A**

#### **CONSERVATION OF ENERGY:**

А	Energy Conservation measure taken	Installation of LED     Installation of VDF Panel     Installation of PHE
В	Additional Investment implemented for reduction in consumption of energy.	Rs. 100 Lakhs
С	Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production.	Reduction in energy consumption 1461.14 KWH
D	Total energy consumption and energy consumption per unit of production.	As per Form A

FORM A
Form for disclosure of particulars with respect to Conservation of Energy 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020

Particulars		2019-2020	2018-2019
A. Power Consumption			
1 Electricity Consumption			
(a) Purchased			
Unit	KWH	11917116	2377656
Total Amount	Rs. in Lakhs	1109.77	364.57
Rate/Unit	Rs./ Unit	9.31	15.33
(b) Own Generation			
Through Diesel Generator			
Unit	KWH	16640	11200
Unit per Liter of Diesel	KWH/Ltr	3.98	2.06
Cost/Unit	Rs./ Unit	15.21	29.44
(c) Through Coal			
Unit	KWH	439733185	445936727
Unit per kg of coal	KWH/ Kg of Coal	1.07	1.18
Coal Cost/Unit	Rs./ Unit	3.84	3.72
2 Coal			
Steam Generated	MT	2116674	2083831
Consumption of Coal	MT	409846	377925
Coal Cost of steam per unit (kg)	Rs./ Kg	0.80	0.80
Steam Purchase		-	
3 Others/internal generations		-	-
B. Consumption per unit of Production			
Production in MT		179202	161473
Consumption Per MT		2227	2776
Electricity ( Rs./ MT)		12250	15490





#### **FORM B**

# Technology Absorption: Form for disclosure of particulars with respect to Technology Absorption

#### A. Research & Development

1	Specific areas in which R & D is carried out by the Company	N.A
2	Benefits derived as a result of the above R & D	N.A
3	Future Plan of Action	N.A
4	Expenditure on R & D	N.A

#### B. Technology Absorption, Adoption and Innovation:

	A Effort	ts, in brief, made towards technology absorption,	Absorbed technologies for manufacturing of
	adop	tion and innovation.	50000 MT per annum Chloromethane from
			Hualu Engineering Product Development
Γ	B Bene	fits derived as a result of the above efforts e.g.	-
	Produ	uct Improvement, Cost Reduction, Product	
	Deve	elopment, Import Substitution etc	

Foreign Exchange Earnings and Outgo: as on 31st March 2020.

The particulars with regards to:

Foreign Exchange Earnings : Rs. 3,139 Lakhs
Foreign Exchange Outgo : Rs. 12,254 Lakhs

For and on behalf of the Board

Maulik Patel
Chairman & Managing Director
(DIN-02006947)

Date: 8<sup>th</sup> June, 2020 Place: Ahmedabad



#### **ANNEXURE-B**

# **EXTRACT OF ANNUAL RETURN**

(As on the financial year ended 31.03.2020)

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

#### FORM NO. MGT - 9

I.	Registration and other details	
	CIN	U24100GJ2007PLC051717
	Registration Date	11th September, 2007
	Name of the Company	Meghmani Finechem Limited
	Category/Sub-category of the Company	Company having Share Capital
	Address of the Registered Office and contact details	CH/1, CH/2, GIDC Industrial Estate, Dahej, Tal. Vagra, Bharuch Gujarat. Ph: 91 - 79 - 25831210
	Whether Listed Company	No
	Name, address and contact details of the Registrar and Transfer Agent, if any	Not Applicable

#### 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.

–		
Name & Description of main Products/Services	NIC Code of the Product/ Service	% of total turnover of the Company
Caustic Soda	20119	67.00
Caustic Potash	20119	19.00
Chloromethane	20119	14.00

#### III. Particulars of Holding, Subsidiary & Associate Companies

Sr. No	Name & Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Meghmani Organics Limited	L24110GJ1995PLC024052	Holding	57.16%	2(6)





IV. Share	IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)	apital Brea	kup as per	centage of	Total Eq	uity)				
Category	Category Of Share Holder	No. of Share	s Held at the	No. of Shares Held at the begining of the Year	the Year	No. of Shares	s held at the	No. of Shares held at the end of the Year		% of
Code		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Change during the Year
(A)	SHAREHOLDING OF PROMOTER &									
	PROMOTER GROUP (2)									
-	INDIAN									
(a)	INDIVIDUAL	91,70,874	1	91,70,874	22.26%	91,70,874	,	91,70,874	22.26%	•
(q)	CENTRAL / STATE GOVERNMENT(S)	•	1	'	'	1	•	,	•	•
(c)	BODIES CORPORATE	2,35,45,985	•	2,35,45,985	57.16%	57.16% 2,35,45,985	•	2,35,45,985	57.16%	
(p)	FINANCIAL INSTITUTIONS / BANKS	•	•	•	•	1	•	'	1	
(e)	ANY OTHER (SPECIFY)	•	•	•	•	1	•	•	1	
	DIRECTORS RELATIVES	84,76,256	•	84,76,256	20.58%	84,76,256	•	84,76,256	20.58%	
	SUB TOTAL : (A) 1	4,11,93,114	•	4,11,93,114	100.00%	4,11,93,114	•	4,11,93,114	100.00%	
7	FOREIGN									
(a)	INDIVIDUAL	•	•	•	1	•	•	'	'	
(q)	BODIES CORPORATE	'	•	•	1	•	,	'	'	•
(c)	INSTITUTIONS	'	•	1	1	•	•	'	'	
(p)	QUALIFIED FOREIGN INVESTOR -									
	CORPORATE	•	•	•	1	•	•		•	
(e)	ANY OTHER	'	•	•	•	•	•	•	'	
	SUB TOTAL : (A) 2	•	•	•	•	•	•	•	•	
(A)	TOTAL HOLDING FOR	4,11,93,114	•	4,11,93,114	100%	4,11,93,114	•	4,11,93,114	100%	
	PROMOTERS :(A) 1 + (A) 2									







Category	Category Of Share Holder	No. of Sha	No. of Shares Held at the begining of the Year	e begining of	the Year	No. of	Shares held a	No. of Shares held at the end of the Year	e Year	% of
Code		Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	Change during the Year
į					Snares				Shares	
(B)	PUBLIC SHAREHOLDING (3)	'	•	•	'	•	•	1	'	
-	INSTITUTIONS	-	-	-	-	•	•	-	-	•
(a)	MUTUAL FUNDS / UTI	•	-	-	•	1	•	•	-	ı
(q)	FINANCIAL INSTITUTIONS / BANKS	•	•	•	•	•	•	•	'	1
(c)	CENTRAL / STATE GOVERNMENT(S)	•	•	-	'	•	•	•	-	1
(p)	VENTURE CAPITAL FUNDS	-	-	-		•	•	•	-	1
(e)	INSURANCE COMPANIES	-	•	-	1	-	•	-	-	•
(f)	FOREIGN INSTUTIONAL INVESTORS	-	-	-	-	-	-	-	-	•
(a)	FOREIGN VENTURE CAPITAL	-	-	-	-	-	-	-	-	1
(h)	QUALIFIED FOREIGN INVESTOR	•	•	-	•	•	•	•	-	ı
	CORPORATE									
(i)	ANY OTHER (SPECIFY)	'	•	•	٠	•	•	1	1	•
	SUB TOTAL :(B) 1	•	•	•	•	•	•	•	•	•





Category	Category Of Share Holder	No. of Sh	No. of Shares Held at the begining of the Year	ne begining o	f the Year	No. of S	hares held at	No. of Shares held at the end of the Year	Year	% of
Code		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Change during the Year
2	NON-INSTITUTIONS	,	1	•	'	,	1	•	1	
(a)	BODIES CORPORATE				•				•	1
(q)	INDIVIDUAL (CAPITAL <= Rs. 1 LAKH)				'			•	•	1
(q)	INDIVIDUAL (CAPITAL > Rs. 1 LAKH)		•	•	•		•		•	1
(p)	CLEARING MEMBER	1	•	,	,	,	•	1	'	1
(e)	NON RESIDENT INDIANS (REPAT)	-	-	•	•	•	-	•	1	1
(f)	NON RESIDENT INDIANS	•	•	•	'	•	1	•	•	1
	(NON REPAT)									
(g)	FOREIGN COMPANIES				•				•	1
(h)	OVERSEAS BODIES CORPORATES		•	•	•		•	•	•	1
(1)	QUALIFIED FOREIGN INVESTOR -	-	•	1	-	-	-	-	'	1
	CORPORATE									
(j)	TRUSTS		•	•	•	•	•		•	1
(k)	ANY OTHERS	-	•	•	-	•	•	•	'	1
	SUB TOTAL : (B) 2	•	•	•	•	•	•	•	•	•







Category	Category of Share Holder	No. of Share	s Held at the	No. of Shares Held at the begining of the Year	he Year	No. of Sh	nares held at t	No. of Shares held at the end of the Year	Year	% of	
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Change during the Year	
	TOTAL HOLDING FOR PUBLIC:			1	'	1		1	•		1
	(B)1 + B(2)										
	TOTAL (A)+(B)	4,11,93,114		4,11,93,114	•	4,11,93,114		4,11,93,114	100.00%		
	SHARES HELD BY CUSTODIANS			•	•	•		•	•		
	AND AGAINST WHICH SINGAPORE										
	DEPOSITORY RECEIPTS HAVE										
	BEEN ISSUED										
	PROMOTER AND PROMOTER	1	,	1	'	1		1	'		
	GROUP										
	PUBLIC	•	•	-	'	-		•	•		
	SUB TOTAL: (C)	•	-	-	1	-	-	-	-	•	
	GRAND TOTAL (A)+(B)+(C)	4,11,93,114		4,11,93,114   100.00%   4,11,93,114	100.00%	4,11,93,114		4,11,93,114	100.00%	•	
											$\neg$





# (i) Shareholdings of Promoters

Shareholders Name	Sharehole	ding at the begi year 01.04.201	•		olding at the year 31.03.20		% change during the
	No. of shares	% of total shares of the Company	% of total pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of total pledged/ encumbered to total shares	year
Jayantibhai Patel	18,82,414	4.57%	-	18,82,414	4.57%	-	-
Ashish Soparkar	21,98,563	5.34%	-	21,98,563	5.34%	-	-
Natwarlal Patel	22,27,305	5.41%	-	22,27,305	5.41%	-	-
Rameshbhai Patel	13,82,414	3.36%	-	13,82,414	3.36%	-	-
Anandbhai Patel	14,80,178	3.59%	-	14,80,178	2.59%	-	1.00%

# (ii) Change in Promoter's Shareholding

	Shareholding a of the year 01.0	nt the beginning 04.2019	Cumulative Share during the year	holding
	No. of shares	% of total shares	No. of shares	% of total shares of
		of the Company		the Company
At the beginning of the year				
Date wise Increase/ Decrease in Promoters Shareholding during the year with reasons for change		Refer (i) Sharehold	ing of Promoters	
At the end of the year				

# (iii) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDR and ADRs)

For Each of the Top 10 Shareholders	Shareholding a of the year			ng at the end of 31.03.2020
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Meghmani Organic Limited	2,35,45,985	57.16%	2,35,45,985	57.16%
Kalpanaben Patel	4,42,609	1.07%	4,42,609	1.07%
Disha Patel	3,44,890	0.84%	3,44,890	0.84%
Taraben Patel	3,16,150	0.77%	3,16,150	0.77%
Kruti Patel	3,16,150	0.77%	3,16,150	0.77%
Nayana Soparkar	3,16,150	0.77%	3,16,150	0.77%
Vaishakhi Patel	3,16,149	0.77%	3,16,149	0.77%
Chintan Patel	94,845	0.23%	3,00,000	0.73%





# (iv) Shareholding of Directors and Key Managerial Personnel

For each of Directors and KMP		t the beginning of 01.04.2019	during the year/ send of the year	Shareholding Shareholding at the ar 01.04.2019 to 3.2020
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Maulik Patel	18,97,012	4.61%	18,97,012	4.61%
Mr. Kaushal Soparkar	15,80,747	3.84%	15,80,747	3.84%
Mr. Ankit Patel	16,09,503	3.91%	16,09,503	3.91%
Mr. Karana Patel	5,05,954	1.23%	5,05,954	1.23%
Mr. Darshan Patel	94,960	0.23%	94,960	0.23%
Mr. Balkrishna Thakkar	-	-	-	-
Mr. Manubhai Patel	-	-	-	-
Ms. Nirali Parikh	-	-	-	-
Mr. Kamlesh D. Mehta	-	-	-	-
Mr. Sanjay Jain	-	-	-	-

# (v) Indebtedness (Rs. in Lakhs)

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	38,734.05	-	-	38,734.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	346.53	-	-	346.53
Total (i+ii+iii)	39,080.58	-	-	39,080.58
Change in Indebtedness during the financial year				
Addition	14,114.55	-	-	14,114.55
Reduction	2,200.00	-	-	2,200.00
Net Change	11,914.55	-	-	11,914.55
Indebtedness at the end of the financial year				
i) Principal Amount	50,648.60	-	-	50,648.60
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	405.50	-	-	405.50
Total (i+ii+iii)	51,054.10	-	-	51,054.10





#### VI. Remuneration of Directors and Key Managerial Personnel

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

(Rs. In Lakhs)

Particulars of Remuneration		Nar	me of Direct	tors		Total
Gross Salary	Maulik Patel	Kaushal Soparkar	Ankit Patel	Karana Patel	Darshan Patel	
Salary as per provisions of Section 17(1)	36.00	36.00	36.00	36.00	36.00	180.00
of the Income Tax Act, 1961						
Value of perquisites under Section 17(2)	4.61	4.61	4.32	4.32	4.32	22.18
of the Income Tax Act, 1961						
Profit in lieu of salary under Section	-	-	-	-	-	-
17(3) of the Income Tax Act, 1961						
Stock Options	-	-	-	-	-	-
Sweat Equity	-	-	-	-	-	-
Commission ( as % of Profit)	-	-	-	-	-	-
Others (Performance Bonus)	237.50	237.50	237.50	142.50	95.00	950.00
Total (A)	278.11	278.11	277.82	182.82	135.32	1152.18

#### Remuneration to other Non –Executive Independent Directors

(Rs. In Lakhs)

				(1.101.111.2011110)
Particulars of	N	ame of Directo	rs	Total
Remuneration	Mr. B T Thakkar	Mr. M. K. Patel	Ms Nirali Parikh	Total
Fees for attending Board/	3.00	3.00	1.50	7.50
Committee Meetings				
Commission	-	-	-	-
Others, Please Specify	-	-	-	-
Total (B)	3.00	3.00	1.50	7.50

# $B. \ \ Remuneration \, to \, Key \, Managerial \, Personnel \, other \, than \, MDs/EDs$

(Rs. In Lakhs)

Particulars of Remuneration	Key Ma	nagerial Personnel (KM	P)
	Mr. K. D. Mehta Company Secretary (CS)	Mr. Sanjay Jain Chief Financial Officer (CFO)	Total Amount
Gross Salary			
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	-	40.21	40.21
Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-
Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
Stock Options	-	-	-
Sweat Equity	-	-	-
Commission ( as % of Profit)	-	-	-
Others	-	-	-
Total (C)	-	40.21	40.21





#### VII. Penalties/ Punishment/ Compounding of Offences

Тур	oe .	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any
A.	Company					
	Penalty					
	Punishment			None		
	Compounding					
B.	Directors					
	Penalty					
	Punishment			None		
	Compounding					
C.	Other Officers in Def	aults				
	Penalty					
	Punishment			None		
	Compounding					







FORM NO.: MR - 3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31.03.2020

(As on the financial year ended 31.03.2020)

[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,

#### Meghmani Finechem Limited,

Plot No.CH/1/CH2.

GIDC Industrial Estate, Dahej,

Ta - Vagra, Dist - Bharuch- 392 130.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Meghmani Finechem 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.

#### We report that -

- a. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of the financial statement of the Company.
- d. The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- e. 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.

Based on our verification of the Company'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 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 ("Audit Period")**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- 1. The Companies Act, 2013 (the Act) and the Rules made there under;
- 2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- 3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under (Not Applicable to the Company during the Audit Period)
- 4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;





FORM NO.: MR - 3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31.03.2020

(As on the financial year ended 31.03.2020)

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

- 5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time; (Not Applicable to the Company during the Audit Period);
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time; 2009 (Not Applicable to the Company during the Audit Period);
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) 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 2009 (Not Applicable to the Company during the Audit Period);
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period)
  - h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period); and
  - i) Composite Scheme of Arrangement
- 6. Other laws specifically applicable to the Company (As per Annexure-1)

We have also examined compliance with the applicable clauses of the followings:-

- i. The Listing Agreements entered into by the Company with Stock Exchanges (Not Applicable to the Company during the Audit Period);
- ii. Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (with effect from December, 2015) (Not Applicable to the Company during the Audit Period);
- iii. Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### We further report that -

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.





