Transpek Industry Limited

Transpek
Creative Chemistry

# Annual Report 2019-20

Special Teaching Program at Ekalbara Village. Total 136 Children were benefitted.

Kalrav Bal Mela at Chottaudepur by Shroffs Foundation Trust. Total 900 Children participated.

Story Sharing session conducted by Samvitti Foundation. Total 40 sessions were conducted.

## 54th ANNUAL GENERAL MEETING

54th Annual General Meeting will be held on Wednesday, the 23rd day of September, 2020 at 3.00 p.m. through Video Conferencing ("VC")/ Other Audio Visual Means("OAVM").

### A Request

We are sure you have read with interest the accounts of the year ended 31st March, 2020. You may desire to have some clarification or additional information on the said accounts at the ensuing Annual General Meeting. We shall very much appreciate, if you kindly write to us atleast ten days in advance in order to enable us to keep the information ready for you at the meeting. We solicit your kind co-operation.

## BOARD OF DIRECTORS

**Ashwin C. Shroff**
Chairman

**Bimal V. Mehta**
Managing Director

**Atul G. Shroff**
**Dipesh K. Shroff**
**Dr. Bernd Dill**
**Ravi A. Shroff**
**Ninad D. Gupte**
**Nimish U. Patel**
**Geeta A. Goradia**
**Hemant J. Bhatt**
**Anandmohan Tiwari (w.e.f. 4th Nov, 2019)**

**Alak D. Vyas**
Company Secretary & Compliance Officer

**Bankers**
State Bank of India
Bank of Baroda
Axis Bank Ltd.
IDBI Bank Ltd.

**Auditors**
CNK & Associates, LLP
Chartered Accountants

**Cost Auditors**
Y. S. Thakar & Co.
Cost Accountants

**Secretarial Auditor**
CS Vijay L. Vyas
Practising Company Secretary

**TRANSPEK INDUSTRY LIMITED** (CIN : L23205GJ1965PLC001343)

**REGISTERED OFFICE**

6th Floor, Marble Arch,
Race Course,
Vadodara - 390 007.

**WORKS**

Village Ekalbara,
Tal. Padra,
Dist. Vadodara - 391 440.

**COMPANY'S R & T AGENT**

Link Intime India Pvt. Ltd.
B-102 & 103, Shangrila Complex,
First Floor, Nr. Radhakrishna Char Rasta,
Akota, Vadodara - 390 020.

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# CONTENTS

# NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the 54th ANNUAL GENERAL MEETING of the Shareholders of TRANSPEK INDUSTRY LIMITED will be held at 3.00 pm on Wednesday, the 23rd day of September, 2020, through Video Conference/Other Audio Visual Means to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Stand-alone and Consolidated Audited Financial Statements of the Company for the year ended on 31st March, 2020 and the Reports of the Board of Directors and Auditors thereon, and for that purpose to consider and pass the following resolution as an **Ordinary Resolution:-**

   (a) **"RESOLVED THAT** the Stand-alone Audited Financial Statements of the Company for the year ended on 31st March, 2020 and the Reports of the Auditors and the Board of Directors thereon laid before this meeting be and are hereby considered and adopted."

   (b) **"RESOLVED THAT** the Consolidated Audited Financial Statements of the Company for the year ended on 31st March, 2020 and the Reports of the Auditors and the Board of Directors thereon laid before this meeting be and are hereby considered and adopted."

2. To declare Final Dividend on the equity shares of the Company for the financial year ended 31st March, 2020 and for that purpose to consider and pass the following resolution as an **Ordinary Resolution:-**

   **"RESOLVED THAT** a Final Dividend at the rate of Rs.2.50/- (Rupees Two and Paise Fifty only) per Equity Share for the year ended on 31st March, 2020, be and is hereby declared and the same be paid on 55,85,569 Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up, as recommended by the Board of Directors of the Company."

3. To appoint a Director in place of Shri Ravi A. Shroff, who retires by rotation and, being eligible, offers himself for reappointment and for that purpose to consider and pass the following resolution as an **Ordinary Resolution:-**

   **"RESOLVED THAT** Shri Ravi A. Shroff, a Director of the Company, retiring by rotation at this Annual General Meeting and, being eligible for re-appointment, pursuant to the provisions of Section 152 of the Companies Act, 2013, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

4. To appoint the Auditors and to fix their remuneration and in this regard to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT,** pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, read with Regulation 18 and Part C of Schedule – II of the SEBI (LODR) Regulations, 2015, including any statutory enactment or modification(s) thereof and pursuant to the recommendations of the Audit Committee of Directors and that of the Board of Directors, M/s. Bansi S. Mehta & Co., Chartered Accountants (Firm Registration No.100991W), be and they are hereby appointed as the Auditors of the Company for a period of five years, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Fifty Ninth Annual General Meeting, on a remuneration of Rs.15,00,000/- p.a. for the Financial Year 2020-2021 plus GST as may be applicable and reimbursement of out of pocket expenses incurred in connection with the audit and the remuneration for their remaining tenure of appointment shall be as may be decided by the Board of Directors of the Company from time to time."

**SPECIAL BUSINESS:**

5. To ratify the remuneration of the Cost Auditors for the Financial Year ending on 31st March, 2021 and for that purpose to consider and pass the following resolution as an **Ordinary Resolution:-**

# NOTICE TO THE SHAREHOLDERS...

**"RESOLVED THAT,** pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, if applicable, (including any statutory modification[s] or re-enactment thereof for the time being in force), the remuneration of Rs. 1,54,000/- (Rupees One Lakh Fifty Four Thousand) plus applicable tax on services (by whatever name called) fixed by the Board of Directors of the Company, in respect of M/s Y. S. Thakar & Co., Cost Accountants – Firm Registration Number: 000318, the Cost Auditor of the Company, be and is hereby ratified."

**"RESOLVED FURTHER THAT** the Board of Directors of Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

**Regd. Office:**

6th Floor, Marble Arch,
Race Course,
Vadodara – 390007
**Dated: 24th June, 2020**

**By Order of the Board of Directors**

**For Transpek Industry Limited**

**Alak D. Vyas**
**Company Secretary &**
**Compliance Officer**

**NOTES:**

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 ('the Act') relating to Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto.

2. In view of the continuing restrictions on the movement of people at several places in the country due to outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its General Circular 22/2020 dated 15th June, 2020 read with General Circulars No. 20/2020 dated 5th May, 2020, No. 14/2020 dated 8th April, 2020 and No. 17/2020 dated 13th April, 2020 and SEBI circular dated 12th May, 2020, has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 54th AGM of the Company shall be held and conducted through VC / OAVM. Link Intime India Private Limited ('LIIPL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No.13 below and is also available on the website of the Company at www.transpek.com.

3. As the AGM shall be conducted through VC/OAVM, the facility for the appointment of Proxy by the Shareholders is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

4. Institutional/Corporate Shareholders are requested to send a scanned copy (PDF/JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at investorrelations@transpek.com.

5. The Register of Shareholders and Share Transfer Books of the Company will remain closed from 17th, September, 2020 to 23rd September, 2020 (both days inclusive).

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

6. In accordance with the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Shareholders whose e-mail addresses are registered with the Company or the Depository Participant(s).

## NOTICE TO THE SHAREHOLDERS...

7. Shareholders holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at investorrelations@transpek.com along with the copy of the signed request letter mentioning the name and address of the Shareholder, self-attested copy of the PAN card, and self-attested copy of any one of these document (e.g. Driving License, Election Identity Card, Aadhar Card, Passport) in support of the address of the Shareholder. Shareholders holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Shareholders may write to investorrelations@transpek.com.

8. The Notice for the 54th AGM along with Annual Report for the financial year 2019-2020, is available on the website of the Company at www.transpek.com, on the website of Stock Exchange i.e. BSE Limited and on the website of CDSL at www.evotingindia.com.

**INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**

9. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and MCA Circulars dated 8th April, 2020, 13th April, 2020 and 5th May, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Link Intime India Private Limited for facilitating voting through electronic means as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by LIIPL.

10. The shareholders, whose names appear in the Register of Members/List of Beneficial Owners as on 16th September, 2020 i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the resolutions set forth in this Notice. The remote e-voting/voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on the cut-off date.

11. The Company has appointed CS Vijay L. Vyas, Company Secretary in Practice, as the Scrutinizer, to scrutinize the entire e-voting in a fair and transparent manner. Members desiring to vote through remote e-voting are requested to refer to the following instructions:

    The instructions for shareholders voting electronically are as under:

    (i) The remote e-voting period shall begin on Sunday, 20th September, 2020 at 10.00 a.m. and end on Tuesday, 22nd September, 2020 at 05.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (16th September, 2020) may cast their votes electronically. The e-voting module shall be disabled by LIIPL for voting thereafter. Members holding shares in the Company in physical or in demat from as on 16th September, 2020 shall only be eligible for e-voting.

    (ii) Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the notice and holding shares as of the Cut-off Date i.e. 16th September, 2020, may obtain the login ID and password by sending a request at vadodara@linkintime.co.in. However, if he/she is already registered with LIIPL for remote e-Voting then he/she can use his/ her existing User ID and password for casting vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on https://instavote.linkintime.co.in or contact LIIPL on Tel: 022-4918 6000.

    (iii) The shareholders should log on to the e-voting system of LIIPL https://instavote.linkintime.co.in/ (ONLY MEMBERS CAN VOTE ON REMOTE E-VOTING)

    (iv) Click on "Login" tab, available under 'Shareholders' tab.

    (v) Enter your USER ID, Password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".

(vi) Your User ID details are given below:

a. For CDSL: 16 digits beneficiary ID

b. For NSDL: 8 character DP ID followed by 8 digits Client ID

c. Members holding shares in physical form your User ID is event no. + Folio Number registered with the Company.

(vii) If you are the FIRST TIME USER, follow the steps given below:

If you are using e-voting system of LIIPL https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' tab and register your details and set the password of your choice and confirm (The password should atleast contain minimum 8 characters, atleast one special character, atleast one numerical, atleast one alphabet and atleast one capital letter).

Click "confirm" (Your Password is now generated).

**For FIRST TIME USER MEMBERS holding shares in demat form and physical form**

| | |
|---|---|
| **PAN** | Enter your 10 digit alpha-numeric ***PAN** issued by the Income-tax Department (applicable for both Demat and Physical Shareholders)<br>* Members who have not updated their **PAN** with the Company/Depository Participant are requested to use the sequence number printed provided to you, if applicable. |
| **DOB/DOI** | Enter the Date of Birth (DOB)/Date of incorporation (DOI) as recorded in your demat account or in the Company's records for the said demat account or Folio No. in dd/mm/yyyy format.<br>**OR**<br>Enter the Dividend Bank Details as recorded in your demat account or in the Company's records for the said demat account or Folio. |
| **Dividend Bank Details** | Please enter the **DOB/DOI** or Dividend Bank Details in order to login. If the details are not recorded with the depository or the Company, please enter the User ID/Folio Number in the Dividend Bank details fields as mentioned in instruction (vi-c) above. |

(viii) If you are holding shares in demat form and had logged on to https://instavote.linkintime.co.in and voted on an earlier voting of any company, then your existing password is to be used.

(ix) If shareholders holding shares in demat or physical form have forgotten password, they need to:

- Click on'Login' under 'Shareholder' tab and further click on 'forgot password?'
- Enter User ID, select mode and enter image verification (CAPTCHA) code and click on 'Submit'.

(x) In case shareholder is having valid email address, Password will be sent to the shareholders registered email address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN,DOB/DOI, Dividend Bank Details etc. and confirm. (The password should atleast contain minimum 8 characters, and include atleast one special character, atleast one numerical, atleast one alphabet and atleast one capital letter). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) After successful login, you will be able to see the notification for e-voting on the home page of INSTA vote. Select/View 'Event No.' of the Company.

## NOTICE TO THE SHAREHOLDERS...

(xii) E-voting page will appear.

(xiii) On the voting page, you will see "Resolution Description" and against the same the option 'Favour/Against' for voting. Cast your vote by selecting an appropriate option.

(xiv) If you wish to view the entire resolution details, click on the 'View Resolutions' File Link.

(xv) After selecting the appropriate option i.e. Favour/Against as desired, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

(xvi) Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

(xvii) You can also take the print out of the votes cast by you by clicking on "Print" option on the voting page.

**12. Note for Non – Individual Shareholders and Custodians:**

a) Non – Individual Shareholders (i.e. other than individuals, HUF, NRI, etc.) and Custodians are required to logon to https://instavote.linkintime.co.in and register themselves in the "Custodian/Corporate Body/Mutual Fund" module.

b) A scanned copy of Board Resolution and Power of Attorney (POA) which they have issued in favour of Custodian/Mutual Fund/Corporate Body, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

c) Alternatively Non-individual Shareholders are required to send the relevant Board Resolution/Authority letter etc. together with the attested specimen signature of the duly authorised signatory who is authorised to vote, to the Scrutinizer at csvlvyas@gmail.com and to the Company at the email address at investorrelations@transpek.com, if they have voted from individual tab and not uploaded the same on LIIPL e-voting system for the scrutinizer to verify the same.

d) During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

e) In case you have any queries or issues regarding e-voting, you may refer to Frequently Asked Questions ("FAQ") and InstaVote e-voting manual available at https://instavote.linkintime.co.in, under help section or write an email to enotices@linkintime.co.in or call 022-49186000.

A copy of this notice has been placed on the website of the Company www.transpek.com; www.bseindia.com and at the website of Link Intime India Private Limited https://instavote.linkintime.co.in.

The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the vote cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall counter-sign the same. The Chairman or the person authorized by him in writing shall declare the result of the voting forthwith, in the format prescribed under Regulation 44 (3) of the SEBI (LODR) Regulations, 2015.

The results declared along with the Scrutinizer's Report shall immediately be placed on the Company's website www.transpek.com and on the website of Link Intime India Private Limited https://instavote.linkintime.co.in. The said results shall also be communicated to BSE Limited, which shall place it on its website thereafter.

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

13. Shareholders will be provided with the facility to attend the AGM through VC/OAVM by Link Intime India Private Limited's e-voting system. Shareholders will be provided with InstaMeet facility wherein they shall register details and attend the Annual General Meeting as under:

- Open the Internet Browser and launch the URL for InstaMeet https://instameet.linkintime.co.in and register with your following details:
- For CDSL: 16 digits beneficiary ID
- For NSDL: 8 character DP ID followed by 8 digits Client ID
- Members holding shares in physical form your User ID is Folio Number registered with the Company.
- PAN: Enter your ten digit Permanent Account Number (PAN). (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable).
- Mobile No.
- Email ID
- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

14. Shareholders can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizer etc. who are allowed to attend the AGM without any restriction on account of first come first served basis.
15. Shareholders are encouraged to join the meeting through Laptop/I Pads for better experience.
16. Further, Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
17. Please note that the participants commencing from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore, recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
18. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investorrelations@transpek.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investorrelations@transpek.com. These queries will be replied to by the Company suitably by email.
19. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The questions should be restricted to the Annual Report and business of the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.
20. Shareholders are requested to speak only when moderator of the meeting/management will announce their name for speaking.
21. The attendance of the shareholders attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
22. Pursuant to the MCA Circular No.14/2020 dated 8th April, 2020, the facility to appoint proxy to attend and cast vote for shareholders is not available for this AGM.

## NOTICE TO THE SHAREHOLDERS...

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

23. Once the electronic voting is activated by the Scrutinizer/Moderator during the meeting, shareholders who have not voted through remote e-voting can cast the vote as under:
    - On the Shareholders VC page, click on the link for e-voting "Cast your Vote".
    - Enter your Demat Account No./Folio no. and OTP (received on registered mobile number or email id) received during registration and then click on "Submit".
    - After successful login, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.
    - Cast your vote by selecting appropriate option i.e. Favour/Against as desired.
    - Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
    - After selecting the appropriate option as desired, click on 'Save'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'confirm' else, to change your vote, click on 'back' and accordingly modify your vote.
    - Once you confirm your vote, you will not be allowed to modify or change your vote subsequently.
24. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
25. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
26. Shareholders who have already voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote by e-voting during the AGM.

**PROCEDURE FOR INSPECTION OF DOCUMENTS:**

27. All the documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection through electronic mode on the basis of request being sent on investorrelations@transpek.com.
28. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at LIIPL e-voting system at https://instavote.linkintime.co.in.

**DIVIDEND RELATED INFORMATION:**

29. The shareholders whose names appear in the Register of Members/List of Beneficial Owners as on 16th September, 2020 i.e. the cut-off date will be paid the Final Dividend for the financial year ended 31st March, 2020, as recommended by the Board, and after it is approved at the AGM.
30. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend declared at the meeting. The Company or its Registrars & Transfer Agents viz. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates or their address. Such changes are to be advised only to the Depository Participants by the members.
31. Members are requested to notify promptly any changes in their postal/email addresses or bank mandates to their respective Depository Participants in respect of their electronic share accounts quoting Client ID no. and in respect of their physical shares, quoting their Folio no. to Link Intime India Pvt. Ltd., Vadodara, the Company's Registrars and Transfer Agents.