FORM NO.: MR - 3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31.03.2020

(As on the financial year ended 31.03.2020)

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

**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 instances of:

- 1. Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- 2. Redemption/Buy Back of Securities.
- 3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- 4. Foreign Technical Collaborations.

For SHAH & ASSOCIATES
Company Secretaries
Kaushik Shah
Partner
FCS No 2420 CP No-1414

Date: 8<sup>th</sup> June, 2020 Place: Ahmedabad



### **ANNEXURE - 1**

- (1) ENVIRONMENT PROTECTION ACT, 1986 & OTHER ENVIRONMENTAL LAWS
- (2) THE GOODS AND SERVICES ACT, 2016
- (3) INCOME TAXACT, 1961
- (4) PROFESSIONALTAX
- (5) NEGOTIABLE INSTRUMENTACT
- (6) THE FACTORIES ACT, 1948
- (7) THEAPPRENTICEACT, 1961
- (8) THE INDUSTRIAL DISPUTE ACT, 1947
- (9) THE PAYMENT WAGES ACT, 1965
- (10) THE PAYMENT OF BONUS ACT
- (11) THE PAYMENT OF GRATUITY ACT
- (12) THE MINIMUM WAGES ACT, 1946
- (13) THE TRADE UNION ACT, 1926
- (14) THE EMPLOYMENT EXCHANGE ACT 1952
- (15) THE EMPLOYEES PROVIDENT FUND & MISC. PROVISIONS ACT
- (16) INDIAN STAMPACT
- (17) THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992
- (18) CUSTOMS ACT, 1962

For SHAH & ASSOCIATES
Company Secretaries
Kaushik Shah
Partner
FCS No 2420 CP No-1414

Date: 8<sup>th</sup> June, 2020 Place: Ahmedabad





#### INDEPENDENT AUDITOR'S REPORT

To The Members, **Meghmani Finechem Limited** 

#### Report on the Audit of the Ind AS Financial Statements

#### **Opinion**

We have audited the accompanying Ind AS Financial Statements of Meghmani Finechem Limited ("the Company"), which comprise the Balance Sheet as at March 31 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and Notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the Ind AS Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS Financial Statements.



#### INDEPENDENT AUDITOR'S REPORT

#### **Key audit matters**

#### How our audit addressed the key audit matter

Revenue recognition (as described in Note 2 of the Ind AS financial statements)

The Company majorly operates in single segments viz: Choro Alkali and its Derivatives. The Company recognises revenue from sales of goods in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, measured at fair value of the consideration received in the ordinary course of the Company's activities. Revenue from sale of goods is recognised net of discounts, rebates and taxes.

Certain terms in sales arrangements relating to timing of transfer of control and delivery specifications including incoterms, involves significant judgment in determining whether the revenue is recognised in the correct period. Our audit procedures included the following:

- Read and evaluated the Company's policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'.
- Assessed the design and tested the operating effectiveness of internal controls related to sales including variable consideration.
- Performed sample tests of individual sales transactions and inspected the underlying sales orders, invoice copies, terms of delivery, lorry receipts, bill of lading, and collection to assess revenue recognition as per the terms of the contract with customers.
- Performed tests of samples of transactions near year end date as well as credit notes issued after the year end date.
- Read and assessed the relevant disclosures made within the Ind AS financial statements.

#### Information Other than Ind AS Financial Statement and Auditor's Report thereon;

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.





### INDEPENDENT AUDITOR'S REPORT

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in
  the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the
  Company has adequate internal financial controls with reference to financial statements in place and the operating
  effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Ind AS financial statements, including the disclosures, and
  whether the Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2020 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.



### INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
  - (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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements Refer Note 36 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP Chartered Accountants

ICAI Firm Registration Number: 324982E / E300003

per Sukrut Mehta,

**Partner** 

Membership Number: 101974

UDIN: 20101974AAAABA7445
Place of Signature: Ahmedabad

Date: June 8, 2020





### ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE OF MEGHMANI FINECHEM LIMITED FOR THE YEAR ENDED MARCH 31, 2020.

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (b) All Property, Plant and Equipment have not been physically verified by the management during the year. However, there is a regular programme of verification of all the assets once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No physical verification of Property, Plant and Equipment was carried out during the year by the management.
  - (c) According to the information and explanations given by the management, the title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company.
- ii. The inventory (except goods in transit) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, Secured or Unsecured to companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of investments made have been complied with by the Company. Further, in our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of chemicals, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues are generally regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, duty of custom, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of income tax, duty of excise, duty of customs, goods and service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except for the following:





Name of Statute	Nature of Dues	Amount involved (Rs. in Lakhs)*	Period	Forum where the dispute is pending
Custom Act, 1962	Custom Duty	621.83	2012-13	CESTAT
The Finance Act	Service Tax	51.13	2012-13 and 2014-15	CESTAT,
(Service Tax), 1994				Departmental Authorities

- \* Net of amount paid under protest amounting to Rs. 6.21 Lakhs and reversal of credit amounting to Rs. 51.02 Lakhs
- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings from financial institutions and banks. The Company did not have any due payable to debenture holders and government during the year.
- ix. According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised, though idle funds which were not required for immediate utilization have been gainfully invested in fixed deposits with banks. The maximum amount of idle funds invested during the year was Rs. 12,000 Lakhs, of which Rs Nil was outstanding at the end of the year. The Company has not raised money by way of Initial Public Offer, Further Public Offer and Debt Instrument.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management on certain transactions entered with related parties being of specialized nature, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013, where applicable, and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, 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, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- xvi. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP Chartered Accountants

ICAI Firm Registration Number: 324982E / E300003

per Sukrut Mehta,

**Partner** 

Membership Number: 101974 Place of Signature: Ahmedabad UDIN: 20101974AAAABA7445

Date: June 8, 2020.





### ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MEGHMANI FINECHEM LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Meghmani Finechem Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for 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 the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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 as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls System Over Financial Reporting with reference to these Ind AS financial statements

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





### ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MEGHMANI FINECHEM LIMITED

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to the Ind AS financial statement, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to the Ind AS financial statement 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 respects, an adequate internal financial controls system over financial reporting with reference to the financial statement and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP Chartered Accountants

ICAI Firm Registration Number: 324982E / E300003

per Sukrut Mehta,

**Partner** 

Membership Number: 101974 Place of Signature: Ahmedabad UDIN: 20101974AAAABA7445

Date: June 8, 2020.





### BALANCE SHEET AS AT 31st MARCH 2020

(Rs. in Lakhs)

PARTICULARS	Note	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
I. Assets			
Non-Current Assets			
(a) Property, Plant and Equipment	3.1	43,598.99	29,471.65
(b) Capital Work in Progress	3.2	69,115.68	46,824.83
(c) Other Intangibles	3.3	418.32	-
(d) Financial Assets			
(i) Other Financial Assets	4	364.11	485.47
(e) Deferred Tax Assets (Net)	32	_	28.06
(f) Income Tax Assets (Net)	5	199.86	348.40
(g) Other Non-Current Assets	6	345.83	1,831.07
Total Non-Current Assets		1,14,042.79	78,989.48
Current Assets		-,,	
(a) Inventories	7	4,804.16	4,065.41
(b) Financial Assets		.,	1,000111
(i) Trade Receivables	8	7,619.96	7,736.30
(ii) Cash and Cash Equivalents	9	9.69	12,921.38
(iii) Loans	10	17.51	35.64
(iv) Other Financial Assets	11	114.69	107.37
(c) Other Current Assets	12	548.57	565.80
Total Current Assets	12	13,114.58	25,431.90
Total Assets		1,27,157.37	1,04,421.38
Il Equity and Liabilities		1,27,107.07	1,04,421.00
Equity			
(a) Equity Share Capital	13	4,119.31	4,119.31
(b) Instruments entirely Equity in nature	13	21,091.99	21,091.99
(c) Other Equity	14	33,411.85	24,065.81
Total Equity	14	58,623.15	49,277.11
Liabilities		56,623.15	49,277.11
Non-Current Liabilities			
(a) Financial Liabilities			
	15	44 000 50	26 524 05
(i) Borrowings	15	41,828.53	36,534.05
(ii) Other Financial Liabilities	16	533.35	781.31
(b) Provisions	17	155.30	111.57
(c) Deferred Tax Liabilities (Net)	32	30.17	-
Total Non-Current Liabilities		42,547.35	37,426.93
Current Liabilities			
(a) Financial Liabilities	40	4 074 00	000.00
(i) Borrowings	18	1,971.99	236.62
(ii) Trade Payables	19		
Total outstanding dues of Micro and Small Enterprises		724.88	85.86
Total outstanding dues of Creditors other than			
Micro and Small Enterprises		3,910.97	3,561.09
(iii) Other Financial Liabilities	20	19,018.03	13,590.34
(b) Other Current Liabilities	21	342.85	228.80
(c) Provisions	22	8.53	5.01
(d) Current Tax Liabilities (Net)	23	9.62	9.62
Total Current Liabilities		25,986.87	17,717.34
Total Liabilities		68,534.22	55,144.27
Total Equity and Liabilities		1,27,157.37	1,04,421.38
Summary of Significant Accounting Policies	2		

The accompanying Notes are an integral part of these Financial Statements

AS PER OUR REPORT OF EVEN DATE FOR S R B C & CO LLP Chartered Accountants

ICAI Firm Registration No. 324982E / E300003 per SUKRUT MEHTA PARTNER

M. NO.: 101974 PLACE: AHMEDABAD

PLACE: AHMEDABAD DATE: 8<sup>th</sup> JUNE, 2020

SANJAY JAIN CHIEF FINANCIAL OFFICER

K.D. MEHTA COMPANY SECRETARY FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF MEGHMANI FINECHEM LIMITED (CIN U24100GJ2007PLC051717)

MAULIK PATEL CHAIRMAN & MANAGING DIRECTOR (DIN NO 02006947)

> KAUSHAL SOPARKAR MANAGING DIRECTOR (DIN No. 01998162)

PLACE: AHMEDABAD DATE: 8th JUNE, 2020





### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020

(Rs. in Lakhs)

			(NS. III Lakiis
PARTICULARS	Note	Year ended 31 <sup>st</sup> March 2020	Ye <mark>ar ended</mark> 31 <sup>st</sup> March 2019
Revenue			
Revenue from Operations	24	6 <mark>0,9</mark> 78.03	71,039.30
Other Income	25	215.98	1,006.84
Total Income (A)		61,194.01	72,046.14
Expenses			
Cost of Materials Consumed	26	27,865.54	25,667.26
Changes in Inventories of Finished Goods	27	(402.53)	(131.82)
Employee Benefits Expenses	28	4,401.84	4,717.81
Finance Costs	29	1,109.40	2,535.84
Depreciation and Amortization Expenses	3	4,430.20	5,409.88
Other Expenses	30	9,357.46	9,618.04
Total Expense (B)		46,761.91	47,817.01
Profit Before Tax (C) = (A-B)		14,432.10	24,229.13
Tax Expense:	32		
Current Tax		2,534.16	5,233.10
Adjustment of Tax relating to Earlier Years		-	12.26
Deferred Tax Charges / (Credit) (Net)		490.65	703.08
Total Tax Expense (D)		3,024.81	5,948.44
Profit for the Year (E) = (C-D)		11,407.29	18,280.69
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Remeasurement Gain / (Loss) on Defined Benefit Plans		(41.59)	(57.87)
Income Tax effect on above	32	14.53	20.22
Total Other Comprehensive Income / (Loss) for the Year, Net of Tax (F)		(27.06)	(37.65)
Total Comprehensive Income for the Year (G) = (E+F)		11,380.23	18,243.04
Earnings per Equity Share (face value of Rs 10 each) (in Rs.)			
Basic	31	27.69	25.09
Diluted		19.65	20.37
Summary of Significant Accounting Policies	2		

The accompanying Notes are an integral part of these Financial Statements

AS PER OUR REPORT OF EVEN DATE

FOR S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E / E300003

per SUKRUT MEHTA PARTNER M. NO.: 101974 SANJAY JAIN CHIEF FINANCIAL OFFICER

K.D. MEHTA COMPANY SECRETARY FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF MEGHMANI FINECHEM LIMITED (CIN U24100GJ2007PLC051717)

MAULIK PATEL
CHAIRMAN & MANAGING DIRECTOR
(DIN NO 02006947)

KAUSHAL SOPARKAR MANAGING DIRECTOR (DIN No. 01998162)

PLACE: AHMEDABAD DATE: 8<sup>th</sup> JUNE, 2020

PLACE: AHMEDABAD DATE: 8<sup>th</sup> JUNE, 2020





### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

(Rs. in Lakhs)

PARTICULARS	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
A. Cash Flow from Operating Activities		
Profit Before Taxation	14,432.10	24,229.13
Adjustment to reconcile Profit Before Tax to net Cash Flow :		
Depreciation and Amortisation Expenses	4,430.20	5,409.88
Dividend Income	-	(3.47)
Interest Income	(12.29)	(139.94)
Interest and Finance Charges	815.37	2,173.47
Mark to Market Loss/(Gain) on Derivative (Net)	(623.51)	781.31
Unrealised Foreign Exchange Loss/( Gain) on borrowings, Net	917.55	(504.41)
Unrealised Foreign Exchange Loss on Payable	126.77	-
Loss/(Profit) on Sale of Property, Plant & Equipment	4.51	(0.16)
Profit on Sale of Mutual Fund	(38.99)	(585.83)
Sundry Balance Written back	(38.29)	(149.36)
Operating Profit before Working Capital changes	20,013.41	31,210.62
Adjustment for:		
(Increase) in Inventories	(738.75)	(1,105.36)
(Increase)/Decrease in Trade Receivables	116.35	(50.03)
(Increase) in Other Non Current Financial Assets	(40.57)	(10.47)
(Increase)/Decrease in Other Non Current Assets	(0.01)	-
(Increase)/Decrease in Other Current Financial Assets	(87.04)	98.21
(Increase)/Decrease in Other Current Assets	17.24	(338.94)
(Increase)/Decrease in Short Term Loans and Advances	18.13	(14.02)
Increase in Trade Payables	900.41	404.08
Increase in Long Term Provision	2.14	27.59
Increase/(Decrease) in Other Current Financial Liabilities	(1,019.49)	1,964.55
Increase/(Decrease) in Other Current Liabilities	114.03	(171.34)
Increase in Short Term Provisions	3.53	1.06
Working Capital Changes	(714.03)	805.33
Cash Generated from Operation	19,299.38	32,015.95
Direct Taxes Paid (Net of Refund)	(2,834.49)	(5,881.09)
Net Cash Generated from Operating Activities	16,464.89	26,134.86
B. Cash Flow from Investment Activities		
Purchase of Property, Plant & Equipment	(36,925.96)	(30,263.96)
Proceed from Sale of Property, Plant & Equipment	2.65	2.50
Fixed Deposits Made	-	(83,976.30)
Fixed Deposits Redeemed	160.27	84,400.00
Interest Received	401.91	376.65
Investment in Mutual Fund	(4,600.00)	(26,003.08)
Proceeds from Sale of Mutual Funds	4,638.99	33,730.72
Dividend Received	-	3.47
Net Cash (Used in) Investing Activities	(36,322.14)	(21,730.00)



### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

(Rs. in Lakhs)

PARTICULARS	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
C. Cash Flow from Financing Activities		
Interest and Finance Charges Paid	(3,654.87)	(904.99)
Proceeds from Long-Term Borrowing	13,197.00	39,613.00
Repayment of Long-Term Borrowing	(2,200.00)	(4,578.03)
Proceed from/(Repayment of) Short-Term Borrowing (Net)	1,735.36	(3,098.68)
Payment of Lease Liability	(97.73)	-
Dividend paid on Preference Shares	(1,687.36)	(1,535.56)
Tax on Dividend paid on Preference Shares	(346.84)	(315.64)
Proceeds from issue of Share Capital	-	1,500.00
Redemption of Preference Shares	-	(22,170.89)
Net Cash generated from Financing Activities	6,945.56	8,509.21
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(12,911.69)	12,914.07
Cash and Cash Equivalent at the beginning of the Year	12,921.38	7.31
Cash and Cash Equivalent at the end of the Year	9.69	12,921.38
Cash and Cash Equivalent comprises as under		
Cash on Hand	1.49	0.92
Balance with Schedule Banks in Current Accounts	8.20	920.46
Deposits with Schedule Banks	-	12,000.00
Cash & Cash Equivalent at the end of the Year (Refer Note 9)	9.69	12,921.38

### Notes to the Cash Flow Statement for the year ended on March 31, 2020

1) The Cash Flow Statement has been prepared as per Indirect Method in accordance with the Indian Accounting Standard - 7 on "Statement of Cash Flow" issued by the Institute of Chartered Accountants of India.

### 2) Changes in liabilities arising from Financing Activities

(Rs. in Lakhs)

Particulars	April 1, 2019	Cash flows	Other	March 31, 2020
Current Borrowings (Note 18)	236.62	1,735.36	-	1,971.99
Non-Current Lease Liabilities (Note 38)	-	(97.73)	537.17	375.55
Non- Current Borrowings (Note 15)	36,534.05	10,997.00	(5,702.52)	41,828.53
Accrued Interest (Note 20)	346.53	(346.53)	406.00	405.50
Total Liabilities from Financing Activities	37,117.20	12,288.10	(4,759.35)	44,645.45





### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

(Rs. in Lakhs)

Particulars	April 1, 2018	Cash flows	Other	March 31, 2019
Current Borrowings (Note 18)	3,335.31	(3,098.68)	-	236.62
Non- Current Borrowings (Note 15)	90.00	35,034.97	1,409.08	36,534.05
Accrued Interest (Note 20)	0.69	(0.69)	346.53	346.53
Total Liabilities from Financing Activities	3,426.00	31,935.59	1,755.61	37,117.20

The Other column includes the effects of reclassification of Non Current portion of Borrowings including Lease Laibilities to Current due to passage of time and effect of unrealised foreign currency amount on External Commercail Borrowings. The accompanying Notes are an integral part of these Financial Statements.

### AS PER OUR REPORT OF EVEN DATE

FOR S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E / E300003

per SUKRUT MEHTA PARTNER M. NO.: 101974 SANJAY JAIN CHIEF FINANCIAL OFFICER

K.D. MEHTA COMPANY SECRETARY FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF MEGHMANI FINECHEM LIMITED (CIN U24100GJ2007PLC051717)

MAULIK PATEL
CHAIRMAN & MANAGING DIRECTOR
(DIN NO 02006947)

KAUSHAL SOPARKAR MANAGING DIRECTOR (DIN No. 01998162)

PLACE : AHMEDABAD
DATE : 8th JUNE, 2020

PLACE : AHMEDABAD
DATE : 8th JUNE, 2020





# STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31st MARCH 2020

(Rs. in Lakhs)

Particulars	(Refer I	(Refer Note 13)
	No. of Shares	Amount
Equity Share of Rs.10 each Issued, Subscribed and fully Paid up		
Balance as at 1st April 2018	7,07,59,999	7,076.00
Issue of Equity Share Capital	50,00,000	500.00
Shares cancelled pursuant to Scheme of Amalgamation (Refer Note 41)	(3,45,66,885)	(3,456.69)
Balance as at 31st March 2019	4,11,93,114	4,119.31
Shares issues/cancelled during ther year	•	1
Balance as at 31st March 2020	4,11,93,114	4,119.31

(Rs. in Lakhs)

(b) Instrument Entirely Equity in Nature		
Particulars	(Refer Note 13)	e 13)
	No. of Shares	Amount
8% Optionally Convertible Redeemable Preference Share of Rs.10/- Issued , Subscribed and Fully Paid up		
Balance as at 1st April 2018	•	•
Shares issued pursuant to Scheme of Amalgamation (Refer Note 41)	21,09,19,871	21,091.99
Balance as at 31st March 2019	21,09,19,871	21,091.99
Shares issues/ cancelled during ther year	1	1
Balance as at 31st March 2020	21,09,19,871 21,091.99	21,091.99





## STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31st MARCH 2020

(Rs. in Lakhs)

(C) Other Equity					
		Reserves & S	Reserves & Surplus (Refer Note 14)	Note 14)	
Particulars	Non Cash	Securities	Captial	Retained	<b>Total Other</b>
	Capital Contribution	Premium	Reserve	Earnings	Equity
	from Holding Company				
Balance as 1st April 2018	59.72	14,142.00	•	30,455.10	44,656.82
Profit for the Year	1	1	1	18,280.69	18,280.69
Other Comprehensive Income for the Year (net of Taxes)	ı	1	1	(37.65)	(37.65)
Total Comprehensive Income for the Year	•	•	-	18,243.04	18,243.04
Premium received on issue of Equity Share Capital	ı	1,000.00	1	1	1,000.00
Premium utilised pursuant to Scheme of Amalgamation	ı	(15,142.00)	1	1	(15,142.00)
(Refer Note 41)					
Capital Reserve generated pursuant to Scheme of	ı	'	(24,694.08)	1	(24,694.08)
Amalgamation (Refer Note 41)					
Non Cash Capital contribution from Holding Company	2.03	1	1	1	2.03
during the Year					
Balance as 31st March 2019	61.75	00.00	(24,694.08)	48,698.14	24,065.81
Profit for the Year	1	1	1	11,407.29	11,407.29
Other Comprehensive Income for the Year (net of Taxes)	•	1	1	(27.06)	(27.06)
Total Comprehensive Income for the Year	-	•	-	11,380.23	11,380.24
Dividend Paid During the Year	-	ı	-	(1,687.36)	(1,687.36)
Dividend Distribution Tax (DDT)	ı	1	1	(346.84)	(346.84)
Balance as at 31st March 2020	61.75	•	(24,694.08)	58,044.17	33,411.85
O.:					

Summary of Significant Accounting Policies

The accompanying Notes are an integral part of these Financial Statements

AS PER OUR REPORT OF EVEN DATE

FOR S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E / E300003

per SUKRUT MEHTA PARTNER M. NO.: 101974

SANJAY JAIN CHIEF FINANCIAL OFFICER K D. MFHTA

K.D. MEHTA COMPANY SECRETARY

MAULIK PATEL CHAIRMAN & MANAGING DIRECTOR (DIN NO 02006947)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF MEGHMANI FINECHEM LIMITED (CIN U24100GJ2007PLC051717)

(DIN NO 02006947)
KAUSHAL SOPARKAR
MANAGING DIRECTOR
(DIN No. 01998162)

PLACE: AHMEDABAD DATE: 08th JUNE, 2020

> PLACE: AHMEDABAD DATE: 08" JUNE, 2020





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### 1 Corporate Information

Meghmani Finechem Limited (the Company) is a Public Company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. The registered office at Plot No.CH1, CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130 Gujarat, India. The Company is engaged in manufacturing and selling of Chlor Alkali & its derivatives.

The Financial Statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 8<sup>th</sup> June 2020.

### 2 Significant Accounting Policies

### 2.1 Basis for Preparation of Accounts

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

The Financial Statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Derivative financial instruments

In addition, the Financial Statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated.

### 2.2 Significant Accounting Estimates, Assumptions and Judgements

The preparation of the Company's Financial Statements requires management to make 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.

### **Estimates and Assumptions**

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

### **Taxes**

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income..

### **Defined Benefit Plans (Gratuity Benefits)**

Aliability in respect of defined benefit plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer Note 33 for details of the key assumptions used in determining the accounting for these plans.





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### Useful economic lives of Property, Plant and Equipment

Property, Plant and Equipment as disclosed in Note 3 are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

### Intangible Assets

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable. The costs which can be capitalised are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer Note 2.3 (f) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in note 3.

### 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, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset'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 group of assets. Where the carrying amount of an asset 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 a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

### 2.3 Summary of Significant Accounting Policies

### a. Current Vs. Non-Current classification:

The Company presents assets and liabilities in the Statement of Assets and Liabilities based on Current / Non-Current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- · Held primarily for the purpose of trading
- 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





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

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

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

### b. Revenue Recognition

Revenue from contracts with Customers is recognised when control of the goods are transferred to the Customer at an amount that reflects the consideration to which the Company expects to be entitled inexchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the Customer.

### 1) Sale of Goods

Revenue from Sale of Goods is recognised at the point in time when control of the goods is transferred to the Customer, generally on dispatch/ delivery of the Goods or terms as agreed with the Customer. The normal credit term is 30 to 90 days from the date of dispatch. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of Goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the Customer (if any).

### i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the Customer. The variable consideration is estimated at the time of completion of performance obligation and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of Goods provide Customers with cash discount in accordance with the Company policy. The cash discount component gives rise to variable consideration.

**Volume Rebates:** The Company provides retrospective volume rebates to certain Customers once the quantity of product purchases during the period exceeds a threshold specified in the contract.

### ii) Contract Assets

A contract asset is the right to consideration in exchange for Goods transferred to the Customer. If the Company performs its obligation by transferring Goods to a Customer before the Customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### iii) Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in (Financial Instruments – initial recognition and subsequent measurement.)





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

### (iv) Contract Liabilities

A contract liability is the obligation to transfer Goods or Services to a Customer for which the Company has received consideration (or an amount of consideration is due) from the Customer. If a Customer pays consideration before the Company transfers Goods to the Customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### 2) Interest Income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit or Loss.

### 3) Export Incentives

Export incentives under various schemes notified by Government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in revenue in the Statement of Profit and Loss due to its operating nature.

### 4) Dividend

Dividend income is recognised when the right to receive the same is established, which is generally when shareholders approve the dividend.

### 5) Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is virtually certain of their ultimate collection

### c. Foreign Currencies

The Company's Financial Statements are presented in INR, which is also the Company's functional currency.

### **Transactions and Balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses anaverage rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.

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





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### d. Fair Value Measurement

The Company measures certain financial instruments at fair value at each Balance Sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. 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 participants that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as under, 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.

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the board of directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Refer Note 40

- Disclosures for valuation methods, significant estimates and assumptions.
- Quantitative disclosures of fair value measurement hierarchy.
- Investment in Equity Shares.
- Financial instruments (including those carried at amortised cost).

### e. Property, Plant and Equipment

Property, plant and equipment (PPE) and Capital Work in Progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of Plant and Equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Capital Work-in-Progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Items of stores and spares that meet the definition of Property, Plant and Equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery pertaining to power generating units and Chloromethane plant capitalized on July 4, 2019. The estimated useful life of these assets are based on independent technical evaluation, The useful life of which has been estimated as 20 years for Plant and Machinery of Power Generating Unit and 12 years for Plant and Machinery of Chloromethane Plant (on single shift basis) which is different from that prescribed in Schedule II of the Act. Depreciation is not provided on Freehold Land. Leasehold Land is amortized over the lease period on Straight line basis. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. 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.

Asset	Estimated Useful life
Leasehold Land	99 Years
Building	30 Years
Plant & Machinery	12-15 Years
Power Generating Units	20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Computers	3 Years
Other Equipments	5 Years





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### f. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost include acquisition and other incidental cost related to acquiring the intangible asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from de-recognition 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.

### Intangible Assets

Assets	Amortization Method	Amortization Period
Usage Rights	On Straight-line basis	5 years
Right to Use	On Straight-line basis	6 years

### g. 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, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When 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 a 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

### h. Financial Instrument

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



### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### (A) Financial Asset

### **Initial Recognition and Measurement**

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### **Debt Instruments at Amortised Cost**

A debt instrument is measured at its amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

### Debt instrument at Fair Value Through Other Comprehensive Income (FVTOCI)

Adebt instrument is classified at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the Equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at Fair Value Through Profit & Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### **Equity Investments**

All Equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTOCI. For all other Equity instruments, the Company may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an Equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED $31^{\rm st}$ MARCH 2020

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### **De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements) The Company follow simplified approach for recognition of impairment loss allowance on:

### **Trade Receivables**

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an Entity is required to consider:

All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Entity is required to use the remaining contractual term of the financial instrument.





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### (B) Financial Liabilities

### **Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Loans and Borrowings, Payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of Loans and Borrowings and Payables, net of directly attributable transaction costs.

The Company's financial liabilities include Trade and Other Payables, Loans and Borrowings.

### Subsequent measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below:

### Financial liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

### Loan and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### **Trade and Other Payables**

These amounts represent liability for good and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and Other Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **Derivatives and Hedging Activities**

The Company uses derivative financial instruments, such as forward currency contracts and currency swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### **De-recognition**

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

### **Off-setting Financial Instrument**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

### i Inventories

Stores and Spares, Packing Materials and Raw Materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-Finished Products, Finished Products and By-Products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded Goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### j Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an Entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### k. Retirement and Other Employee Benefits

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Company has a Defined Benefit Gratuity Plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an insurance Company in the form of a qualifying insurance policy.





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

Re-measurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

### I. Accounting For Taxes On Income

### Tax Expense Comprises of Current Income Tax and Deferred Tax

### **Current Income Taxes**

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current Income Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred Taxes**

Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred Tax Liabilities are recognised for all taxable temporary differences, except:

In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred Tax Assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred Tax Assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the Deferred Tax Asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.



### Report 2019-20

### MEGHMANI FINECHEM LIMITED

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED $31^{\rm st}$ MARCH 2020

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Deferred Tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable Entity and the same taxable Authority.

### Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred Tax Assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period.

### m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a Finance Cost.

### n. Contingent Liabilities

Provisions are not recognised for future operating losses.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a Contingent Liability but discloses its existence in the Financial Statements.

A Contingent Assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, Contingent Assets are disclosed in the Financial Statements.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.





### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### o. Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

### Where the Company is the Lessee

The Company recognises a Right-Of-Use Asset and a Lease Liability at the lease commencement date. The Right-Of-Use Asset is initially measured at cost, which comprises the initial amount of the Lease Liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The Right-Of-Use Assets and Lease Liabilities include these options when it is reasonably certain that the option will be exercised.

The Right-Of-Use Asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-Of-Use Asset or the end of the lease term. In addition, the Right-Of-Use Asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the Lease Liability.

The Lease Liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Lease Liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the Right-Of-Use Asset or is recorded in profit or loss if the carrying amount of the Right-Of-Use Asset has been reduced to zero.

Lease payments have been classified as financing activities in Statement of Cash Flow.

The Company has elected not to recognise Right-Of-use Assets and Lease Liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss over the lease term. The related cash flows are classified as operating activities.

### Lease under Ind AS 17:

Finance Leases, which effectively transfer to the Company substantially all the risks and rewards incidental to the ownership of lease item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the leased term and disclosed as leased assets.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term since the payment to the lessor are structured in a manner that the increase is not expected to be in line with expected general inflation.



### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### p. Earning Per Share

### **Basic Earnings Per Share**

Basic Earnings Per Share are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period.

### **Diluted Earnings Per Share**

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

### q. Cash And Cash Equivalents

Cash and Cash Equivalent in the Financial Statements comprise Cash at Banks and on Hand and Short-Term Deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents consist of Cash and Short-Term Deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management...

### r. Segment Reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

### **Segment Policies:**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

### s. Business Combination

Amalgamation is accounted for under the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition, are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standards.

Excess of fair value of purchase consideration over the acquisition date fair value of identifiable assets acquired, liabilities assumed and own equity cancelled is recognised as debit balance of capital reserve as per the Scheme of Amalgamation approved by National Company Law Tribunal ('NCLT').

### t. Dividend to Equity and Preference Shareholders of the Company

The Company recognises a liability for dividends to Equity Holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company. As per the Corporate laws in India, a dividend is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in Equity.

The Company recognises a liability for dividends to Optionally Convertible Preference Holders of the Company when the dividend is authorised by the Board of Directors. Dividend to Optionally Convertible Preference Shareholders is recognised directly in Equity (along with dividend tax there on).