# NOTICE TO THE SHAREHOLDERS...

32. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore, be required to deduct Tax at Source (TDS) at the time of making of final dividend, if any, declared. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the documents in accordance with the provisions of the Income-tax Act, 1961.

    a. For Resident Shareholders, TDS shall be deducted under Section 194 of the Income Tax Act, 1961 @ 7.5% on the amount of Dividend declared and paid by the Company during the financial year 2020-2021 provided PAN is registered by the shareholder. If PAN is not registered, TDS would be deducted @20% as per Section 206AA of the Income-tax Act, 1961.

       However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during financial year 2020-2021 does not exceed Rs.5000/-. Please note that this includes the future dividends, if any, that may be declared.

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

    b. For Non-Resident Shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 of the Income-tax Act, 1961 at the rates in force. As per the relevant provisions of the Income-tax Act, 1961, the withholding tax shall be @20% (plus applicable surcharge and cess) on the amount of dividend payable to them. However, as per Section 90 of the Income-tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

       i. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident.

       ii. Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC.

       iii. Self attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax Authorities.

       iv. Self declaration, certifying the following points:

          - Member is and will continue to remain a tax resident of the country of residence during the financial year 2020-2021;
          - Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
          - Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
          - Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
          - Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-2021.

33. Please note that the Company is not obliged to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non-Resident shareholder.

34. Accordingly, in order to enable us to determine the appropriate TDS/withholding tax rate applicable, we request you to provide these details and documents as mentioned above before the cut-off date.

# NOTICE TO THE SHAREHOLDERS...

35. Members are requested to note that the aforementioned documents are available on https://linkintime.co.in/client-downloads.html (under the tab 'General') and are required to be submitted at https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before 16th September, 2020 ('the cut-off date') in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post 16th September, 2020. It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

36. We shall arrange to send the copy of TDS certificate to you either on the last mentioned postal address available in the records of the Company or would be sent to the registered email id in due course, post payment of the said dividend.

37. Members who have not registered their email addresses so far are requested to register their email addresses for receiving all communications including Annual Report, Notices, Circulars, etc. from the company electronically, as provided for in the Companies Act, 2013 and the Rules made thereunder.

38. The Company has not transferred any unpaid/unclaimed dividend amount during the year since the Company did not declare dividend in the Financial Year 2011-2012. Members who have not encashed their dividend warrants for the financial year 2012-2013 or subsequent financial years are requested to immediately write to the Company enclosing their uncashed Dividend Warrant and Bank Details for issue of cheque/demand draft against such invalid dividend warrants before such unclaimed dividend becomes due for transfer to the Investor Education and Protection Fund (IEPF). The details of dividend amount already transferred to IEPF are already available on the Company's website www.transpek.com.

**GENERAL INFORMATION:**

39. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form shall submit their PAN to the Company/R & T Agent viz. Link Intime India Pvt. Ltd., Vadodara.

40. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. Nomination form is available on the RTA's website, which may be printed, filled up, signed and sent to the Company/R & T Agent viz. Link Intime India Pvt. Ltd., Vadodara.

41. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link Intime India Private Limited, Vadodara for consolidation into a single folio.

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

43. Details as required in Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India in respect of Directors seeking re-appointment at the AGM are provided below:

## NOTICE TO THE SHAREHOLDERS...

| | |
|---|---|
| Name of Director | Ravi A. Shroff |
| Date of Birth | 5th February, 1978 |
| Date of re-appointment | 10th August, 2017 |
| Expertise in Specific Functional Areas | (i) New Product Development<br>(ii) Growth Management |
| Qualifications | B.E. (Chemical Engineering), M.S. (Chemistry) |
| Brief Resume of Shri Ravi A. Shroff | Shri Ravi A. Shroff has shouldered the responsibility of Excel Industries Limited in the capacity of Managing Director. He had also held eminent position of CEO and Executive Director of Anshul Specialty Molecules Private Limited and is presently a Director of the said Company. He is also holding Directorship in several Private Limited Companies and is also a partner in M/s. Anshul Life Sciences (formerly M/s. Anshul Agencies), Mumbai. |
| Listed Companies in which Directorship held | • Excel Industries Limited |
| Listed Companies in which Shareholdership of Committees of Directors held | Member of Stakeholders Relationship/ Investors Grievance Committee<br>• Excel Industries Limited |
| Relationship with other Directors or Key Managerial Personnel | Shri Ashwin C. Shroff, Chairman of the Company is his father. None of the Directors or Key Managerial Personnel is relative of Shri Ravi A. Shroff |
| No. of shares held in the Company as at 31.03.2020 | 7,086 |

# ANNEXURE TO THE NOTICE

**STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

**Item No. 5:**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021 as per the following details:

| Name of the Cost Auditor | Type of Industry | Audit Fees |
|---|---|---|
| **Y. S. Thakar and Co.<br>Cost Accountants<br>Firm Regn. No. 000318** | **Chemical** | **Rs. 1.54 lakhs plus applicable taxes** |

## ANNEXURE TO THE NOTICE...

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the Shareholders is sought by passing an Ordinary Resolution as set out at item no. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2021.

The Board commends the Ordinary Resolution under Item No. 5 of the Notice for the approval of the Shareholders.

None of the Directors, their relatives, Key Managerial Personnel of the Company or their respective relatives is in any way interested or concerned in this Resolution.

**Regd. Office:**

6th Floor, Marble Arch,
Race Course,
Vadodara – 390007
**Dated: 24th June, 2020**

**By Order of the Board of Directors**

**For Transpek Industry Limited**

**Alak D. Vyas**
**Company Secretary &**
**Compliance Officer**

# DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the **Fifty Fourth Annual Report** together with the Stand alone and Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2020.

## 1. FINANCIAL RESULTS (STANDALONE):

| | **2019 - 2020 Rs. in Lakhs** | 2018 – 2019 Rs. in Lakhs |
|---|---|---|
| Net Sales including Trading and Operating Income | **56563.78** | 59456.57 |
| Other Income | **1748.46** | 1780.35 |
| Cash Profit/(Loss) before Extraordinary Items and Taxes | **11942.24** | 11544.76 |
| Profit/(Loss) before Tax | **9352.16** | 10130.51 |
| Provision for Taxation | | |
| **Current:** | | |
| (i) Current Tax | **2051.18** | 2293.09 |
| (ii) Deferred Tax (Asset) / Liability | **112.29** | 1263.72 |
| (iii) Tax adjustment for earlier years | **(105.67)** | - |
| Profit/(Loss) after Tax | **7294.36** | 6573.70 |
| Balance brought forward from Previous Year | **15471.11** | 9493.92 |
| Amount available for appropriation | **20734.31** | 15471.11 |

**Note :** Previous year figures have been regrouped / rearranged wherever necessary.

## 2. DIVIDEND:

During the year under review, your Directors had at their meeting held on 26th February, 2020, declared an Interim dividend of Rs.10/- (i.e.100%) per equity share of Rs. 10/- each on the Equity Share Capital of Rs. 558.56 Lakhs for the year ended 31st March, 2020.

Further, your Directors have recommended a Final Dividend of Rs.2.50/- (i.e. 25%) per equity shares of Rs.10/- each on the Equity Share Capital of Rs.558.56 Lakhs for the year ended 31st March, 2020 (previous year 200% i.e. Rs.20/- share).

The final dividend will be paid to the members whose names appear in the Register of Members as on 16th September, 2020, in case of physical shareholding and, in respect of shares in dematerialised form, it will be paid to members whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

## 3. RESULTS OF OPERATIONS AND THE STATE OF THE COMPANY'S AFFAIRS:

The net sale of the Company for the year under review is Rs.56326.25 Lakhs as compared to Rs.59233.41 Lakhs in the previous year, a decrease of 4.99%. Exports have decreased to Rs.47006.17 Lakhs from Rs.48352.26 Lakhs in the previous year i.e. a decrease of 2.78% .The Company has achieved a net profit of Rs.7294.36 Lakhs for the year 2019-20 as against Rs.6573.70 Lakhs in the previous year, i.e. an increase of 10.96%.

## 4. OUTLOOK:

We expect the business conditions to remain stable for your Company expecting a moderate growth in volumes for the year 2020-2021.

With the world markets taking a hit in the wake of CoVID-19 Pandemic, the world markets are uncertain at present and

# DIRECTORS' REPORT...

many countries are facing major economic issues which will affect their growth.

Also, there is a reduction in the customers product application which might result in reduction in our demand of products by the suppliers which the Company is trying to recover from other regional and global customers which will take time.