## Property, Plant and Equipment, Capital Work in Progress and Other Intangible Assets as at 31st March 2020 NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

(Rs. in Lakhs) March 31, 2019 11.88 136.65 9.59 10,669.35 188.49 29,471.65 1,136.93 8,282.00 9,036.76 Net Block 23,140.23 1,123.86 122.56 21.66 418.32 March 31, 9,750.16 176.07 55.44 43,598.99 9,209.01 2020 13.07 2,314.28 20.28 55.73 24,709.95 82.29 19,133.81 105.34 22.17 3,045.27 March 31 2020 application of (52.28)(52.28)Ind-AS-116 Adjustment on Intial Depreciation / Amortisation Deduction / Adjustment ï 3.55 3.55 462.09 3,127.50 5.74 22.46 6.82 82.29 For the 13.07 23.25 686.98 Year 4,347.91 14.54 52.28 82.09 36.82 15.35 1,852.19 2,358.29 16,006.31 20,417.87 April 1, 2019 75.72 178.29 43.83 1,136.93 12,064.44 42,274.04 281.41 68,308.94 12,254.28 500.61 March 31, 2020 application of 1,136.93 (52.28)(1,189.21)Adjustment Ind-AS-116 on Intial **Gross Block** Deduction Adjustment 10.71 10.71 15.53 18.89 1,930.25 15,598.38 10.83 49.30 859.23 500.61 18,482.41 Addition April 1, 2019 1,189.21 10,134.19 26,675.66 270.58 26.42 173.47 49,889.52 11,395.05 24.94 3.3 INTANGIBLE ASSET 3.1 TANGIBLE ASSET Furnitures & Fixtures Plant & Machineries Plant & Equipments Lease Hold Land Right to Use Asset Office Equipment -easehold Land Description Captive Power Right to Use Computers FOTAL (A) Building /ehicles

### Notes:

TOTAL (A+B)

TOTAL (B)

During the Current Year exchange gain of Rs. Nil (31 March 2019: exchange gain of Rs. Nil) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of Tangible Asset as at the year end aggregate to Rs. 434.49 Lakhs (31st March 2019: Rs. 277.48 Lakhs), in view of option given in para D13AA of Ind-AS 101 on first time adoption of Ind-AS

29.471.65

418.32 44.017.31

103.52

24.813.47

(52.28)

3.55

4.430.20

20,439,10

68.830.78

52.28)

10.71

18,983.02

49.910.75

500.61

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Jsage Rights

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21.23

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### 2.2 Canital Work In Progress

3.2 Capital Work In Progress	(Rs. in Lakhs)
Particulars	Amount
Cost	
As at 31st March 2019	46,824.83
Addition during the Year	40,678.72
Capitalisation	18,387.87
As at 31st March 2020	69,115.68

For Property Plant & Equipment existing as on 1 April 2015 i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed cost as permitted by Ind AS 101 "First Time Adoption of Indian Accounting Standard". Accordingly, the net WDV as per Indian GAAP as on 1 April 2015 has been considered as Gross block under Ind AS. The accumulated depreciation so netted off as on 1 April 2015.

Capital Work in Progress as at 31st March 2020 comprises expenditure for Hydrogen Peroxide and Caustic Soda (including Captive Power Plants) which are in the course of construction.

The amount of borrowing costs added to cost of Capital Work-in-Progress during the year ended 31 March 2019 was Rs. 2657.81 Lakhs (31st March 2019: Rs. 711.83 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.





## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

3 Property, Plant and Equipment, Capital Work in Progress and Other Intangible Assets as at 31st March 2019

(Rs. in Lakhs)

Description		Gross	Gross Block			Depreciation / Amortisation	Amortisation		Net Block	Slock
	April 1,	Addition	Deduction /	March 31,	April 1,	April 1, For the Year	Deduction /	March 31,	March 31,	March 31,
	2018		Adjustment	2019	2018		Adjustment	2019	2019	2018
3.1 TANGIBLE ASSET										
Leasehold Land	1,189.21	•	1	1,189.21	39.21	13.07	1	52.28	1,136.93	1,150.00
Building	10,126.51	7.68	1	10,134.19	1,378.13	474.06	1	1,852.19	8,282.00	8,748.39
Plant & Machineries	26,672.08	3.58	1	26,675.66	11,728.08	4,278.23	1	16,006.31	10,669.35	14,944.00
Captive Power Plant &	11,321.03	74.02	1	11,395.05	1,769.94	588.35	•	2,358.29	9,036.76	9,551.09
Equipments										
Furnitures & Fixtures	267.66	2.92	1	270.58	54.28	27.81	1	82.09	188.49	213.38
Office Equipment	21.75	5.21	0.54	26.42	11.31	3.56	0.33	14.54	11.88	10.44
Vehicles	118.39	62.38	7.30	173.47	20.96	21.01	5.15	36.82	136.65	97.43
Computers	18.23	6.71	1	24.94	11.56	3.79	1	15.35	9.59	99'9
TOTAL (A)	49,734.86	162.50	7.84	49,889.52	15,013.47	5,409.88	5.48	20,417.87	29,471.65	34,721.39
3.3 INTANGIBLE ASSET										
Usage Rights	21.40	•	0.17	21.23	21.36	1	0.13	21.23	•	0.04
TOTAL (B)	21.40	•	0.17	21.23	21.36	-	0.13	21.23	•	0.04
TOTAL (A+B)	49,756.26	162.50	8.01	49,910.75	15,034.83	5,409.88	5.61	20,439.10	29,471.65	34,721.43

During the Previous Year exchange gain of Rs. Nil (31 March 2018: exchange gain of Rs. 22.21 Lakhs) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of Tangible Asset as at the year end aggregate to Rs. 277.48 Lakhs (31st March 2018: Rs. 576.65 Lakhs), in view of option given in para D13AA of Ind AS 101 on first time adoption of Ind-AS

### 2 Canital Work In Progress

3.2 Capital Work In Progress	(Rs. in Lakhs)
Particulars	Amount
Cost	
As at 31st March 2018	7,880.26
Addition	39,021.70
Capitalisation	77.13
As at 31st March 2019	46,824.83

### Capitalised Borrowing Costs

Capital Work in Progress as at 31st March 2019 comprises expenditure for Hydrogen Peroxide, Chloromethane and Caustic Soda (including Captive Power Plants) which are in the course of construction.

ended 31 March 2019 was Rs. 711.83 Lakhs (31st March 2018; Nii). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above The amount of borrowing costs added to cost of Capital Work-in-Progress during the year mentioned Projects. For Property Plant & Equipment existing as on 1 April 2015 i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed cost as permitted by Ind AS 101 "First Time Adoption of Indian Accounting Standard". Accordingly, the net WDV as per Indian GAAP as on 1 April 2015 has been considered as Gross block under Ind AS. The accumulated depreciation so netted off as on 1 April 2015.





### NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

### 4. Other Financial Assets (Non-Current)

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Security Deposits	200.11	159.53
Bank Deposits with original maturity of more than 12 months	164.00	325.94
(including interest accrued) (refer note below)		
Total	364.11	485.47

Margin money deposits amounting Rs. 164.00 Lakhs (31 March 2019: Rs. 325.94 Lakhs) are given as Security Deposit against Bank Guarantee with bank. These deposits are made for varying periods of between 1 year to 10 years and earn interest ranging between 6.50% to 7.25%.

### 5. Income Tax Assets (Net)

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Advance payment of Income Tax (Net of Provision)	199.86	348.40
Total	199.86	348.40

### 6 Other Non-Current Assets

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good Capital Advances	284.63	1,769.87
Balance with Government Authorities (Amount paid under	61.20	61.20
Protest)		
Total	345.83	1,831.07

### 7 Inventories (valued at lower of cost or net realisable value)

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Raw Materials (In transit of Rs.228.76 Lakhs (31 March 2019: Rs. Nil)	1,775.22	2,185.48
Finished Goods	752.07	307.24
Finished Goods in Transit	14.46	56.76
Consumable Stores and Spares	2,232.33	1,478.14
Others (Packing Materials)	30.08	37.79
Total	4,804.16	4,065.41



### NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

### 8 Trade Receivables (Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Trade Receivables		
Secured, Considered Good	286.67	194.02
Unsecured, Considered Good	7,333.29	7,542.28
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
Total	7,619.96	7,736.30
Impairment allowance (allowance for Bad and Doubtful debts)		
Unsecured, Considered Good	-	-
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
Total	7,619.96	7,736.30

Trade Receivable are secured to the extent of deposit received from the Customers.

Trade Receivables are non interest bearing and generally have credit period of 30-90 days.

For amount due and terms and conditions relating to Related Party, please Refer Note No 34

For information about Credit Risk and Market Risk related to Trade Receivables, please Refer Note No 40.

### 9 Cash and Cash Equivalents

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Balance with Banks		
- On Current Accounts	8.20	920.46
- Deposits with original maturity of less than three months	-	12,000.00
(Refer Note Below)		
- Cash on Hand	1.49	0.92
Total	9.69	12,921.38

Deposits are made for varying periods of between 60 days to 90 days and earn interest ranging between 5.90% to 7.75%.

### 10 Loans (Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good		
Loans to Employees (Refer Note Below)	17.51	35.64
Total	17.51	35.64

Loans to Employees are interest free and generally given for tenure of 6 to 12 months

Since all the above loans given by the Company are unsecured and considered good, the bifurcation of loan in other categories as required by Schedule III of Companies Act 2013 viz: a) Secured, b) Loans which have significant increase in credit risk and c) Credit Impaired is not applicable.





### NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

### 11 Other Financial Assets (Current)

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good		
Export Benefits Receivables	0.14	0.41
Balances with Government Authorities (Refer Note Below)	87.30	-
Security Deposits	26.32	26.32
Interest Accrued on Deposits with original maturity of less than three	0.93	80.64
months		
Total	114.69	107.37

Balance with Government Authorities pertains to Refund Receivable from Goods and Service Tax Authorities

### 12 Other Current Assets

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good		
Prepaid Expenses	54.24	50.05
Export Benefits Receivables	45.13	63.96
Balances with Government Authorities (Refer Note Below)	9.96	398.32
Advance to Employees	2.18	6.06
Advances to Suppliers	437.06	47.41
Total	548.57	565.80

Balance with Government Authorities include VAT / Cenvat / Goods and Service Tax credit Receivable.





### NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

13 Share Capital (Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
Equity Shares of Rs.10/- each		
95,000,000 Equity Shares (31st March 2019: 75,000,000) each of Rs. 10/-	9,500.00	7,500.00
Increase in Authorised Share Capital * [Nil Equity Shares		
(31 March 2019: 50,00,000) each of Rs. 10/-]	-	500.00
Increase in Authorised Share Capital Pursuant to Scheme of		
Amalgamation (Refer Note 41) [Nil Equity Share		
(31st March 2019:15,000,000) each of Rs. 10/-]	-	1,500.00
95,000,000 Equity Shares (31st March 2019: 95,000,000) each of Rs. 10/-	9,500.00	9,500.00
Preference Shares of Rs. 100 each		
2,000,000 Preference Shares (31st March 2019: 2,500,000) each of Rs. 100/-	2,000.00	2,500.00
Decrease in Authorized Share Capital* [Nil Preference Share		
(31st March 2019: 500,000) each of Rs. 100/-]	-	(500.00)
2,000,000 Preference Shares (31st March 2019: 2,000,000) each of Rs.100/-	2,000.00	2,000.00
Preference Shares of ₹ 10 each		
432,628,796 Preference Shares (31st March 2019: Nil) each of Rs. 10/-	43,262.88	-
Increase in Authorised Share Capital Pursuant to Scheme of		
Amalgamation (Refer Note 41) [Nil Preference Share		
(31st March 2019: 30,000,000) each of Rs. 10/-]	-	3,000.00
Increase in Authorised Share Capital* [Nil Preference Share		
(31st March 2019:402,628,796) each of Rs. 10/-]	-	40,262.88
432,628,796 Preference Shares		
(31st March 2019: 432,628,796) each of Rs. 10/-]	43,262.88	43,262.88
Total Authorised Capital	54,762.88	54,762.88

<sup>\*</sup>In previous year, Authorised Share Capital had been transferred from Preference Shares of Rs. 100 each to Equity Share of Rs. 10 each as approved by the shareholders in Extraordinary General Meeting (EGM) dated 9th April 2018. The Company had filed Form MGT-14 for change in Authorised Share Capital with Ministry of Corporate Affairs dated 21st April 2018.

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
ISSUED, SUBSCRIBED & PAID UP		
Equity Share Capital		
41,193,114 Equity Shares (31st March 2019: 41,193,114 each) of Rs. 10/-		
Fully Paid Up	4,119.31	4,119.31
Total	4,119.31	4,119.31
Instrument entirely Equity in Nature (Preference Share Capital)		
210,919,871 8% Optionally Convertible Redeemable Preference Share		
(OCRPS) (31st March 2019: 210,919,871 each) of Rs. 10/- Fully Paid Up	21,091.99	21,091.99
Total	21,091.99	21,091.99





### NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

Reconciliation of No. of Shares outstanding at the beginning and at the end of the reporting period

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Equity Share Capital		
At the beginning of the Year	4,11,93,114	7,07,59,999
Issue of Equity Share Capital during the year	-	50,00,000
Shares cancelled pursuant to Scheme of Amalgamation. (Refer Note 41)	-	(3,45,66,885)
Closing at the end of the Year	4,11,93,114	4,11,93,114
Instrument Entirely Equity in Nature (Preference Share Capital)		
At the beginning of the Year	21,09,19,871	-
Shares issued pursuant to Scheme of Amalgamation (Refer Note 41)	-	21,09,19,871
Closing at the end of the Year	21,09,19,871	21,09,19,871

**Equity Share :** The Company has one class of Equity Shares par value of Rs 10 per share. Each Equity Shareholder is entitled to one vote per share. All Equity Shareholders have equal dividend rights. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Optionally Convertible Redeemable Preference Share ('OCRPS') Each Optionally Convertible Redeemable Preference Share has par value of Rs 10 per share and is convertible at the option of the Company. In case, redemption does not happen within 20 years, it will be compulsorily converted into 10 Equity Shares for every 125 OCRPS. The Preference Shares carry a dividend of 8% per annum, payable subject to approval of Board of Directors of the Company. The dividend rights are non-cumulative.

Considering all the rights of conversion / redemption and dividend declaration are in the hands of Company, same is classified as Equity in nature and disclosed as 'Instrument Entirely Equity in Nature'. The Preference Shares rank ahead of the Equity Shares in the event of a liquidation.

### Shares held by the Holding Company

(Rs. in Lakhs)

Name of the shareholder	As at March 31, 2020	As at March 31, 2019
Meghmani Organics Limited (MOL)		
23,545,985 (31st March 2019: 23,545,985) Equity Shares	2,354.60	2,354.60
210,919,871 (31st March 2019: 210,919,871) Optionally Convertible Redeemable Preference Share (OCRPS)	21,091.99	21,091.99

### Details of Shareholding (more than 5% Equity Shares)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Number of Shares held by		
(a) Meghmani Organics Limited (Holding Company)	2,35,45,985	2,35,45,985
% of Share held	57.16%	57.16%
(b) Natwarlal Patel	22,27,305	22,27,305
% of Share held	5.41%	5.41%
(c) Ashish Soparkar	21,98,563	21,98,563
% of Share held	5.34%	5.34%
Optionally Convertible Redeemable Preference Share (OCRPS)		
(a) Meghmani Organics Limited (Holding Company)	21,09,19,871	21,09,19,871
% of Share held	100.00%	100.00%





### NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

As per records of the Company, including its register of shareholder / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of

During the year dividend at the rate of 8% on OCRPS has been declared and paid.

### Other Equity

Other Equity		(Rs. in Lakhs)
PARTICULAR	As at March 31, 2020	As at March 31, 2019
Security Premium		
Balance as at the beginning of the Year	-	14,142.00
Premium received on issue of Equity Share Capital.	-	1,000.00
Premium utilised pursuant to Scheme of Amalgamation. (Refer Note 41)	-	(15,142.00)
Balance as at the end of the Year	-	-
Reserves on Account of Non Cash Contribution From Shareholder		
Balance as at the beginning of the Year	61.75	59.72
Addition for the Year		2.03
Balance as at the end of the Year	61.75	61.75
Capital Reserve		
Balance as at the beginning of the Year	(24,694.08)	-
Capital Reserve generated pursuant to Scheme of Amalgamation.	-	(24,694.08)
Balance as at the end of the Year	(24,694.08)	(24,694.08)
Retained Earnings		
Balance as at the beginning of the Year	48,698.14	30,455.10
Profit for the Year	11,407.29	18,280.69
Other Comprehensive Income for the Year	(27.06)	(37.65)
Less: Dividend Paid	(1,687.36)	-
Less: Tax on Dividend Paid	(346.84)	-
Balance as at the end of the Year	58,044.17	48,698.14
Total	33,411.85	24,065.81

### Nature and purpose of Reserves:

### **Securities Premium**

Securities Premium is used to record the premium on issue of shares. The Reserve can be utilised only for limited purposes such as issuance of Bonus Shares, Buy back of Shares in accordance with the provisions of the Companies Act, 2013.

### Reserves On Account Of Non Cash Contribution From Shareholder

Adjustment on account of Non Cash Capital Contribution from the Holding Company is on account of the notional charges for Corporate Guarantee provided by the Holding Company.

### **Capital Reserve**

The balance in Capital Reserve represents difference between amount of consideration over the value of Net Assets acquired as defined in Clause 13.5 of the Scheme of Amalgamation approved in NCLT. Refer Note 41





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

15 Borrowings (Rs. in Lakhs)

(. to:		(* *** *** = **************************
PARTICULAR	As at March 31, 2020	As at March 31, 2019
Secured:		
Term Loan Facilities from Banks (Refer Note Below):		
Indian Rupee Loan (Secured) (Refer Note ii Below)	29,909.65	22,553.00
Foreign Currency Loan (Secured) (Refer Note i Below)	11,918.88	13,981.05
Total Non-Current Borrowing	41,828.53	36,534.05
[Refer Note 20 for Current Maturities of Term Loan from Banks and		
Financial Institutions Rs. 8820.07 Lakhs (Previous Year Rs. 2200.00		
Lakhs)] The above amounts includes:		
Secured Borrowing	41,828.53	36,534.05
Unsecured Borrowing	-	-

Refer Note - 40 For Interest Rate Risk and Liquidity Risk. Details of Security and Repayment Terms :

- (i) The Company has taken External Commercial Borrowing of Euro 180.00 Lakhs equivalent to Rs 14,400.00 Lakhs from Standard Chartered Bank to finance the capital expenditure plans of the Company. Outstanding balance for this borrowing is Euro 180.00 Lakhs equivalent to Rs 14,898.60 Lakhs (31st March 2019: Rs.13,981.05 Lakhs). The borrowing is secured by first pari passu mortgage charge on all immovable properties of the Company, first pari passu hypothecation charge over all the moveable assets of the Company. The borrowing carries interest @ Euribor + 1.6% p.a. payable on quarterly rests. The Company has entered into Interest Rate Swap ('IRS') agreement with the bank for a fixed interest @ 1.85% p.a. and hedging of the foreign exchange rate whereby the Company will pay additional interest @ 4.95% p.a. The effective interest rate after considering basic interest rate and interest for hedging is 6.80%. The borrowing is repayable in 15 quarterly installments of Euro 12.00 Lakhs each, starting from July 3, 2020.
- (ii) The Company has availed following Rupee Term Loan facilities:
  - (1) Term Loan amounting Rs. 11,000.00 Lakhs from HDFC Bank Limited for capital expenditure towards setting up of new Chloromethane plant. Outstanding balance for this facility is Rs. 8,250.00 Lakhs (31st March 2019: Rs. 10,450.00 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The interest rate for the current year remained @ 8.70%. (31st March 2019: 8.40%). The Term Loan is repayable in 20 quarterly installments of Rs 550.00 Lakhs each and repayment started from 9th March 2019.
  - 2) Term Loan amounting Rs.15,000.00 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of new Caustic Soda Lye Plant with new 36 MW Power Plant. Outstanding balance for this facility is Rs. 15,000.00 Lakhs (31st March 2019: Rs. 7,500.00 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The effective interest rate is 8.15%. (31st March 2019: 8.75%) The term loan is repayable in 18 quarterly installments of Rs 833.33 Lakhs each starting from 1st November, 2020.
  - 3) Term loan amounting Rs. 12,500.00 Lakhs from Federal Bank Limited for capital expenditure toward setting up of new Hydrogen Peroxide Plant. Outstanding balance for this facility is Rs. 12,500.00 Lakhs (31st March 2019: Rs. 6,803 Lakhs). The borrowing carries interest @ 12 month T-bill rate (benchmark as published by RBI to be reset every year) plus spread (fixed @ 0.94%) payable on monthly rest. The effective interest rate is 6.64%(31st March 2019: 8.25%). The Term Loan is repayable in 19 quarterly installments of Rs 657.89 Lakhs each starting from 29th September, 2020.
  - 4) The Rupee Term Loan facilities are secured by first pari passu mortgage charge of all immovable properties of the Company, first pari passu hypothecation charge over all the moveable assets of the Company, both present and future



## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

- (iii) The Company has executed an Indenture of Mortgage with Lenders of these term loans (Secured Parties) by creating mortgages on Immovable Properties of the Company by creating a charge by way of registered mortgage. According to the indenture, all the Secured Parties will share pari passu charge with first ranking and priority over the Immovable Properties of the Company, both present and future.
- (iv) Bank loans availed by the Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments.

#### 16 Others Financial Liabilities

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Mark to market Derivative Liabilities valued at Fair Value	157.80	781.31
Through Profit and Loss (on Interest Rate Swap and Cross		
Currency Swap)		
Lease Liabilities (Refer Note No 38)	375.55	-
Total	533.35	781.31

17 Provisions (Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
Gratuity (Refer Note 33)	102.32	67.64
Compensated Absences	52.98	43.93
Total	155.30	111.57

18 Borrowings (Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Secured Loans		
Rupee Loans repayable on Demand		
Cash Credit / Overdraft Facility from Banks (Refer Note Below)	1,971.99	236.62
Total	1,971.99	236.62

#### Note:

The Company has availed Working Capital Facility of Rs. 13,350 Lakhs (31st March 2019: Rs.13,350 Lakhs) as sanctioned limit from consortium comprising of ICICI Bank Limited Rs. 7,100 Lakhs, Standard Chartered Bank Rs. 3,000 Lakhs and HDFC Bank Ltd. Rs.. 3,250 Lakhs.

Rate of interest stipulated by ICICI Bank Limited is sum of I-base and "Spread" per annum, subject to minimum rate of 6 Month MCLR +0.6% p.a. plus applicable interest taxes or other statutory levy, if any, on the principal amount remains outstanding each day. Interest rate for the year ranges between 8.70% to 9.10% (31st March 2019: 9.65%).

Rate of interest stipulated by Standard Chartered Bank is monthly MCLR. Interest rate for the year ranges between 8.85% to 9.45% (31st March 2019: 9.50% to 9.65%).

Rate of interest stipulated by HDFC Bank Limited is as per prevailing 1 year MCLR.

Interest rate for this ranges between @ 8.35% to 9.05% (31st March 2019: 9.30% to 9.45%).

Bank loans availed by the Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

## 19 Trade Payables

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Outstanding dues of Micro and Small Enterprise (Refer Note 37)	724.88	85.86
Outstanding dues of Creditors other than Micro and Small Enterprise	3,910.97	3,561.09
Total	4,635.85	3,646.95

### Terms and conditions of the above outstanding dues:

 $Trade\ Payables\ are\ non-interest\ bearing\ and\ are\ normally\ settled\ on\ 90-360\ days\ terms.$ 

For amounts due to Related Parties and terms and conditions with Related Parties, Refer Note 34.

For Company's Credit Risk management processes, Refer Note 40.

#### 20 Other Financial Liabilities

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Financial Liabilities carried at Amortised Cost		
Current Maturities of Long-Term Debt (Refer Note 15)	8,820.07	2,200.00
Interest Accrued but not due on Borrowing	405.50	346.53
Capital Creditors	5,330.34	5,626.09
Lease Liability (Refer Note 38)	63.90	-
Security Deposits Payable	555.00	375.00
Employee Benefits Payable	1,150.94	2,562.79
Expenses Payable	2,692.28	2,479.93
Total	19,018.03	13,590.34

## 21 Other Current Liabilities

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Advances from Customers	28.74	124.32
Statutory Dues Payables	314.11	104.48
Total	342.85	228.80

### 22 Provisions

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
Compensated Absences	8.53	5.01
Total	8.53	5.01





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

### 23 Current Tax Liabilities (Net)

(Rs. in Lakhs)

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Current Tax Payable (Net)	9.62	9.62
Total	9.62	9.62

## 24 Revenue from Operations

(Rs. in Lakhs)

Nevertue from Operations		(113. III EURII3)
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operation	60,950.76	71,006.80
Other Operating Revenue		
Export Benefits and Other Incentives	23.29	31.40
Scrap Sales	3.98	1.10
Total Other Operating Revenue	27.27	32.50
Total	60,978.03	71,039.30

### 24.1 Disaggregated Revenue Information

Set out below is the disaggregation of the Company's Revenue from Contracts with Customers: (Rs. in Lakhs)

At our bolow to the disaggregation of the company of tovolide from contracte with castomere. (10.111 Zaki)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Type of Goods or Service		
Chloro Alkali & its Derivatives	60,978.03	71,039.30
Total Revenue from Contracts with Customers	60,978.03	71,039.30
Geographical location of Customer		
India	60,338.63	69,989.36
Outside India	639.40	1,049.94
Total Revenue from Contracts with Customers	60,978.03	71,039.30
Timing of Revenue Recognition		
Goods transferred at a point in time	60,978.03	71,039.30
Total Revenue from Contracts with Customers	60,978.03	71,039.30

#### 24.2 Contract balances

The Company has recognised the following Revenue-related Contract Asset and Liabilities

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Trade Receivables	7,619.96	7,736.30
Advance from Customers	28.74	124.34

Trade Receivables are non interest bearing and generally have credit period of 30-90 days.

Trade Receivable are secured to the extend of deposit received from the Customers.

There is no significant movement of during the year.

Contract Liabilities includes Short Term Advance received from Customers towards Sale of Products.

There is no significant movement of during the year.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

# 24.3 Reconciling the amount of Revenue recognised in the Statement of Profit and Loss with the Contracted price

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price	63,946.80	72,834.21
Adjustments		
Sale Returns	(39.62)	(75.92)
Trade Discount & Quantity Rebate	(2,348.80)	(1,105.90)
Cash Discount	(93.90)	(237.62)
Sales Commission	(486.46)	(375.46)
Revenue from Contract with Customers	60,978.03	71,039.30

### 24.4 Perfomance Obligation

The performance obligation is satisfied upon dispatch of Goods from the Company's premises / delivery of Goods to the Customer in accordance with the terms of contract with Customer and payment is generally due within 30 to 90 days from date of dispatch of Goods.

#### 24.5 Information about Major Customers

No single Customer represents 10% or more of the Company's total Revenue during the year ended 31st March 2020 and 31st March 2019.

## 25 Other Income (Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income on		
- Bank Deposit	11.29	138.08
- Other	1.00	1.87
Dividend Income	-	3.47
Net gain on Sale of Mutual Funds	38.99	585.83
Net gain on Foreign Currency Transactions and Transalation (Net)	1.96	127.81
Profit On Sale of Property, Plant and Equipment	-	0.42
Cess Input Tax Credit Reduction on Fuel Consumption	118.29	-
Income Tax Refund	0.74	-
Insurance Claims Received	5.42	-
Sundry Balance Written back	38.29	149.36
Total	215.98	1,006.84

### 26 Cost of Materials Consumed

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Chlor Alkali & its Derivatives	27,865.54	25,667.26
Total	27,865.54	25,667.26

Note: The above amount comprises of Raw Material Consumption generated from the accounting system and related adjustment there to.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

### 27 Changes in Inventories of Finished Goods

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the Year	364.00	232.18
Total (A)	364.00	232.18
Inventories at the end of the Year	766.53	364.00
Total (B)	766.53	364.00
Changes in Inventories (A-B)	(402.53)	(131.82)

### 28 Employee Benefit Expenses

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and Wages	2,869.28	1,866.97
Director Remuneration	1,130.00	2,580.00
Contribution to Provident and Gratuity Fund (Refer Note 33)	179.86	121.81
Staff Welfare Expenses	222.70	149.03
Total	4,401.84	4,717.81

## 29 Finance Costs

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense on :		
- Term Loan	604.09	81.75
- Cash Credit and Working Capital Demand Loan	31.02	48.26
- Lease Liability	36.56	-
- Others	104.63	121.35
Dividend on Non Convertible Redeemable Preference Shares	-	1,851.20
(including Dividend Distribution Tax)		
Loss/(Gain) on Derivative Instruments	(623.51)	781.31
Exchange Loss/(Gain) on re-instatement of External Commercial	917.55	(418.95)
Borrowing (ECB)		
Other Borrowing Costs (includes Bank Charges, etc.)	39.06	70.92
Total	1,109.40	2,535.84





# NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

30 Other Expenses (Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of Stores and Spares	1,355.68	1,032.78
Consumption of Packing Materials	349.70	327.68
Repairs and Maintenance:		
- Buildings	116.13	73.40
- Plant and Machinery	438.90	431.80
Rent (Refer Note 38)	3.88	88.07
Rates and Taxes	175.12	690.58
Insurance	180.10	164.78
Power and Fuel	1,125.90	367.86
Electricity Duty on Power Generation	1,900.64	1,446.89
Renewal Purchase Obligation	559.08	567.51
Contract Labour Charges	755.45	684.77
Success Fees to Promoters (Refer Note 41)	-	1,500.00
Selling and Promotion Expenses	468.37	679.57
Loss on Sale of Property, Plant and Equipment	4.51	0.26
Water Charges	1,021.52	930.85
Expenditure towards Corporate Social Responsibility (refer Note (i) Below)	103.51	0.17
Payments to the Auditors (Refer Note (ii) Below)	17.89	16.39
Miscellaneous Expenses	781.08	614.68
Total	9,357.46	9,618.04

## (i) Corporate Social Responsibility Expenditure

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Amount required to be spent as per Section 135 of the Act	337.18	239.07
Amount Spend during the year in Cash	-	-
i. Construction / Acquisition of an Assets	-	-
ii. On purpose other than (i) above	103.51	0.17

### (ii) Payment to Auditors (excluding Tax)

Taymont to Addition (excluding tax)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
(a) Statutory Audit Fees	17.35	15.50
(b) Other Services	-	0.50
(c) Reimbursement of Expenses	0.54	0.39
Total	17.89	16.39





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

## 31 DISCLOSURE OF EARNING PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year after adjusting effects of OCRPS which are Dilutive Potential Equity Shares.

The following reflects the Income and Share used in the Basic and Diluted EPS computation:

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019	
Profit attributable to Shareholders (Rs. in Lakhs)	11,407.29	18,280.69	
Total number of Equity Shares at the end of the Year (Nos)	4,11,93,114	4,11,93,114	
Weighted Average number of Equity Shares outstanding (Nos)			
- For basic EPS calculation	4,11,93,114	7,28,60,531	
- For diluted EPS calculation	5,80,66,704	8,97,34,121	
Nominal value per Equity Share (Rs.)	10.00	10.00	
Basic Earnings Per Share (Rs.)	27.69	25.09	
Diluted Earnings Per Share (Rs.)	19.65	20.37	
Weighted average number of Equity Shares			
Weighted average number of Equity Shares for basic EPS	4,11,93,114	7,28,60,531	
Effect of dilution:			
Optionally Convertible Reddemable Preference Shares (OCRPS)	1,68,73,590	1,68,73,590	
Weighted average number of Equity Shares adjusted for the effect of dilution	5,80,66,704	8,97,34,121	

### 32 Tax Expense

### (a) Amounts recognised in Profit and Loss

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Current Income Tax	2,534.16	5,233.10
Adjustment of Tax relating to Earlier Periods	-	12.26
Deferred Income Tax Liability / (Asset), Net	490.65	703.08
Tax Expense for the Year	3,024.81	5,948.44





# NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

## (b) Amounts recognised in Other Comprehensive Income

(Rs. in Lakhs)

PARTICULARS	Year en	ded March	31, 2020	Year ended March 31, 2019		
	Before	Tax (ex-	Net of	Before	Tax (ex-	Net of
	Tax	pense)	Tax	Tax	pense)	Tax
		benefit			/benefit	
Items that will not be reclassified to Profit or Loss						
Remeasurements of the Defined Benefit Plans	(41.59)	14.53	(27.06)	(57.87)	20.22	(37.65)
Total	(41.59)	14.53	(27.06)	(57.87)	20.22	(37.65)

## (c) Reconciliation of Effective Tax Rate

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Profit Before Tax	14,432.10	24,229.13
Tax using the Company's domestic tax rate	5,043.15	8,466.63
(Current Year 34.944% and 31 st March,2019 - 34.944%)		
Non Deductible Tax Expense		
Dividend on Preference Share	-	646.88
Upfront Fees already claimed	-	13.04
Others	11.37	1.62
Others		
Profit deductible u/s 80 IA	(2,094.03)	(2,205.92)
Tax Charged at different tax rate Adjustment for Tax of Prior Periods	(6.81)	(134.08) 12.27
Donation Deductible u/s 80 G	18.09	(0.21)
Others	53.04	(851.79)
Total	3,024.81	5,948.44
Effective Tax Rate	20.96%	24.55%





# NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

### (d) Movement in Deferred Tax balances for the year ended 31st March 2020

(Rs. in Lakhs)

Particulars	Net	Recog-	Recog-	Other*	Ma	arch 31, 2	020
	balance	nised in	nised in		Net	Defer-	Defer-
	1 <sup>st</sup> April,	Profit	OCI			red Tax	red Tax
	2019	or Loss				Asset	Liability
Property, Plant and Equipment	(2,233.61)	(1,795.58)	-	-	(4,029.19)	-	(4,029.19)
Gain on Derivative - Mark to Market	126.62	3.02	-	-	129.64	129.64	-
Employee Benefits	78.83	(36.11)	14.53	-	57.25	57.25	-
Tax Credit (MAT)	1,879.84	1,274.12	-	417.88	3,571.85	3,571.85	-
Others	176.38	56.52	-	-	232.90	232.90	-
Lease liabilities		7.38	-	-	7.38	7.38	-
Tax Assets/ (Liabilities)	28.06	(490.65)	14.53	417.88	(30.17)	3,999.02	(4,029.19)
Set off Tax							3,999.02
Net Tax Assets / Liabilities							(30.17)

<sup>\*</sup> Adjustment of increase in current tax pertaining to earlier years amounting to Rs 417.88 Lakhs leading to corresponding increase in MAT credit entitlement amounting to Rs 417.88 Lakhs. Accordingly, no impact on net amount of adjustment of tax relating to earlier periods for the year ended 31 March 2020.