5. **QUALITY, ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT SYSTEMS:**

The company is accredited with Quality - Environment - Occupational Health & Safety and Energy Management systems, QMS ISO 9001:2015, EMS ISO 14001:2015, BS OHSAS 18001:2007 and EnMS ISO 50001:2011, and TUV - Nord is the Certification agency. This year we are planning for the upgrade of BS OHSAS 18001:2007 to ISO 45001:2018. The Company is committed to ensure protection of the environment and maintenance of biodiversity.

The Company continues taking several initiatives to achieve this goal. The Company places a strong emphasis on ensuring safety of the employees and surrounding population and has very effective safety management systems in place.

The Company is a member of the Indian Chemical Council and has taken steps to implement 'Responsible Care', a globally recognised Chemical Industry initiative.

As a part of the Corporate Social Responsibility & Sustainable development, in addition to the other initiatives, the company has continued membership with EcoVadis, and achieved Silver rating in Ecovadis audit.

In order to take preventive measures against COVID-19 pandemic, Company has followed the guidelines of WHO and Govt. of India and have taken necessary steps to ensure the safety and health of the Company employees. Details of preventive measures so taken are placed on the website of the Company at https://www.transpek.com/index.php/coronavirus-transpeks-response/.

6. **SUBSIDIARY COMPANIES:**

Transpek Industry (Europe) Limited ('TIEL') is a wholly owned subsidiary of the Company and, during the year under review, it has continued to provide services to some of the Indian companies under REACH regulations. The expenses incurred during the year are apportioned to and recovered by TIEL from Transpek Industry Limited, the holding company and other participating companies resulting in there being no profit and no loss.

During the year, your Company incorporated a Wholly Owned Subsidiary viz. **Transpek Creative Chemistry Private Limited** (TCCPL) on 6th January, 2020. TCCPL was incorporated with the objective of pursuing various business opportunities.

7. **DISCLOSURE UNDER THE COMPANIES ACT, 2013:**

Information given below is pursuant to various disclosure requirements prescribed under the Companies Act, 2013 (hereinafter 'the Act'), the rules thereunder and as per the Secretarial Standard IV on the Report of the Board of Directors, to the extent applicable to the Company and is in addition to those included in appropriate places in the Corporate Governance Report as prescribed under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [hereinafter 'SEBI LODR Regulations'] forming part of the Annual Report.

a) **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 and under Part – I Disclosures of Secretarial Standard IV is annexed to this report as **'Annexure – I'**.

b) **WEB ADDRESS WHERE ANNUAL RETURN REFERRED TO IN SUB-SECTION (3) OF SECTION 92 HAS BEEN PLACED:**

The Annual Return in form no. MGT – 7 as per Section 134 (3) (a) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014 and Rule 12 of Companies (Management and Administration) Rules, 2014 is placed on the website of the Company https://www.transpek.com/wp-content/uploads/2019/05/form_mgt-7-05-10-2018-revised.pdf

c) **EXTRACTS OF ANNUAL RETURN & OTHER DISCLOSURES:**

The extract of the Annual Return in form no. MGT-9 as per Section 134(3)(a) of the Act read with Rule 8 of Companies

(Accounts) Rules, 2014 and Rule 12 of Companies (Management and Administration) Rules, 2014, is annexed to this report as **'Annexure – II'**.

d) **REMUNERATION POLICY AND INFORMATION REGARDING REMUNERATION:**

Particulars of the Company's Remuneration Policy and information pursuant to Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as **'Annexure – III'**. The Copy of policy is placed on the website of the Company https://www.transpek.com/wp-content/uploads/2018/04/Nomination-and-Remuneration-Committee.pdf.

e) **CRITERIA FOR APPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Nomination and Remuneration Committee shall consider the following aspects and traits for selecting a person for Directorship:

- Qualifications
- Age
- Expertise and Experience
- Understanding of Governance and Management Practices
- Independence

The Nomination and Remuneration Committee shall consider the following aspects and traits for selecting a person for appointment in Key Managerial position and other Senior Management Positions:

- Qualifications
- Age
- Experience and Competence
- Industry background
- Managerial and Leadership abilities

The Copy of policy is placed on the website of the Company https://www.transpek.com/wp-content/uploads/2018/04/Nomination-and-Remuneration-Committee.pdf.

f) **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

During the year under review, your Company has not directly or indirectly –

(i) given any loan to any person or other body corporate other than usual advances envisaged in a contract for supply of materials or equipment or job work, if any;

(ii) given any guarantee or provided security in connection with a loan to any other body corporate or person; and

(iii) acquired by way of subscription, purchase or otherwise, the securities of any other body corporate, except as subscriber of the newly incorporated subsidiary company – Transpek Creative Chemistry Private Limited.

g) **RELATED PARTY TRANSACTIONS:**

During the year under review, all the Related Party Transactions were in the ordinary course of business and on an arm's length basis. Those transactions were placed before the Audit Committee of Directors for prior approval in the form of omnibus approval as provided in SEBI LODR Regulations.

Apart from these, the Company has carried out transactions with the following related parties as per the contracts approved by the Audit Committee and Board of Directors of the Company as required under the Act and the SEBI LODR Regulations:

## DIRECTORS' REPORT...

- continued the arrangement with M/s. TML Industries Limited ('TML') for manufacture of the Company's product on job-work basis at TML's factory premises situated at Village: Piludra, Dist: Bharuch and Village: Karakhadi, Dist: Vadodara;
- Payment of Commission on Sales to M/s. Anshul Life Science as a Distributor of the Company's products and
- Supply agreement between the Company and Transpek – Silox Industry Private Limited ('TSIPL') for supply of Oleum 65% and Sulphur Dioxide.

Considering the turnover of the Company and as per the criteria laid down under Section 188 of the Act and the Rules framed thereunder and under Regulation 23 of the SEBI LODR Regulations, both the aforementioned transactions were not "material" requiring shareholders' approval.

Details relating to these transactions have been given in **'Annexure-III'** to this report in the prescribed form AOC – 2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act read with Rule 8 (2) of the Companies (Accounts) Rules, 2014.

The policy on materiality of related party transactions etc., as approved by the Board is placed on the Company's website on the link: http://www.transpek.com/pdf/policy-on-materiality-of-events.pdf.

Your Directors draw attention of the members to Note no.40 to the financial statement which sets out related party disclosures.

**h) RISK MANAGEMENT:**

The Company has formulated a policy to identify and evaluate business risks and opportunities in compliance with the provisions of Section 134 (3) (n) of the Act. This policy framework ensures transparency, minimizes adverse impact on the business objectives and enhances the Company's competitive advantage.

On the basis of ISO: 31000 standard, the Company has adopted the Risk Management Procedures and has also put a mechanism in place for managing risk factors in technical and commercial areas.

The Company has voluntarily constituted a Risk Management Committee comprising the following Directors and a Senior Executive to monitor and review the Risk Management Plan of the Company, though Regulation 21 of the SEBI LODR Regulations is not applicable:

1. Shri Bimal V. Mehta : Managing Director & Chairman of the Committee
2. Shri Ravi A. Shroff : Promoter Director & member of the Committee
3. Shri R.B.Shetty : Sr. Vice President – Technical & member of the Committee

**i) EVALUATION OF THE PERFORMANCE OF THE BOARD, COMMITTEES OF DIRECTORS AND INDIVIDUAL DIRECTORS:**

Pursuant to the provisions of Sections 134 (3) (p) and 178 of the Act, Rule 8 (4) of the Companies (Accounts) Rules, 2014 and Regulations 17 and 19 of SEBI LODR Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually, evaluation of the Chairman of the Board as well as of the working of its Audit, Nomination & Remuneration and other Committees of the Board. The manner in which the evaluation has been carried out has been explained in the 'Corporate Governance Report' which forms a part of this Annual Report.

**j) MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

The Hon'ble Prime Minister of India had during his addressed to the Nation, announced a nationwide lockdown for a period of three weeks from the midnight of 24th March, 2020 to fight COVID-19. The Management had completely shut-down all its plants and facilities from the midnight of 24th March, 2020 to 26th April, 2020. This outbreak affected the business operations by way of interruption in production activities, supply chain and availability of manpower.

As on the date of this report, the manufacturing facilities have since been normalised.

**k) ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

The Company has laid down adequate and effective Internal Financial Controls with reference to financial statements, commensurate with its size and nature of business operations. During the year, such controls were tested and upgraded, where necessary, and no reportable material weaknesses in their design or operation were observed.

**l) LEGAL COMPLIANCE:**

The Board has devised proper systems commensurate with the size and operations of the Company to monitor and ensure compliance of all the applicable laws, Rules and Standards and the said system is found adequate and operating effectively. The functional heads of the different departments responsible for compliance submit compliance reports to the Managing Director, based on which the Company Secretary and the Managing Director provide compliance certificate to the Board on a quarterly basis.