## Movement in Deferred Tax balances for the year ended 31<sup>st</sup> March 2019

(Rs. in Lakhs)

Particulars	Net	Recog-	Recog-	Other	Ma	arch 31, 20	19
	balance	nised in	nised in		Net	Defer-	Defer-
	1 <sup>st</sup> April,	Profit	OCI			red Tax	red Tax
	2018	or Loss				Asset	Liability
Property, Plant and Equipment	(3,559.53)	1,325.92	-	-	(2,233.61)	-	(2,233.61)
Gain on Derivative - Mark to Market	-	126.62	-	-	126.62	126.62	-
Loans and Borrowings	(21.89)	21.89	-	-	-	-	-
Employee Benefits	42.76	15.85	20.22	-	78.83	78.83	-
Investment	(45.04)	45.04	-	-	-	-	-
Tax Credit (MAT)	4,461.44	(2,540.74)	-	(40.87)	1,879.84	1,879.84	-
Others	(125.96)	302.34	-	-	176.38	176.38	-
Tax Assets/ (Liabilities)	751.78	(703.08)	20.22	(40.87)	28.06	2,261.67	(2,233.61)
Set off tax							2,261.67
Net Tax Assets/ (Liabilities)							28.06

**Note**: The Company continues to pay income tax under older tax regime and have not opted for lower tax rate pursuant to Taxation Law (Amendment) Ordinance, 2019 considering the accumulated MAT Credit and 80I-A benefit under the Income Tax Act, 1961.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

### 33 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS

#### (a) Retirement Benefits

The Gratuity Plan is governed by the Payment of Gratuity Act, 1972. Under the act, Employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

Table 1: Reconciliation of Defined Benefit Obligation (DBO)

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Opening Balance of Defined Benefit Obligation	219.50	122.93
Service Cost		
a. Current Service Cost	63.82	40.43
Interest Cost	15.36	9.47
Benefits Paid	(4.39)	(10.11)
Re-measurements		
a. Actuarial Loss/(Gain) from changes in financial assumptions	19.53	54.25
b. Actuarial Loss/(Gain) from experience over the past period	18.52	(4.05)
c. Actuarial (Loss)/Gain from change in demographic assumptions	-	6.58
Closing Balance of the Defined Benefit Obligation	332.34	219.50

#### Table 2: Reconciliation of Fair Value of Plan Assets

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Opening Balance of Fair Value of Plan Assets	151.86	113.59
Contributions by Employer	73.05	41.95
Benefits Paid	(4.39)	(10.11)
Interest Income on Plan Assets	13.04	7.51
Re-measurements		
a. Actuarial (Loss)/Gain from changes in financial assumptions	-	-
b. Return on plan assets excluding amount included in net	(3.54)	(1.08)
interest on the net Defined Benefit Liability/(Asset)		
Closing Balance of Fair Value of Plan Assets	230.02	151.86
Actual Return on Plan Assets	9.50	6.43
Expected Employer Contributions for the coming period	100	100

#### Table 3: Expenses Recognised in the Profit and Loss Account

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Service Cost		
a. Current Service Cost	63.82	40.43
b. Past Service Cost	-	-
c. Loss/(Gain) from Settlement	-	-
Net Interest on net Defined Benefit Liability/ (Asset)	2.32	1.96
Employer Expenses	66.14	42.39





# NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st March 2020

Table 4: Net Liability/ (Asset) recognised in the Balance Sheet

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Present Value of DBO	332.34	219.50
Fair Value of Plan Assets	230.02	151.86
Liability/ (Asset) recognised in the Balance Sheet	102.32	67.64
Funded Status [Surplus/(Deficit)]	(102.32)	(67.64)
Of Which, Short term Liability	-	-
Experience Adjustment on Plan Liabilities: (Gain)/Loss	18.52	(4.05)
Experience Adjustment on Plan Assets: Gain/(Loss)	(3.54)	(1.08)

### Table 5: Percentage Break-down of Total Plan Assets

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Investment Funds with Insurance Company	100%	100%
Of which, Traditional/ Non-Unit Linked	100%	100%
Total	100%	100%

**Note:** None of the assets carry a quoted market price in an active market or represent the Entity's own transferable financial instruments or are property occupied by the Company.

### **Table 6: Actuarial Assumptions**

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Salary Growth Rate	10% p.a.	10% p.a.
Discount Rate	6.1% p.a.	7% p.a.
Withdrawal Rate	12% p.a.	12% p.a.
Upto age 35 Years	12% p.a.	12% p.a.
Above age 35 Years	12% p.a.	12% p.a.
Mortality	IALM 2012-14 Ult.	IALM 2012-14 Ult.
Expected Return on Plan Assets	7% p.a.	7.7% p.a.
Expected weighted average remaining working life	5 years	5 years

### **Table 7: Movement in Other Comprehensive Income**

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Opening Balance (Loss)/Gain	(75.62)	(17.75)
Re-measurements on DBO		
a. Actuarial (Loss)/Gain from changes in financial assumptions	(19.53)	(54.25)
b. Actuarial (Loss)/Gain from experience over the past period	(18.52)	4.05
c. Actuarial (Loss)/Gain from change in demographic		
assumptions	-	(6.59)
Re-measurements on Plan Assets		
a. Actuarial (Loss)/Gain from changes in financial assumptions	-	-
b. Return on Plan assets, excluding amount included in net	(3.54)	(1.08)
interest on the net Defined Benefit Liability/(Asset)		
c. Change in the effect of limiting a net Defined Benefit Assets		
to the Assets Ceiling	-	-
Closing Balance (Loss)/Gain	(117.21)	(75.62)





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

**Table 8: Sensitivity Analysis** 

Financial year ended March 31, 2020	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by Rs. 24.35 Lakhs	DBO decrease by Rs. 21.91 Lakhs
Discount Rate	DBO decreases by Rs. 22.48 Lakhs	DBO increases by Rs. 25.56 Lakhs
Withdrawal Rate	DBO decreases by Rs. 6.25 Lakhs	DBO increases by Rs. 6.86 Lakhs
Mortality (increase in expected lifetime	DBO increases by Rs. 0.15 Lakhs	
by 1 year)		
Mortality (increase in expected lifetime	DBO increase by Rs. 0.29 Lakhs	
by 3 years)		

Financial year ended March 31, 2019	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by Rs. 15.33 Lakhs	DBO decrease by Rs. 13.87 Lakhs
Discount Rate	DBO decreases by Rs. 14.12 Lakhs	DBO increases by Rs. 15.94 Lakhs
Withdrawal Rate	DBO decreases by Rs. 3.18 Lakhs	DBO increases by Rs. 3.46 Lakhs
Mortality (increase in expected lifetime	DBO increases by Rs. 0.04 Lakhs	
by 1 year)		
Mortality (increase in expected lifetime	DBO increase by Rs. 0.16 Lakhs	
by 3 years)		

#### Note:

The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses

Table 9: Movement in Surplus / (Deficit)

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Surplus/ (Deficit) at start of period	(67.64)	(9.34)
Current Service Cost	(63.82)	(40.43)
Past Service Cost	-	-
Net Interest on net DBO	(2.32)	(1.96)
Actuarial Gain/ (Loss)	(41.59)	(57.86)
Contributions	73.05	41.95
Surplus/ (Deficit) at end of period	(102.32)	(67.64)

### (b) Defined Contribution Plans

The Company makes Provident Fund contributions to Defined Contribution Plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognised Provident Fund contribution of Rs. 113.74 Lakhs (31st March 2019: Rs. 79.62 Lakhs) as expense in Note 30 under the head 'Contributions to Provident and Gratuity Funds'.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

### 34 RELATED PARTIES DISCLOSURES

•	Holding Company	Meghmani Organics Limited
•	Enterprises in which Key Managerial Personnel [KMP] & their Relatives have significant influence :	Meghmani Dyes & Intermediates LLP ( MDI) Meghmani Industries Limited (MIL) Meghmani Pigments (MP) Meghmani LLP (formerly Meghmani Unichem LLP) (MLLP) Navratan Speciality Chemicals LLP (Navratan Speciality) Tapsheel Enterprise (Tapsheel) Trent Chemical Industries (Trent Chemicals) Arjan Owners LLP (Arjan) (formerly Panchratna Corporation)
•	Key Managerial Personnel	Mr. Maulik Patel Mr. Kaushal Soparkar Mr. Ankit Patel Mr. Karana Patel Mr. Darshan Patel Mr. Kamlesh Mehta (Company Secretary) Mr. Sanjay Jain (Chief Financial Officer)
•	Relatives of Key Managerial Personnel	Mr. Jayanti Patel Mr. Ashish Soparkar Mr. Natwarlal Patel Mr. Ramesh Patel Mr. Anand Patel
•	Non Executive Directors	Mr.Manubhai Patel Mr.Balkrishna Thakkar Ms.Nirali Parikh





# NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

## 34 Transaction with Related Parties (Continued):

Particulars	Holding (	Company	Enterprises i Managerial (KMP)and it have signific	Personnel s Relatives	Key Managerial Personnel and its Relatives (KMP)		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sale of Goods	4,705.77	6,187.87	-	-	-	-	4,705.77	6,187.87
Sale of Goods to MDI	-	-	865.59	942.67	-	-	865.59	942.67
Sale of Goods to MIL	-	-	768.25	718.18	-	-	768.25	718.18
Sale of Goods to MP	-	-	182.23	165.92	-	-	182.23	165.92
Sale of Goods to MLLP	-	-	2,528.03	3,011.90	-	-	2,528.03	3,011.90
Sale of Goods to Navratan	-	-	-	0.11	-	-	-	0.11
Speciality								
Sale of Goods to Trent	-	-	1,291.06	1,957.77	-	-	1,291.06	1,957.77
Chemicals			·					
Availing of Services (Rent)	-	-	104.41	93.79	-	-	104.41	93.79
Arjan								
Purchase of Goods / Trading	1,191.42	0.31	-	-	-	-	1,191.42	0.31
Purchase of MEIS Licence	363.05	482.76	-	-	-	-	363.05	482.76
Sitting fees	-	-		_	7.50	6.50	7.50	6.50
Maulik Patel- Remuneration	-	-	-	-	278.11	640.61	278.11	640.61
Kaushal Soparkar-	-	-	-	-	278.11	640.61	278.11	640.61
Remuneration								
Ankit Patel- Remuneration	-	-	-	_	277.82	640.32	277.82	640.32
Karana Patel- Remuneration	-	-	-	-	182.82	400.32	182.82	400.32
Darshan Patel- Remuneration	-	-	-	-	135.32	280.32	135.32	280.32
Sanjay Jain - Remuneration	-	-	-	-	40.21	34.82	40.21	34.82
Dividend Paid on NCRPS	-	1,535.56	-	-	-	-	-	1,535.56
Dividend Paid on OCRPS	1,687.36	-	-		-	-	1,687.36	_
Issue of NCRPS	-	22,170.89	-	_	-	-	-	22,170.89
Redemption of NCRPS	-	22,170.89	-	_	-	-	-	22,170.89
Issue of OCRPS	-	21,091.99	-	-	-	-	-	21,091.99
Sanjay Jain -Loan Given	-	-	-	_	-	10.00	-	10.00
Sanjay Jain -Repayment of Loan	-	-	-	-	6.00	3.00	6.00	3.00
Issue of Equity Shares								
Jayanti Patel	_	_	_		_	375.00	_	375.00
Ashish Soparkar			-			375.00	-	375.00
Natwarlal Patel	-		-		-	375.00	-	375.00
Ramesh Patel			-			225.00	-	225.00
Anand Patel			-			150.00	-	150.00
Success Fees to Promoters	-		-		-	130.00		130.00
Jayanti Patel	_	_	_		_	375.00	-	375.00
Ashish Soparkar		<u>-</u>	-		_	375.00	-	375.00
Natwarlal Patel	-	-	-		-	375.00	-	375.00
Ramesh Patel		-	-		-	225.00	-	225.00
Anand Patel		-	-		-	150.00	-	150.00
Total	7,947.60	73,640.28	5,739.57	6,890.33	1,205.89	5,656.50	14,893.06	86,187.11





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

**Outstanding Balance with Related Parties:** 

(Rs. in Lakhs)

Particulars	Holding (	Company	(KMP)and it have signific	Personnel s Relatives	Key Managerial Personnel and its Relatives (KMP)		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Receivable from MOL	695.27	-	-	-	-	-	695.27	-
Receivables from MDI	-	-	161.78	189.27	-	-	161.78	189.27
Receivables from MIL	-	-	170.85	127.13	-	-	170.85	127.13
Receivables from MP	-	-	49.50	42.46	-	-	49.50	42.46
Receivables from MLLP	-	-	268.86	680.06	-	-	268.86	680.06
Receivables from	-	-	248.31	349.16	-	-	248.31	349.16
Trent Chemical								
Payable to Arjan	-	-	9.27	2.19	-	-	9.27	2.19
Remuneration Payable to	-	-	-	-	238.90	576.82	238.90	576.82
Maulik Patel								
Remuneration Payable to	-	-	-	-	238.90	576.82	238.90	576.82
Kaushal Soparkar								
Remuneration Payable to	-	-	-	-	238.90	576.87	238.90	576.87
Ankit Patel								
Remuneration Payable to	-	-	-	-	143.90	346.87	143.90	346.87
Karna Patel								
Remuneration Payable to -	-	-	-	-	96.40	231.87	96.40	231.87
Darshan Patel								
Remuneration Payable to	-	-	-	-	1.52	2.04	1.52	2.04
Sanjay Jain								
Sanjay Jain -Loan Receivable	-	-	-	-	1.00	7.00	1.00	7.00

- (i) Transaction entered into with Related Parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- (ii) The Company's transactions with Related Parties are at arm's length. Management believes that the Company's domestic transactions with related parties post 31st March 2020 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the Financial Statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end.

### 35 Segment Reporting

The Company's Chief Operating Decision Maker (CODM) examines the Company's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Company, which primarily relate to manufacturing of Chlor Alkali & its Derivatives, the Company does not operate in more than one business segment.

## **Analysis By Geographical Segment**

Segment Revenue is analysed based on the location of Customers regardless of where the Goods are produced. The following provides an analysis of the Sales by Geographical Markets.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

(Rs. in Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Revenue:		
Within India	60,338.63	69,989.36
Outside India	639.40	1,049.94
Total Revenue from Contracts with Customers	60,978.03	71,039.30

#### 36 Contingent Liabilities & Commitments

### A. Claim against the Company not acknowledged as Debts (excluding Interest and Penalty)

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Disputed Service Tax Liability	108.37	143.05
Disputed Custom Duty Liability	621.83	621.83
(In respect of the above matters, future cash outflows in respect of		
contingent liabilities are determinable only on receipt of judgements		
pending at various Forums / Authorities)		
In respect of Letter of Credit	84.74	850.52

#### **B.** Capital Commitment

The Estimated amount of Contract to be executed on Capital Account of Rs. 3,654.86 Lakhs (31st March 2019 Rs. 12,191.72 Lakhs) has not provided for (Net of Advances).

#### C. Other Commitment

The Company has imported capital good for the various expansion projects under the EPCG Scheme at NIL rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is Rs. 4,622.47 Lakhs (31st March 2019: Rs. 4,520.79 Lakhs) which is equivalent to duty saved of Rs. 736.05 Lakhs (31st March 2019: Rs. 753.46 Lakhs). The export obligation has to be completed by 2024-25. Further during the year, the Company has submitted documents for fulfilment of obligations of Rs. 805.16 Lakhs. However, pending export obligation discharge clearance certificate, the same have been considered outstanding as on 31st March 2020.

#### 37 DISCLOSURES AS PER MSMED ACT, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26th August, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its Customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act').

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at 31st March, 2020 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any,that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at the Balance-Sheet date.





# NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

### The details as required by MSMED Act are given below:

(Rs. in Lakhs)

PARTICULARS	As at	As at
	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon (to be shown separately)		
remaining unpaid to any Supplier as at the end of each accounting year;		
Principal		
Trade Payables	724.88	85.86
Capital Payables	625.24	319.94
Interest	-	-
The amount of interest paid by the Buyer in terms of Section 18 of MSMED	Nil	Nil
Act, along with the amounts of the payment made to the Supplier beyond the		
appointed day during each accounting year		
The amount of interest due and payable for the period of delay in making	-	-
payment (which have been paid but beyond the appointed day during the		
year) but without adding the interest specified under this MSMED Act;		
The amount of interest accrued and remaining unpaid at the end of each	-	-
accounting year; and		
The amount of further interest remaining due and payable even in the	-	-
succeeding years, until such date when the interest dues as above are		
actually paid to the Small Enterprise, for the purpose of disallowance as a		
deductible expenditure under Section 23 of MSMED Act.		

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due to the Micro, Small and Medium Enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

### 38 New and Amended Standards

#### (A) Transition to Ind AS 116 'Leases':

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified Ind AS 116 Leases ('Ind AS 116') which replaces the existing lease standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both Lessees and Lessors.

Effective 1st April, 2019, the Company has adopted Ind AS 116 – 'Leases' and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. The Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and Right of Use Asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognised in the Balance Sheet as on 31st March, 2020. There is no impact on Retained Earnings as on 1st April, 2019.





# NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

The Company has elected below practical expedients on transition to Ind AS 116:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluded the initial direct costs from the measurement of Right of Use Asset at the date of initial application.
- The Company has adopted Ind AS 116, effective annual reporting period beginning 1st April, 2019 and applied the standards to its leases, prospectively, applying the standards on initial application without making any adjustment to opening balance of Retained Earnings.
- The Company has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.
- The borrowing rate applied to lease liabilities as at 1st April, 2019 is 8.50% (i.e. rate of long term borrowing of the Company).

The Company has lease contracts for Office Premise. Leases of Office Premise is having lease terms of 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain premises in good state. The lease contract include extension and termination options which are further discussed below.

The Company also has a Sales Office with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for this lease.

#### **Terms of Cancellation and Escalation**

The Leases are cancellable by giving one month notice by either parties and these does not carries any escalation.

### (A) Leases as Lessee

### (i) The movement in Lease liabilities during the Year

Particular	Year ended March 31, 2020
Balance as at 1st April, 2019 (on adoption of Ind AS 116 - Leases)	500.61
Additions during FY 2019-20	-
Finance Costs incurred during the year	36.56
Payments of Lease Liabilities	(97.73)
Balance as at 31st March, 2020	439.45



# NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED $31^{\rm st}$ MARCH 2020

## (ii) The carrying value of the Rights-of-Use and Depreciation charged during the Year

(Rs. in Lakhs)

Particulars	As at March 31, 2020
Balance as at 1st April, 2019 (on adoption of Ind AS 116 - Leases)	500.61
Reclassified on account of adoption of Ind AS 116	1,136.93
Additions during FY 2019-20	-
Depreciation charged during the year	(95.36)
Balance as at 31st March, 2020	1,542.17

### (iii) Amount Recognised in Statement of Profit & Loss Account during the Year

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020
Depreciation expense of Right-Of-Use Assets	95.36
Interest expense on Lease Liabilities	36.56
Expense relating to Short-Term Leases (included in Other Expenses)	3.88
Total Expenses	135.80

## (iv) Amounts recognised in Statement of Cash Flows

(Rs. in Lakhs)

Particulars	As at March 31, 2020
Total Cash outflow for Leases	(97.73)

## (v) Maturity analysis of Lease Liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2020
Maturity Analysis of contractual undiscounted Cash Flows	
Less than one year	98.80
One to five years	438.42
More than five years	9.47
Total undiscounted Lease Liability	546.69

### **Balances of Lease Liabilities**

Particulars	As at March 31, 2020
Non Current Lease Liability	375.55
Current Lease Liability	63.90
Total Lease Liability	439.45





# NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

In the previous year, The Company has entered into lease rent agreement for nine years for Office Premises. The leasing agreement is cancellable, and renewable on a periodic basis by mutual consent on mutually accepted terms including escalation of lease rent. Lease payments recognised in the Statement of Profit and Loss for the year amounts to Rs.88.07 Lakhs.

### (B) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an Entity considers uncertain tax treatments separately
- The assumptions an Entity makes about the examination of tax treatments by taxation authorities
- How an Entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an Entity considers changes in facts and circumstances The Company determines whether to consider each
  uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the
  approach that better predicts the resolution of the uncertainty.

The Company does not operate in a complex environment and accordingly does not have significant judgements identified over uncertainties in income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions including positions relating to transfer pricing. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have any material impact on the Financial Statements of the Company.

### 39. Capital Management

Capital includes Equity and OCRPS attributable to the Equity and OCRPS holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its Capital Structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the Capital Structure, the Company may adjust the dividend payment to Shareholders, return on capital to Shareholders or issue of new Shares. No changes were made in the objectives, policies or processes during the year ended March 31,2020 and March 31,2019.

The Company monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, Adjusted Net Debt is defined as Total Liabilities, comprising of Interest-Bearing Loans and Borrowings, less Cash and Cash Equivalents. Adjusted Equity comprises of all components of Equity.

(Rs. in Lakhs)

PARTICULARS	As at	As at
	March 31, 2020	March 31, 2019
Total Interest bearing liabilities	52,620.59	38,970.67
Less : Cash and Cash Equivalent	9.69	12,921.38
Adjusted Net Debt	52,610.90	26,049.29
Total Equity	58,623.15	49,277.11
Adjusted Equity	58,623.15	49,277.11
Adjusted Net Debt to Adjusted Equity Ratio	0.90	0.53

#### 40 Financial Instruments – Fair Values and Risk Management

The Significant Accounting Policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note 2 to the Financial Statements.





# NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

## A. Category-wise classification of Financial Instrument

The carrying value of Financial Instruments by categories as of March 31, 2020 and March 31, 2019 is as follows:

(Rs. in Lakhs)

As at March 31, 2020	Carrying Amount					
	Fair Value Fair Value		Amortised	Total		
	Through Profit	Through Other Comprehensive	Cost			
	and Loss	Income				
Financial Assets						
Other Non-Current Financial Asset (Refer Note 4)	-	-	364.11	364.11		
Trade Receivables (Refer Note 8)	-	-	7,619.96	7,619.96		
Cash and Cash Equivalents (Refer Note 9)	-	-	9.69	9.69		
Loans (Refer Note 10)	-	-	17.51	17.51		
Other Current Financial Assets (Refer Note 11)	-	-	114.69	114.69		
Total Financial Assets	-	-	8,125.96	8,125.96		
Financial Liabilities						
Non-Current Borrowings (Refer Note 15)	-	-	41,828.53	41,828.53		
Other Non-Current Financial Liablities (Refer Note 16)	157.80	-	375.55	533.35		
Current Borrowings (Refer Note 18)	-	-	1,971.99	1,971.99		
Trade Payable (Refer Note 19)	-	-	4,635.85	4,635.85		
Other Current-Financials Liabilities (Refer Note 20)	_	-	19,018.03	19,018.03		
Total Financial Liabilities	157.80	-	67,829.94	67,987.74		

As at March 31, 2019	Carrying Amount					
	Fair Value	Fair Value	Amortised	Total		
	Through	Through Other	Cost			
	Profit	Comprehensive				
Financial Assets	and Loss	Income				
Other Non-Current Financial Asset (Refer Note 4)	-	-	485.47	485.47		
Trade Receivables (Refer Note 8)	-	-	7,736.30	7,736.30		
Cash and Cash Equivalents (Refer Note 9)	-	-	12,921.38	12,921.38		
Loans (Refer Note 10)	-	-	35.64	35.64		
Other Current Financial Assets (Refer Note 11)	-	-	107.37	107.37		
Total Financial Assets	-	-	21,286.16	21,286.16		
Financial Liabilities						
Non-Current Borrowings (Refer Note 15)	-	-	36,534.05	36,534.05		
Other Non-Current Financial Liablities (Refer Note 16)	781.31	-	-	781.31		
Current Borrowings (Refer Note 18)	-	-	236.62	236.62		
Trade Payable (Refer Note 19)	-	-	3,646.95	3,646.95		
Other Current-Financials Liabilities (Refer Note 22)	-	-	13,590.34	13,590.34		
Total Financial Liabilities	781.31	-	54,007.96	54,789.27		





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

## B. Measurement of Fair Value and Sensitivity analysis

#### Fair Value Hierarchy:

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical Assets or Liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the Asset or Liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- (iii) Level 3: inputs for the Asset or Liability that are not based on observable market data (unobservable inputs).

#### Financial Instrument measured at Fair Value

(Rs. in Lakhs)

Financial Assets / Financial Liabilities	Fair val	ue	Fair value	Significant
	As at March 31, As at March 31,		hierarchy	observable
	2020	2019		inputs
Mark to market Derivative Liabilities	157.80	781.31	Level 2	Fair value as
(on Interest Rate Swap and Cross Currency				ascertained
Swap valued at FVTPL) (Refer Note 18)				and provided
				by Bank

#### Financial Instrument measured at Amortised Cost

The carrying amount of Financial Assets and Financial Liabilities measured at amortised cost in the Financial Statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

#### Reconciliation of level 1 Fair Values

The following table shows a reconciliation from the opening balance to the closing balances for level 1 Fair Values

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Opening balance on 1st April 2019	-	7,141.81
Net change in Fair Value (unrealised)	-	-
Purchases	4,600.00	26,003.33
Sales	(4,600.00)	(33,145.14)
Closing balance on 31st March 2020	-	-

There have been no transfers between level 1, level 2 and level 3 during the year ended March 31, 2020.

#### Financial Risk Management Framework

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends risk management objectives and policies. The activities of this operations include management of cash resources, hedging of foreign currency exposure, credit control and ensuring compliance with market risk limits and policies.

The Company's principal Financial Liabilities, other than Derivatives, comprises of Long Term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Company's operations. The Company's principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Other Bank Balances and Other Financial Assets that derive directly from its Operations.

The Company has an effective risk management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Company takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.



## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

The Company has exposure to the following risks arising from Financial Instruments:-

- Credit Risk;
- Liquidity Risk; and
- Market Risk

#### i.Credit Risk

Credit Risk is the risk that counter party will not meet its obligation leading to a financial loss. The Company is exposed to credit risk arising from its operating activities primarily from Trade Receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Company considers probability of default upon initial recognition of Assets and whether there has been a significant increase in credit risk on an ongoing basis throughtout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

### Financial Instruments and Cash Deposit

Credit Risk from Balances with Banks and Financial Institutions is managed by the Company's Treasury Department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### **Trade Receivables**

The Sales Department has established a Credit Policy under which each new Customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each Customer and reviewed periodically. Any sales exceeding those limits require approval from the Board of Directors.

Trade Receivables of the Company are typically unsecured ,except to the extent of the security deposits received from the Customers or Financial Guarantees provided by the market organizers in the business. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of Customers to which Company grants credit terms in the normal course of business. The Company performs ongoing credit evaluations of its Customers' financial condition and monitors the creditworthiness of its Customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade Receivables is created to the extent and as and when required, based upon the expected collectability of Accounts Receivables. The Company evaluates the concentration of risk with respect to Trade Receivables as low, as its Customers are located in several jurisdictions and industries and operate in largely independent markets.

The Company measures the expected credit loss of Trade Receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the Entity operates. Loss rates are based on actual credit loss experience and past trends.

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Domestic	7,619.96	7,612.57
Other Regions	-	123.73
Total	7,619.96	7,736.30

Age of Receivables (Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Neither due nor Impaired	5,156.52	5,204.66
Past due 1–90 days	2,415.93	2,479.98
Past due 91–180 days	2.81	10.77
More than 180 days	44.70	40.89
Total	7,619.96	7,736.30





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behavior and extensive analysis of Customer Credit Risk.

### ii. Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### **Exposure to Liquidity Risk**

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and Actual Cash flows and matching the maturity profiles of the Financial Assets and Liabilities. The table below summarises the remaining contractual maturities of Financial Liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

#### **Non-Derivative Financial Liabilities**

(Rs. in Lakhs)

As at March 31, 2020	Carrying	Contractual Cash Flows				
	amount	Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years
Rupee Term Loans from Banks	35,750.00	35,750.00	5,840.35	8,164.91	21,744.74	-
Foreign Currency Loans from Banks	14,898.60	14,898.60	2,979.72	3,972.96	7,945.92	-
Working Capital Loans from Banks	1,971.99	1,971.99	1,971.99	-	-	-
Trade Payables	4,635.84	4,635.84	4,635.84	-	-	-
Other Payables	10,197.95	10,197.95	10,197.95	-	-	-
Total	67,454.38	67,454.38	25,625.85	12,137.87	29,690.66	-

### **Derivative Financial Liabilities**

(Rs. in Lakhs)

As at March 31, 2020	Carrying		Contr	actual Cash	Flows	
	amount	Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years
Mark to Market Derivative Liabilities (on Interest Rate Swap and Cross Currency Swap valued at FVTPL)	157.80	157.80	31.56	42.08	84.16	-
Total	157.80	157.80	31.56	42.08	84.16	-

#### Non-Derivative Financial Liabilities

As at March 31, 2019	Carrying Contractual Cash Flows	arrying Contractual Cash Flow				
	amount	Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years
Rupee Term Loans from Banks	24,753.00	24,753.00	2,200.00	4,882.21	17,670.79	-
Foreign Currency Loans from Banks	13,981.05	13,981.05	-	2,796.21	11,184.84	-
Working Capital Loans from Banks	236.62	236.62	236.62	-	-	-
Trade Payables	3,646.95	3,646.95	3,646.95	-	-	-
Other Payables	11,390.34	11,390.34	11,390.34	-	-	-
Total	54,007.96	54,007.96	17,473.91	7,678.42	28,855.63	-





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

#### **Derivative Financial Liabilities**

(Rs. in Lakhs)

As at March 31, 2019	Carrying		Contr	actual Cash	Flows	
	amount	Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years
Mark to Market Derivative Liabilities	781.31	781.31	-	156.26	625.05	-
(on Interest Rate Swap and Cross						
Currency Swap valued at FVTPL)						
Total	781.31	781.31	-	156.26	625.05	-

The Gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted Cash Flows relating to Derivative Financial Liabilities held for Risk Management purposes and which are not usually closed out before contractual maturity. The disclosure shows net Cash Flow amounts for Derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

#### **Excessive Risk Concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular Industry

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels

#### iii. Market Risk

Market Risk is the risk that the fair value of future Cash Flows of a Financial Instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Currency Risk, Interest Rate Risk, and Other Price Risk such as Equity Price Risk. Financial Instruments affected by market risk include Loans and Borrowings, Deposits, FVTOCI and Amortised Cost Investments and Derivative Financial Instruments.

#### Foreign Currency Risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

### **Exposure to Currency Risk**

The Currency profile of Financial Assets and Financial Liabilities as at March 31, 2020, March 31, 2019 are as below: The Company's exposure to Foreign Currency Risk at the end of the reporting period expressed in INR, are as follows





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

(Rs. in Lakhs)

As at March 31, 2020	Total	INR Equivalent to USD	INR Equivalent to Euro	INR Equivalent to CNY	INR
Financial Assets					
Trade and Other Receivables	7,619.96	-	-	-	7,619.96
Total	7,619.96	-	-	-	7,619.96
Financial Liabilities					
Non Current Borrowings	41,828.53	-	11,918.88	-	29,909.65
Trade Payables	4,635.85	847.02	-	-	3,788.82
Other Current Financial Liabilities	19,018.03	525.65	2,983.73	610.10	14,898.55
Less : Foreign Currency Hedged	14,898.60	-	14,898.60	-	-
Total	50,583.81	1,372.67	4.01	610.10	48,597.02

(Rs. in Lakhs)

As at March 31, 2019	Total	INR Equivalent to USD	INR Equivalent to Euro	INR Equivalent to CNY	INR
Financial Assets					
Trade and Other Receivables	7,736.30	123.73	-	-	7,612.57
Total	7,736.30	123.73	-	-	7,612.57
Financial Liabilities					
Non Current Borrowings	36,534.05	-	13,981.05	-	22,553.00
Trade Payables	3,646.95	1,670.41	-	-	1,976.54
Other Current Financial Liabilities	13,590.34	308.32	8.74	639.16	12,634.12
Less : Foreign Currency Hedged	13,981.05	-	13,981.05	-	-
Total	39,790.29	1,978.73	8.74	639.16	37,163.66

### **Sensitivity Analysis**

Areasonably possible strengthening (weakening) of the Indian Rupee against Foreign Currency at March 31 would have affected the measurement of financial instruments denominated in Foreign Currency and affected Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast Sales and Purchases.