**m) CORPORATE SOCIAL RESPONSIBILITY (CSR):**

TIL has identified education, health and wellness, skilling and nutrition as its focus areas for CSR activities, where it was able to favourably impact the lives of 7798 persons during the year.

The Company directly implements few education programmes for the school children residing around the plant area. Besides this, it trained 32 inmates of Vadodara Central Jail in carpentry. It has also constructed rain water harvesting structures in few schools of Vadodara district.

It is also supporting Samvitti Foundation for training of girls and women facing disabilities, Sahaj for addressing the health issues of adolescent girls, Nutan Bal Shikshan Sangh for capacity building of anganwadis, Vadodara Innovation Council for imparting practical training to students from municipal primary schools, Ramkrishna Mission for imparting value education to school children and Shroffs Foundation Trust for conducting medical camps at Ekalbara.

Transpek is involved in development of tribal dominated Chhota Udepur and Narmada districts, where it has supported Shroffs Foundation Trust for running a mobile medical van covering 24 villages, organising a bal mela and setting up a skill training centre.

The Company has now developed an ambitious programme for bringing the annual income of 600 poor tribal farmers to Rs. 100,000 or more. This project will be implemented by Shroffs Foundation Trust from the year 2020-21 and based on its performance, more farmers will be supported in partnership with other reputed donor agencies in future.

A brief outline of the policy and the CSR activities carried out during the year is annexed to this report as **'Annexure-IV'**.

**n) PARTICULARS OF EMPLOYEES:**

The information required under Section 197 (12) of the Act read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **'Annexure – V'** and forms part of this Report.

**o) SECRETARIAL AUDITOR AND SECRETARIAL AUDITOR'S REPORT:**

Pursuant to the provisions of Section 204 of the Act and the Rules made thereunder and Regulation 24A of the SEBI LODR Regulations, the Board of Directors has appointed Shri Vijay L. Vyas, Practising Company Secretary (FCS: 1602; CP No. 13175), Vadodara, as the Secretarial Auditor of the Company to conduct Secretarial Audit for the year ended 31st March, 2020. The Secretarial Auditor has submitted his Report on Secretarial Audit conducted by him which is annexed to this report as **'Annexure – VI'**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

# DIRECTORS' REPORT...

8. **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Shri Ravi A. Shroff, Non-Executive and Non-Independent Director of the Company, will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

During the year, on the recommendations of the Nomination and Remuneration Committee of Directors, the Board of Directors had at its meeting held on 4th November, 2019, appointed Shri Anand Mohan Tiwari as Additional Director pursuant to the provisions of Section 161. His appointment was subsequently regularised as Non Executive Independent Director pursuant to the provisions of Sections 149 and 152 read with Schedule IV, Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by means of an Ordinary Resolution passed through Postal Ballot on 24th December, 2019.

9. **TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND ACCOUNT SET UP BY GOVERNMENT OF INDIA:**

The Company had not declared any dividend for the financial year 2011-2012. As a result, during the Financial Year 2019-2020, no dividend in the Company's record was unclaimed and unpaid for a period of consecutive seven years pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent amendments thereto by the Ministry of Corporate Affairs, Government of India.

Therefore, the Company was not required to transfer any amount of dividend or shares to the IEPF Authority during the year. The list of the shareholders whose unclaimed / unpaid dividend for years prior to 2011-2012 and the shares were transferred to IEPF is available on the Company's website https://www.transpek.com/index.php/policies-and-other-information/.

10. **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirements under Section 134 (3) (c) of the Act with respect to Directors' Responsibility Statement, the Directors state that:

a) In the preparation of the annual accounts, the applicable accounting standards had beenfollowed along with proper explanation relating to material departures;

b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act 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 to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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.

11. **DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 the Act as well as under Regulation 25 of SEBI LODR Regulations.

# DIRECTORS' REPORT...

12. **CORPORATE GOVERNANCE:**

A separate report on Corporate Governance as required under Regulation 34 of the SEBI LODR Regulations, 2015 is included in this Report along with a certificate of the Auditor confirming its compliance with the conditions of Corporate Governance stipulated under the said Regulation.

13. **AUDITORS AND AUDITORS' REPORT:**

a) **STATUTORY AUDITORS:**

M/s. CNK & Associates, LLP, Chartered Accountants who were re-appointed as Statutory Auditors of the Company for a period of five years from the conclusion of the 45th Annual General Meeting would be completing their tenure as Statutory Auditors of the Company at the forthcoming 54th Annual General Meeting.

Pursuant to the provisions of the Companies Act, 2013 and the Rules thereunder, as they have completed their eligible tenure of ten consecutive years as the Statutory Auditors of the Company and therefore they shall not be eligible for any further re-appointment beyond the date of conclusion of the 54th Annual General Meeting.

On the basis of recommendations of the Audit Committee of Directors, the Board of Directors had at its meeting held on 24th June, 2020, appointed M/s. Bansi S. Mehta& Co., Chartered Accountants as the Statutory Auditors of the Company for the period of five years from the completion of the 54th Annual General Meeting upto conclusion of the 59th Annual General Meeting to be held in 2025.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer. The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

b) **COST AUDIT COMPLIANCE:**

The Board has re-appointed M/s. Y.S.Thakar & Co., Cost Accountants, as the Cost Auditors for conducting cost audit of cost records of the Company for the Financial Year 2020-2021 under Section 148 (1) of the Act.

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, Cost Audit Report for the financial year ended 31st March, 2019 was submitted to the Central Government on 2nd September, 2019. Necessary resolution for ratification of their remuneration is being proposed at the ensuing 54th Annual General Meeting. Their Report does not contain any qualification, reservation or adverse remark or disclaimer.

14. **DISCLOSURES:**

a) **AUDIT COMMITTEE:**

Details of the composition of the Audit Committee of Directors of the Company have been mentioned in the Corporate Governance Report. During the year under review, there were no instances wherein the Board of Directors of the Company did not accept the recommendations of the Audit Committee.

More details about all the Committees of Directors are given in the Corporate Governance Report.

b) **MEETINGS OF THE BOARD:**

During the year under review 8 (eight) Board meetings were held. For further details, please refer to the Report on Corporate Governance.

c) **VIGIL MECHANISM:**

The Company has established a Vigil Mechanism and a Whistle Blower Policy to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of code of conduct, details of which have been given in the Corporate Governance Report. The Whistle Blower Policy has been posted on the website of the Company and can be accessed at link –http://www.transpek.com/pdf/whistle-blower-policy.pdf.

# DIRECTORS' REPORT...

15. **CHANGE IN THE NATURE OF BUSINESS:**

During the year under review, there was no change in the nature of the business of the Company.

16. **FIXED DEPOSITS:**

During the year under review, your Company has accepted/renewed deposits amounting to Rs.9,00,09,000/-, only from the shareholders of the Company. The deposits which matured and remained unclaimed as at 31st March, 2020 amount to Rs.3,28,000/-. The Company had sent written reminders to the Depositors for their appropriate action in this regard and as on the date of this report deposits amounting to Rs.3,28,000/- only have remained unclaimed.

The Deposits and Interest which remained unclaimed for the last seven years have been transferred to the Investor Education and Protection Fund as required under Section 125 of the Act. The list of the depositors whose deposits and interest are transferred to IEPF is available on the Company's website https://www.transpek.com/index.php/policies-and-other-information/.

During the year, there has been no default in repayment of deposits or payment of interest thereon. Also, during the year, there were no deposits accepted by the Company which did not comply with the requirements of Chapter V of the Act.

17. **STOCK EXCHANGE:**

The Company's equity shares are listed on the BSE Limited and the Listing Fees of the Company for the Financial Year 2019-2020 have been paid. The address of the said Exchange is as under:

**BSE Limited**

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort, Mumbai – 400 001.

Scrip ID: 'transpek'; Scrip Code: 506687; Group/Index: 'X'; ISIN: INE687A01016

18. **HEALTH CARE AND WELFARE OF EMPLOYEES:**

Employees' Welfare Schemes such as subsidized food in the Company's canteen at the factory, medical facilities, Group Term Life Insurance, Group Mediclaim Insurance and Group Accident Insurance continued to be maintained by the Company. The Company has also availed a top up medical insurance policy of Rs.5,00,000/- for all its employees so that they can avail proper medical facilities in case they get affected by CoVID-19. Sports and cultural activities are given due importance. The Company has also set up a place for doing Yoga, playing Table Tennis and a Gym for the employees. Employees are also given core long-term health offering which includes making available preventive medical examinations to cover fields of mental health, fitness and nutrition. Reports show that the examinations contribute to improvement in fitness and nutrition. Employees are offered training programmes and workshops on health-oriented leadership. Monetary support is also given to employees who wish to acquire higher educational qualifications.