(Rs. in Lakhs)

			1 7
Profit or (Loss)		Equity, Net of Tax	
Strengthening   Weakening		Strengthening	Weakening
(68.63)	68.63	(44.65)	44.65
(0.20)	0.20	(0.13)	0.13
(30.50)	30.50	(19.85)	19.85
	(68.63) (0.20)	Strengthening         Weakening           (68.63)         68.63           (0.20)         0.20	Strengthening         Weakening         Strengthening           (68.63)         68.63         (44.65)           (0.20)         0.20         (0.13)

As at March 31, 2019	Profit or (Loss)		Equity, Net of Tax	
	Strengthening   Weakening		Strengthening	Weakening
5% movement				
USD	(92.75)	92.75	(60.34)	60.34
EUR	(0.44)	0.44	(0.28)	0.28
CNY	(31.96)	31.96	(20.79)	20.79





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a Financial Instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's Long-term and Short term Debt Obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

#### **Exposure to Interest Rate Risk**

The Company's Interest Rate Risk arises from Borrowings obligations. Borrowings is exposed to fair value interest rate risk. The interest rate profile of the Company's interest-bearing Financial Instruments as reported to the management of the Company is as follows.

(Rs. in Lakhs)

Variable-Rate Instruments	As at March 31, 2020	As at March 31, 2019
Non Current - Borrowings	41,828.53	36,534.05
Current - Borrowings	1,971.99	236.62
Current portion of Long Term Borrowings	8,820.07	2,200.00
Total	52,620.59	38,970.67

#### Cash Flow Sensitivity Analysis for Variable-Rate Instruments

A reasonably possible change of 100 basis points in Interest Rates at the reporting date would have increased (decreased) Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular Foreign Currency Exchange Rates, remain constant.

(Rs. in Lakhs)

As at March 31,2020	Profit o	Profit or Loss		Equity, Net of Tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	
Non Current - Borrowings	(418.29)	418.29	(272.12)	272.12	
Current - Borrowings	(19.72)	19.72	(12.83)	12.83	
Current portion of Long Term Borrowings	(88.20)	88.20	(57.38)	57.38	
Total	(526.21)	526.21	(342.33)	342.33	
As at March 31, 2019					
Non Current - Borrowings	(365.34)	365.34	(237.68)	237.68	
Current - Borrowings	(2.37)	2.37	(1.54)	1.54	
Current portion of Long Term Borrowings	(22.00)	22.00	(14.31)	14.31	
Total	(389.71)	389.71	(253.53)	253.53	

## **Equity Price Risk**

The Company's Equity Securities are susceptible to market price risk arising from uncertainties about future values of the Investment Securities. The investment in listed and unlisted Equity Securities are not significant.

#### 41 Amalgamation with Meghmani Agrochemical Private Limited and Shareholding Changes

During the previous year, the Board of Directors in meeting held on 19th May 2018 approved the Scheme of Arrangement in the nature of Amalgamation of Meghmani Agrochemical Private Limited ('MACPL') with the Company ('the Scheme'). The Company applied to National Company Law Tribunal ("NCLT") for approval of the Scheme of Arrangement. The Scheme was approved by NCLT on 11th Febuary 2019. The amalgamation was efective from the date of the Order (i.e effective date).

Pursuant to the Scheme of Amalgamation, the Company had issued 210,919,871 8% Optionally Convertible / Redeemable Preference Shares (OCRPS) of Rs. 10 each amounting to Rs 21,091.99 Lakhs and 221,708,925 8% Non Convertiable Redeemable Preference Shares (NCRPS) of Rs. 10 each amounting to Rs 22,170.89 Lakhs to Meghmani Organics Limited (MOL) against the investment in Equity and Preference Shares issued by MACPL.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

The aforesaid NCRPS were issued in lieu of holding of IFC which was acquired by MACPL before the amalgamation. In previous year, the Company and Meghmani Agrochemicals Limited ('MACPL') entered into Share Sale Agreement dated 26 April 2018, accordingly IFC sold its equity stake in the Company to MACPL. The agreement also allowed the Promoters to exercise their rights of the Promoters Warrants in accordance with the terms of the Share Subscription Agreement between the Company, Promoters and IFC at Rs. 30 each. The promotors exercised the warrant option rights conferred.

The Company had redeemed the NCRPS on 8th March 2019 along with dividend. As a result the Company had paid Rs. 22,170.89 Lakhs towards redemption of NCRPS and Rs. 1,851.20 Lakhs (including Dividend Distribution Tax of Rs. 315.64 Lakhs) as Dividend to MOL. As approved by the Board of Directors of the Company, dividend on NCRPS was paid with effect from 26th April 2018 (i.e. the date of Preference Shares issued by MACPL to MOL) to 5th March 2019 (i.e. date of redemption).

Pursuant to Scheme, the OCRPS issued is redeemable/ convertible at any time within a period of 20 years at the option of the Company. Considering the terms of issue, all the significant right of conversion / redemption and declaration of dividend is retained by the Company. Also management is not expecting to redeem the OCRPS as on the date of issue or forseeble period. Accordingly, OCRPS is accounted as Equity and shown below Equity Share Capital.

Pursuant to the Scheme, accounting treatment for Assets and Liabilities acquired was as under:

- (i) 345.67 Lakhs Equity Shares of the Company as held by MACPL had been cancelled by operation of law as per the terms of the Scheme.
- (ii) Liability of Rs. 29.88 Lakhs in the books of MACPL had been accounted at fair value.
- (iii) The excess of Purchase Consideration paid over liabilities acquired and cancellation of Equity Shares of the Company amounting to Rs. 39,836.08 Lakhs was adjusted against balance of Securities Premium amounting to Rs. 15,142.00 Lakhs and remaining balance was debited to Capital Reserve amounting to Rs 24,694.08 Lakhs.
- (iv) Authorised Share Capital amounting to 4,500 Lakhs (1,500 Lakhs Equity Share Capital of Rs. 10 each and 3,000 Lakhs Preference Share Capital of Rs. 10 each) was increased.
- (v) Breakup of Purchase Consideration

(Rs. in Lakhs)

Particulars	Amount
21,09,19,871 8% OCRPS @ Rs 10 per share	21,091.99
22,17,08,925 8% NCRPS @ Rs 10 per share	22,170.89
Total Purchase Consideration	43,262.88

## 42 Covid 19 Impact

The COVID-19 pandemic has disrupted various business operations due to lockdown and other emergency measures imposed by the Governments. The operations of the Company were impacted, due to shutdown of Plants and Offices following nationwide lockdown. The Company continues with its operations in a phased manner in line with directives from the Authorities.

The Company has evaluated the impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions there is no material impact and adjustments required on its financial results as at March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions and its impact, if any.





## NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

### 43 Composite Scheme of Arrangement

The Board of Directors of Meghmani Organics Limited (MOL) at their meeting held on January 29, 2020, have approved Composite Scheme of Arrangement ("the Scheme") proposing demerger of Agro and Pigment Divisions of MOL along with its investment in Optionally Convertible Redeemable Preference Shares ('OCRPS') of Meghmani Finechem Limited (MFL) into a newly incorporated wholly owned Subsidiary Company Meghmani Organochem Limited.

Further, post demerger, as per the Composite Scheme, MOL along with its trading business and equity investment in its MFL shall be merged into MFL. The shareholders of MOL will get Equity Shares of Meghmani Organochem Limited as consideration for demerger as per the share swap ratio defined in the Composite Scheme. Further, shares held by the MOL in MFL (57.16%) shall stand cancelled on merger and the shareholders of holding company will get Equity Shares of MFL as consideration for merger as per the share swap ratio defined in the Composite Scheme.

The Board of Directors of MFL at their meeting held on January 29, 2020 have approved the merger Scheme.

44 Previous Year figures have been regrouped and reclassified wherever necessary to make them comparable with those of the Current Year

AS PER OUR REPORT OF EVEN DATE FOR S R B C & CO LLP Chartered Accountants

ICAI Firm Registration No. 324982E / E300003 SANJAY JAIN per SUKRUT MEHTA CHIEF FINANCIAL OFFICER PARTNER Membership No. 101974

K.D. MEHTA
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF MEGHMANI FINECHEM LIMITED (CIN U24100GJ2007PLC051717)

MAULIK PATEL CHAIRMAN & MANAGING DIRECTOR (DIN: 2006947)

> KAUSHAL SOPARKAR MANAGING DIRECTOR (DIN No. 01998162)

> PLACE: AHMEDABAD DATE: 8th JUNE, 2020

PLACE: AHMEDABAD DATE: 8<sup>th</sup> JUNE, 2020













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## MEGHMANI FINECHEM LIMITED

CIN U24100GJ2007PLC051717

Registered Office: CH/1, CH/2, GIDC Industrial Estate, Dahej, Tal. Vagra, Bharuch Gujarat. Ph: 91 - 79 - 25831210

#### NOTICE

Notice is hereby given that 13<sup>th</sup> Annual General Meeting of the Members of the Company will be held on 1<sup>st</sup> August, 2020 at 10.30 A.M. at the Registered Office of the Company, to transact the following business:-

#### **ORDINARY BUSINESS:**

- 1) To consider and adopt the Audited Financial Statement including Balance Sheet as at **31**<sup>st</sup> **March**, **2020** Statement of Profit and Loss and Cash Flow Statement for the financial year ended on **31**<sup>st</sup> **March**, **2020**, together with reports of Board of Directors and the Auditor's thereon.
- 2) To appoint a Director in place of **Mr. Kaushal Soparkar (DIN 01998162)** who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of **Mr. Karana Patel (DIN 01727321)** who retires by rotation and being eligible offers himself for re-appointment.

### **SPECIAL BUSINESS:**

4) To Consider and if thought fit to pass the following resolution with or without modification as Special Resolution:-

### APPOINTMENT OF MS. NIRALI PARIKH (DIN-05309425) AS INDEPENDENT DIRECTOR

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination Committee and the Board of Directors, Ms. Nirali Parikh (DIN:05309425), who holds office of Independent Director up to this AGM and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose candidature Ms. Nirali Parikh (DIN:05309425) for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 01st August, 2020".

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

5) To Consider and if thought fit to pass the following resolution with or without modification as Ordinary Resolution:-

### APPOINTMENT OF COST AUDITORS FOR FY 2020-21

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications or amendments or re-enactments thereof for the time being in force), M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497), be and is hereby appointed as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending on 31 March, 2021, at a remuneration of Rs. 1,75,000/- (Rupees One Lakh Seventy Five Thousand only) per financial year, plus applicable tax and out of pocket expenses that may be incurred during the course of Cost audit."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including Audit Committee), be and is hereby authorized to ratify the payment remuneration and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".





## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Registered Office : By Order of the Board for **MEGHMANI FINECHEM LIMITED** 

Plot No.: CH 1 & CH 2 GIDC Dahej, Taluka : Vagra

Place: Bharuch Date: 08/06/2020 Maulik Patel
(Chairman & Managing Director)
(DIN 02006947)

#### Notes:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

- 1) The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting
- 2) If the appointer is a Corporation, the proxy must be executed under seal or the hand of its duly Authorized Officer or Attorney.
- 3) The Explanatory Statement as required under Section 102 of the Companies Act, 2013 in respect of Item No. 4 & 5 is annexed and form part of this Notice.





## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### ITEM NO. -4

### APPOINTMENT OF MS. NIRALI PARIKH (DIN-05309425) AS INDEPENDENT DIRECTOR

**Ms. Nirali Parikh, (DIN- 05309425)** was appointed as Independent Directors of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at the Annual General Meeting held on 20<sup>th</sup> July, 2015 to hold office for a period of 5 (five) years ("first term" as per the explanation to Section 149(10) and 149(11) of the Act.).

The Nomination & Remuneration Committee at its Meeting held on 08<sup>th</sup> June, 2020 after taking into account the performance evaluation of the Independent Director, during the first term of five years and considering the knowledge, acumen, expertise and experience in the field of finance and the contribution during her tenure as an Independent Director since her appointment, has recommended to the Board that her continued association as an Independent Directors in the Second Term of 5 (Five) years would be in the interest of the Company.

Based on the recommendation of the Nomination & Remuneration Committee, the Board subject to approval of the members considered and approved the re-appointment of **Ms. Nirali Parikh**, (**DIN- 05309425**) as Independent Director on the Board of the Company, to hold office for the second term of five consecutive years commencing from 01<sup>st</sup> August, 2020 and not liable to retire by rotation. The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature Ms. Nirali Parikh for her appointment to the office of Independent Directors.

#### Brief profile of Mr. Nirali Parikh (DIN-05309425) is as under:-

Mr. Nirali Parikh, 38 years, residence of Ahmedabad, has done her graduation in Bachelor of Business Administration. She is an MBA with dual specialization in finance and marketing. She has worked as a full time lecturer in the area of Finance and Accounting in an MBA institute in Ahmedabad. She has also been associated with one of the premier institutes of India – Indian Institute of Management Ahmedabad (IIMA)for two years and has edited books on Micro-Finance and Entrepreneurship. She has co-authored a book, "Commodities Markets – Emerging Paradigms". She has several articles and case studies published in various finance magazines.

Ms. Nirali Parikh is currently in the business of marketing of industrial pumps, Which specializes in gear and centrifugal pumps and deals with power, petroleum.

Your directors recommend for the appointment of **Ms. Nirali Parikh** and propose to pass the resolution under Item **No. 4** of the Notice as an ordinary resolution

#### ITEM NO. 5 - APPOINTMENT OF COST AUDITOR

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2021.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at <a href="Item No. 5">Item No. 5</a> for approval of the remuneration amounting to Rs. 1,75,000/- (Rupees One Lakh Seventy Five Thousand) per annum plus applicable service tax and out of pocket expenses payable to the Cost Auditors for the financial year ending on 31st March, 2021. The Board accordingly recommends the resolution at <a href="Item No. 5">Item No. 5</a> of this Notice for the approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution at <a href="Item No.5">Item No.5</a> of this Notice.

Registered Office:
Plot No.: CH1&CH2
GIDC Dahej, Taluka: Vagra

Place: Bharuch Date: 08/06/2020 By Order of the Board for **MEGHMANI FINECHEM LIMITED** 

Maulik Patel (Chairman & Managing Director) (DIN 02006947)





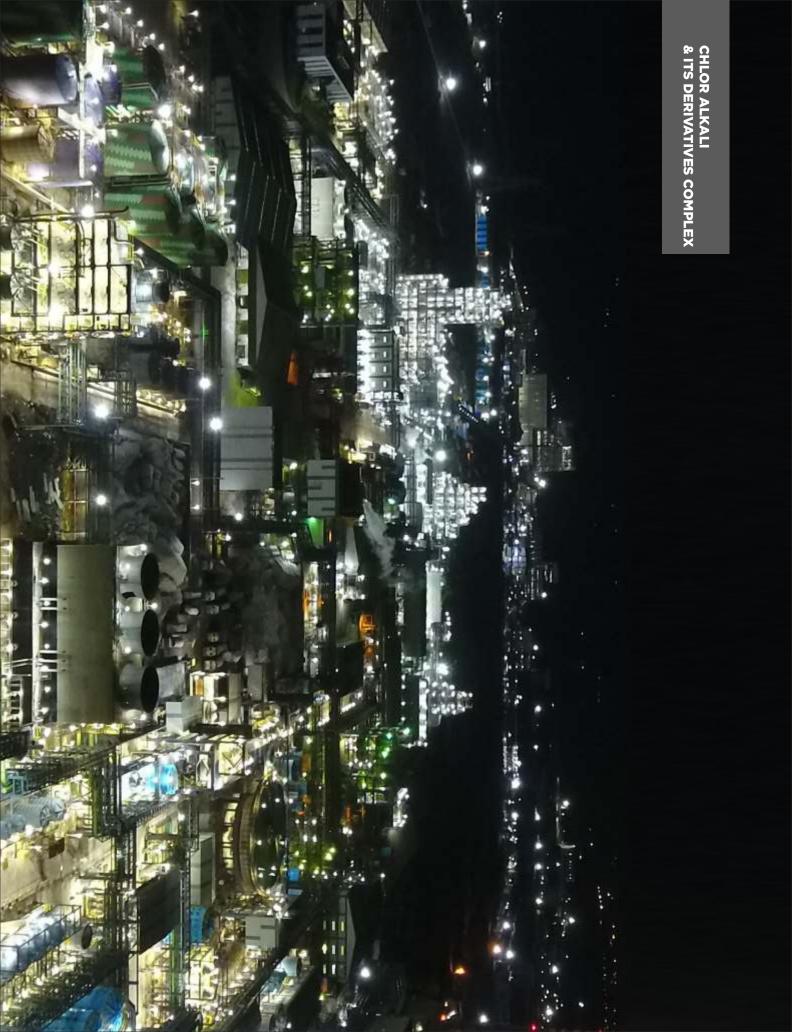
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## **CORPORATE OFFICE: MEGHMANI HOUSE**

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Phone: +91 79 29709600 / 71761000

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Chlorine Helpline **1800-11-1735** 

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