Company had also taken following steps to combat CoVID-19 pandemic situation:

- Suspension of all domestic and international travels
- Engagement with employees to emphasize use of masks, sanitizer, social distancing, hygiene, and self-isolation wherever applicable.
- Enhanced sanitation and cleaning at the factory
- Work from home facility to employees operating from Corporate Office
- Organizing and conducting meetings through Video or Audio conferencing.
- Providing them with 2 kits each of ayurvedic medicines to help boost immunity.

# DIRECTORS' REPORT...

**ANNEXURE-I TO THE DIRECTORS' REPORT**

Merit awards are given to employees' children for their academic achievements. The Company promotes innovation, rewards for performance and provides opportunities for people to grow. In addition, your Company has put in place a range of initiatives for attracting and retaining a high performance work force. The Company also rewards exemplary performance of employees.

**19. PROTECTION OF WOMEN AT WORKPLACE:**

The Company has employed a number of women in various cadres. It has put in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal committee of women employees is also set up to redress complaints received which are monitored by women supervisors who are fully aware of the Policy and redressal mechanism. All employees of the Company and those of contractors as well as trainees are covered under this Policy. No complaint was received from any employee during the financial year 2019-2020 and no complaint is pending as on 31st March, 2020 for redressal.

**20. MANAGEMENT DISCUSSION AND ANALYSIS:**

The report on Management Discussion and Analysis as required under Regulation 34 (2) (e) and Schedule V of SEBI LODR Regulations dealing with the Operations, Business Performance, etc. is given separately and it forms part of this Annual Report.

**ACKNOWLEDGEMENTS**

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by the Company's Bankers and Central and State Government agencies. Your Directors also wish to place on record their appreciation of the contribution made by employees at all levels towards the growth of the Company. Your Directors acknowledge with gratitude the support of the shareholders, investors, customers and suppliers for the faith reposed in the Company and its management.

**BY ORDER OF THE BOARD**

**PLACE: VADODARA** — **A. C. SHROFF**

**DATED: 24th June, 2020** — **CHAIRMAN**

# DIRECTORS' REPORT...

## 'ANNEXURE – I' TO THE DIRECTORS' REPORT:

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo under section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

**A) CONSERVATION OF ENERGY:**

**(i) Steps taken for conservation of energy and for utilizing alternative sources of energy:**

1. Replacement of Evaporative Condenser in place of cooling water based condenser. Installation of Variable Frequency Drive in place of soft starter and replacement of 270 Horse Power (HP) IE3 motor in-place of IE1 at Screw Compressor has resulted in energy saving in 257 TR chilled water plant.
2. Stoppage of 25 HP Primary pump & cooling tower pump replacement from 60 HP to 15 HP in ACL 6 utility plant has resulted in energy saving.
3. Commissioning of new more efficient 135 TR Brine plant (Screw type) system has given a substantial energy saving.
4. Condensate recovery improvement in ACL 2/6 & TC has improved heat recovery & reduced fresh water consumption in boiler.
5. 8 TPH boiler fuel feeding nozzles redesigned & replaced so clinker formation is eliminated, resulted in better combustion & boiler efficiency. Leakage Economizer coil replacement & feed water piping modified for counter flow in place of current flow has improved the heat recovery. Regular cleaning in 8 TPH boiler is being carried out to improve its efficiency & minimize losses. Boiler combustion efficiency measurement is carried out every year by third party has given energy saving in thermal energy.
6. Due to higher 8TPH Boiler utilization, FO consumption has reduced by 400 KL per annum has imparted substantial fuel cost saving and reduced green house gas (SO2) emission.
7. Ceramic Coating in various Utility pumps has decreased friction loss thus improved pump efficiency, resulted in energy saving.
8. Higher steam pipe sizing has reduced the pressure drop thus reduced the steam generation from FO fired boiler & change in fuel source has resulted in substantial reduction in fuel cost.
9. Installation of 5 HP Pump (25 m3/hr) in-place of 30 HP pump (110 m3/hr) for process cooling water for PGCL plant has resulted in energy saving.
10. Installation of Energy Efficient IE3 motors in place of low Efficiency IE1 motors in utility has given energy saving .

**(ii) The investment in various energy conservation activities was Rs.110.00 Lakhs and the estimated annual saving works out to Rs.337.00 Lakhs.**

**B) TECHNOLOGY ABSORPTION:**

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

The Company has been making substantial efforts in reduction of process waste and effluent. Over the years, there has been a significant reduction in the generation of wastes by adopting better process methodology at the source.

**(ii) Benefits derived:**

The Company has been able to derive benefits through R & D activities in manufacturing of Pharmaceutical Intermediates, new Acid Chlorides with multiple end uses, new organic chlorides with multiple uses, intermediates of personal care chemicals, etc. Also, the Company has improved process efficiency by using better catalysts.

# DIRECTORS' REPORT...

## C) EXPENDITURE INCURRED ON R & D:

(Rs. in Lakhs)

| Particulars | Current Year (2019-2020) | Previous Year (2018-2019) |
|---|---|---|
| Capital | **190.53** | 150.58 |
| Recurring | **172.11** | 160.78 |
| **Total** | **362.64** | 311.36 |
| Total R&D Expenditure as a % of total turnover | **0.64** | 0.53 |

## D) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in Lakhs)

| Particulars | Current Year (2019-2020) | Previous Year (2018-2019) |
|---|---|---|
| a) Earned by way of export of goods and claims | **48042.95** | 49544.04 |
| b) Used by way of Imports (Capital/Revenue) | **7564.71** | 9350.16 |

## ANNEXURE-II

**Form No. MGT – 9**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31.03.2020**

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

### I. Registration and Other Details

| | |
|---|---|
| CIN | L23205GJ1965PLC001343 |
| Registration Date: | 6th October, 1965 |
| Name of the Company | Transpek Industry Limited |
| Category/Sub-Category of the Company | Company having Share Capital |
| Address of the Registered Office and contact details | 6th Floor, Marble Arch, Race Course, Vadodara – 390007. Contact No: (0265) 2335444 |
| Whether Listed Company | Yes, Listed on BSE Limited |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited, B-102 & 103 Shangrila Complex, 1st Floor, Near Radhakrishna Char Rasta, Akota, Vadodara – 390020 Phone: (0265) 2356794; 2356573; Email: vadodara@linkintime.co.in; alpesh.gandhi@linkintime.co.in. |

# DIRECTORS' REPORT...

**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 and Description of main products/services | NIC Code of the product/service | % to total turnover of the Company |
|---|---|---|
| Chemicals | '20299' – Manufacture of various other chemical products n.e.c.(antiknock preparations, anti-freeze preparations, liquids for hydraulic transmission, composite diagnostic or laboratory reagents, writing or drawing ink, chemical substance used in manufacturing of pesticides and other chemical products) | 100 |
| | '20119' - Manufacture of organic and inorganic chemical compounds n.e.c. | |

**III. Particulars of Holding, Subsidiary and Associate Companies**

| Name and Address of the Company | CIN/GLN | Holding/Subsidiary / Associate | % of shares held | Applicable section |
|---|---|---|---|---|
| Transpek Industry (Europe) Limited | Foreign Company | Wholly Owned Subsidiary | 100 | Section 2(87) read with Section 2(11) |
| Transpek Creative Chemistry Private Limited | U24200GJ2020 PTC111900 | Wholly Owned Subsidiary | 100 | Section 2(87) read with Section 2(11) |

**IV. Shareholding Pattern (Equity Share Capital Break up as a percentage of total equity**

**i) category-wise Share Holding**

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| (a) Individual/ HUF | 911291 | - | 911291 | 16.32 | 911291 | - | 911291 | 16.32 | (0.00) |
| (b) Central Govt/ State Govt. | - | - | - | - | - | - | - | - | - |
| (c) Financial Institutions /Banks | - | - | - | - | - | - | - | - | - |
| (d) Others (Bodies Corporate) | 2364904 | - | 2364904 | 42.34 | 2364904 | - | 2364904 | 42.34 | 0.00 |
| **Sub-total (A) (1)** | **3276195** | **-** | **3276195** | **58.66** | **3276195** | **-** | **3276195** | **58.66** | **0.00** |

## DIRECTORS' REPORT...

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **(2) Foreign** | | | | | | | | | |
| (a) Individuals (Non Resident Individuals/ Foreign Individuals | 11710 | - | 11710 | 0.21 | 11710 | - | 11710 | 0.21 | 0.00 |
| (b) Government | - | - | - | - | - | - | - | - | - |
| (C) Institutions | - | - | - | - | - | - | - | - | - |
| (d) Foreign Portfolio Investor | - | - | - | - | - | - | - | - | - |
| (e) Any other (Specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2)** | **11710** | **-** | **11710** | **0.21** | **11710** | **-** | **11710** | **0.21** | **0.00** |
| **Total Share-holding of Prom-oter (A)=(A)(1)+(A)(2)** | **3287905** | **-** | **3287905** | **58.86** | **3287905** | **-** | **3287905** | **58.86** | **0.00** |
| **B. Public Shareholding** | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | |
| (a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| (b) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (c) Alternate Investment Fund | - | - | - | - | - | - | - | - | - |
| (d) Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (e) Foreign Portfolio | 121500 | - | 121500 | 2.18 | 114367 | - | 114367 | 2.05 | (0.13) |
| (f) Financial Institutions/ Banks | 1313 | 396 | 1709 | 0.03 | 1335 | 396 | 1731 | 0.03 | 0.00 |
| (g) Insurance Companies | 208415 | - | 208415 | 3.73 | 113516 | - | 113516 | 2.03 | (1.70) |
| (h) Provident Funds /Pension Funds | - | - | - | - | - | - | - | - | - |
| (i) Any Other (Specify) (Bodies Corporate) | - | - | - | - | - | - | - | - | - |

# DIRECTORS' REPORT...

**IV. Shareholding Pattern (Equity Share Capital Break up as a percentage of total equity**

**i) category-wise Share Holding**

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **Sub-total (B) (1)** | **331228** | **396** | **331624** | **5.94** | **229218** | **396** | **229614** | **4.11** | **(1.83)** |
| (2) Central Govt(s) /State Govt(s)/ President of India | 37058 | - | 37058 | 0.66 | 36826 | - | 36826 | 0.66 | 0.00 |
| **Sub-total (B) (2)** | **37058** | **-** | **37058** | **0.66** | **37058** | **-** | **37058** | **0.66** | **0.00** |
| (3) Non-Institutions | | | | | | | | | |
| (a) Individuals | | | | | | | | | |
| (i) Individuals shareholders holding nominal share capital upto Rs.2 Lakh | 1182096 | 142180 | 1324276 | 23.71 | 1274583 | 122699 | 1397282 | 25.01 | 1.30 |
| (ii) Individuals shareholders holding nominal share capital in excess of Rs.2 Lakhs | 370898 | - | 370898 | 6.64 | 275441 | - | 275441 | 4.93 | (1.71) |
| (b) NBFCs registered with RBI | 50 | - | 50 | 0.00 | - | - | - | - | 0.00 |
| (c) Employee Trusts | - | - | - | - | - | - | - | - | - |
| (d) Overseas Depositories (holding DRs) (balancing figure) | - | - | - | - | - | - | - | - | - |
| Any Other (please specify) | 226408 | 7350 | 233758 | 4.18 | 354961 | 3540 | 358501 | 6.42 | 2.24 |
| **Sub-total (B) (3)** | **1779452** | **149530** | **1928982** | **34.53** | **1904985** | **126239** | **2031224** | **36.36** | **1.83** |
| **Total Public Shareholding(B)= (B) (1) + (B) (2) + (B) (3)** | **2147738** | **149926** | **2297664** | **41.13** | **2171029** | **126635** | **2297664** | **41.13** | **0.00** |
| C. Shares held by custodian for ADR & GDR | - | - | - | - | - | - | - | - | - |
| **Grand Total A+B+C** | **5435643** | **149926** | **5585569** | **100.00** | **5458934** | **126635** | **5585569** | **100.00** | **0.00** |

## DIRECTORS' REPORT...

**ii) Shareholding of Promoters**

| Sr. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | % of shares Pledged/ encumbered to total shares | No. of shares | % of total shares of the Company | % of shares Pledged/ encumbered to total shares | % change in share-holding during the year |
| 1 | Anshul Specialty Molecules Private Limited | 1376440 | 24.64 | 0.00 | 1376440 | 24.64 | 0.00 | 0.00 |
| 2 | Kamaljyot Investments Limited | 702703 | 12.58 | 0.00 | 702703 | 12.58 | 0.00 | 0.00 |
| 3. | Shruti A. Shroff | 307225 | 5.50 | 0.00 | 307225 | 5.50 | 0.00 | 0.00 |
| 4. | Ashwin C. Shroff | 163919 | 2.93 | 0.00 | 163919 | 2.93 | 0.00 | 0.00 |
| 5. | Vishwa Atul Shroff | 78586 | 1.41 | 0.00 | 78586 | 1.41 | 0.00 | 0.00 |
| 6. | Madison Investments Pvt. Ltd. | 73193 | 1.31 | 0.00 | 73193 | 1.31 | 0.00 | 0.00 |
| 7. | Shrodip Investments Pvt. Ltd. | 72000 | 1.29 | 0.00 | 72000 | 1.29 | 0.00 | 0.00 |
| 8. | UPL Limited | 41150 | 0.74 | 0.00 | 41150 | 0.74 | 0.00 | 0.00 |
| 9. | Kantisen C. Shroff | 40690 | 0.73 | 0.00 | 40690 | 0.73 | 0.00 | 0.00 |
| 10. | Hyderabad Chemical Products Private Ltd. | 40150 | 0.72 | 0.00 | 40150 | 0.72 | 0.00 | 0.00 |
| 11. | Atul G. Shroff | 38317 | 0.69 | 0.00 | 38317 | 0.69 | 0.00 | 0.00 |
| 12. | Dipesh K. Shroff | 37662 | 0.67 | 0.00 | 37662 | 0.67 | 0.00 | 0.00 |
| 13. | Chetna P. Saraiya | 32966 | 0.59 | 0.00 | 32966 | 0.59 | 0.00 | 0.00 |
| 13. | Shalil S. Shroff | 30867 | 0.55 | 0.00 | 30867 | 0.55 | 0.00 | 0.00 |
| 14. | Dipkanti Investments and Finance Pvt. Ltd. | 30501 | 0.55 | 0.00 | 30501 | 0.55 | 0.00 | 0.00 |
| 15. | Chinmayi D. Shroff | 28678 | 0.51 | 0.00 | 28678 | 0.51 | 0.00 | 0.00 |
| 16. | Pritami Investments Pvt. Ltd. | 27004 | 0.48 | 0.00 | 27004 | 0.48 | 0.00 | 0.00 |
| 17. | Shaila S. Shroff | 22800 | 0.41 | 0.00 | 22800 | 0.41 | 0.00 | 0.00 |
| 18. | Ami Kantisen Shroff | 22400 | 0.40 | 0.00 | 22400 | 0.40 | 0.00 | 0.00 |
| 19. | Krishni D. Shroff | 22400 | 0.40 | 0.00 | 22400 | 0.40 | 0.00 | 0.00 |
| 20. | Preeti D. Shroff | 22397 | 0.40 | 0.00 | 22397 | 0.40 | 0.00 | 0.00 |
| 21. | Anshul A. Bhatia | 21659 | 0.39 | 0.00 | 21659 | 0.39 | 0.00 | 0.00 |

## DIRECTORS' REPORT...

| Sr. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | % of shares Pledged/ encumbered to total shares | No. of shares | % of total shares of the Company | % of shares Pledged/ encumbered to total shares | % change in share-holding during the year |
| 22. | Dilipsinh G. Bhatia | 10800 | 0.19 | 0.00 | 10800 | 0.19 | 0.00 | 0.00 |
| 23. | Hrishit A. Shroff | 7086 | 0.13 | 0.00 | 7086 | 0.13 | 0.00 | 0.00 |
| 24. | Ravi A. Shroff | 7086 | 0.13 | 0.00 | 7086 | 0.13 | 0.00 | 0.00 |
| 25. | Chaitanya D. Shroff | 6746 | 0.12 | 0.00 | 6746 | 0.12 | 0.00 | 0.00 |
| 26. | K.C.Shroff – HUF | 6050 | 0.11 | 0.00 | 6050 | 0.11 | 0.00 | 0.00 |
| 27. | Usha A. Shroff | 5532 | 0.10 | 0.00 | 5532 | 0.10 | 0.00 | 0.00 |
| 28. | Kirit V. Dave | 4035 | 0.07 | 0.00 | 4035 | 0.07 | 0.00 | 0.00 |
| 29. | Hiral Tushar Dayal | 3102 | 0.06 | 0.00 | 3102 | 0.06 | 0.00 | 0.00 |
| 30. | Vibrant Greentech India Private Limited | 1663 | 0.03 | 0.00 | 1663 | 0.03 | 0.00 | 0.00 |
| 31. | Praful M. Saraiya | 1088 | 0.02 | 0.00 | 1088 | 0.02 | 0.00 | 0.00 |
| 32. | Sandra R. Shroff | 910 | 0.02 | 0.00 | 910 | 0.02 | 0.00 | 0.00 |
| 33. | Prakhyati Investments & Finance Private Limited | 100 | 0.00 | 0.00 | 100 | 0.00 | 0.00 | 0.00 |
| | **TOTAL** | **3287905** | **58.86** | **0.00** | **3287905** | **58.86** | **0.00** | **0.00** |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

| Sr. No. | Name of the Promoter whose shareholding changed | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |

**NO CHANGE DURING THE YEAR**

# DIRECTORS' REPORT...

**(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sr. No. | Name of the Top Ten Shareholders whose shareholding changed | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Minal Bharat Patel | | | | | |
| | a. At the beginning of the year | | 18403 | 0.33 | - | - |
| | b. changes during the year | | | | | |
| | Date | Reason | | | | |
| | 02/08/2019 | Sold | (895) | 0.02 | 17508 | 0.31 |
| | 09/08/2019 | Sold | (166) | 0.00 | 17342 | 0.31 |
| | 06/03/2020 | Acquired | 121116 | 2.17 | 138458 | 2.48 |
| | 27/03/2020 | Sold | (1002) | 0.02 | 137456 | 2.46 |
| | 31/03/2020 | Sold | (1807) | 0.03 | 135649 | 2.43 |
| | c. At the end of the year | | - | - | **135649** | **2.43** |
| 2. | Life Insurance Corporation of India | | | | | |
| | a. At the beginning of the year | | 208415 | 3.73 | - | - |
| | b. changes during the year | | | | | |
| | Date | Reason | | | | |
| | 13/09/2019 | Sold | (4940) | 0.09 | 203475 | 3.64 |
| | 20/09/2019 | Sold | (152) | 0.00 | 203323 | 3.64 |
| | 27/09/2019 | Sold | (1486) | 0.03 | 201837 | 3.61 |
| | 04/10/2019 | Sold | (1557) | 0.03 | 200280 | 3.59 |
| | 11/10/2019 | Sold | (1462) | 0.03 | 198818 | 3.56 |
| | 18/10/2019 | Sold | (2442) | 0.04 | 196376 | 3.52 |
| | 25/10/2019 | Sold | (3737) | 0.07 | 192639 | 3.45 |
| | 01/11/2019 | Sold | (4657) | 0.08 | 187982 | 3.36 |
| | 08/11/2019 | Sold | (5946) | 0.11 | 182036 | 3.26 |
| | 15/11/2019 | Sold | (969) | 0.02 | 181067 | 3.24 |
| | 22/11/2019 | Sold | (2500) | 0.04 | 178567 | 3.20 |
| | 29/11/2019 | Sold | (5014) | 0.09 | 173553 | 3.11 |
| | 06/12/2019 | Sold | (100) | 0.00 | 173453 | 3.10 |
| | 27/12/2019 | Sold | (1043) | 0.02 | 172410 | 3.09 |
| | 31/12/2019 | Sold | (8994) | 0.16 | 163416 | 2.93 |
| | 03/01/2020 | Sold | (6105) | 0.11 | 157311 | 2.82 |
| | 10/01/2020 | Sold | (935) | 0.02 | 156376 | 2.80 |
| | 17/01/2020 | Sold | (8771) | 0.12 | 147605 | 2.64 |
| | 24/01/2020 | Sold | (9336) | 0.17 | 138269 | 2.48 |
| | 07/02/2020 | Sold | (2124) | 0.04 | 136145 | 2.44 |
| | 14/02/2020 | Sold | (9833) | 0.18 | 126312 | 2.26 |

## DIRECTORS' REPORT...

| Sr. No. | Name of the Top Ten Shareholders whose shareholding changed | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | 21/02/2020 | Sold | (4009) | 0.07 | 122303 | 2.19 |
| | 28/02/2020 | Sold | (3388) | 0.06 | 118915 | 2.13 |
| | 06/03/2020 | Sold | (3899) | 0.07 | 115016 | 2.06 |
| | 13/03/2020 | Sold | (1500) | 0.03 | 113516 | 2.03 |
| | c. At the end of the year | | - | - | **113516** | **2.03** |
| 3. | Hypnos Fund Limited | | | | | |
| | a. At the beginning of the year | | 109000 | 1.95 | - | - |
| | b. changes during the year | | | | | |
| | Date | Reason | | | | |
| | 14/06/2019 | Acquired | 27000 | 0.48 | 136000 | 2.43 |
| | 21/06/2019 | Acquired | 39667 | 0.71 | 175667 | 3.14 |
| | 15/11/2019 | Sold | (25000) | 0.45 | 150667 | 2.70 |
| | 22/11/2019 | Sold | (25000) | 0.45 | 125667 | 2.25 |
| | 29/11/2019 | Sold | (25000) | 0.45 | 100667 | 1.80 |
| | c. At the end of the year | | - | - | **100667** | **1.80** |
| 4. | Finquest Securities Private Limited – Proprietary Account | | | | | |
| | a. At the beginning of the year | | 0 | 0 | - | - |
| | b. changes during the year | | | | | |
| | Date | Reason | | | | |
| | 12/04/2019 | Acquired | 63 | 0.00 | 63 | 0.00 |
| | 10/05/2019 | Acquired | 2437 | 0.04 | 2500 | 0.45 |
| | 31/05/2019 | Sold | (1020) | 0.02 | 1480 | 0.03 |
| | 14/06/2019 | Acquired | 26367 | 0.47 | 27847 | 0.50 |
| | 09/08/2019 | Sold | (27681) | 0.50 | 166 | 0.00 |
| | 15/11/2019 | Acquired | 24834 | 0.44 | 25000 | 0.45 |
| | 29/11/2019 | Acquired | 50000 | 0.90 | 75000 | 1.34 |
| | 17/01/2020 | Acquired | 546 | 0.00 | 75546 | 1.35 |
| | 24/01/2020 | Sold | (346) | 0.00 | 75200 | 1.35 |
| | 31/01/2020 | Sold | (63) | 0.00 | 75137 | 1.35 |
| | 07/02/2020 | Sold | (137) | 0.00 | 75000 | 1.34 |
| | 28/02/2020 | Acquired | 3500 | 0.06 | 78500 | 1.40 |
| | 06/03/2020 | Sold | (2577) | 0.05 | 75923 | 1.36 |
| | 13/03/2020 | Sold | (923) | 0.02 | 75000 | 1.34 |
| | 27/03/2020 | Acquired | 814 | 0.01 | 75814 | 1.34 |
| | 31/03/2020 | Sold | (814) | 0.01 | 75000 | 1.34 |

| Sr. No. | Name of the Top Ten Shareholders whose shareholding changed | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | c. At the end of the year | | - | - | **75000** | **1.34** |
| 5. | Adesh Ventures LLP | | | | | |
| | a. At the beginning of the year | | 61712 | 1.10 | - | - |
| | b. changes during the year | | | | | |
| | Date | Reason | | | | |
| | 31/01/2020 | Sold | (712) | 0.01 | 61000 | 1.09 |
| | 07/02/2020 | Sold | (428) | 0.00 | 60572 | 1.08 |
| | 21/02/2020 | Sold | (200) | 0.00 | 60372 | 1.08 |
| | c. At the end of the year | | - | - | **60372** | **1.08** |
| 6. | Jyotsna Bhatt | | | | | |
| | a. At the beginning of the year | | 49321 | 0.88 | - | - |
| | b. Changes during the year | | | No Change during the year | | |
| | c. At the end of the year | | - | - | **49321** | **0.88** |
| 7. | Sarah Faisal Hawa | | | | | |
| | a. At the beginning of the year | | 48008 | 0.86 | - | - |
| | b. Changes during the year | | | No Change during the year | | |
| | c. At the end of the year | | - | - | **48008** | **0.86** |
| 8. | Investor Education and Protection Fund | | | | | |
| | a. At the beginning of the year | | 37058 | 0.66 | - | - |
| | b. Changes during the year | | | | | |
| | Date | Reason | | | | |
| | 27/11/2019 | Transferred | (232) | 0.00 | - | - |
| | c. At the end of the year | | - | - | **36826** | **0.66** |
| 9. | Ruchit Bharat Patel | | | | | |
| | a. At the beginning of the year | | 81723 | 1.46 | - | - |
| | b. changes during the year | | | | | |
| | Date | Reason | | | | |
| | 12/04/2019 | Sold | (155) | 0.00 | 81568 | 1.46 |
| | 31/05/2019 | Sold | (8236) | 0.15 | 73332 | 1.31 |
| | 14/06/2019 | Sold | (56064) | 1.00 | 17268 | 0.31 |
| | 21/06/2019 | Sold | (15348) | 0.27 | 1920 | 0.03 |
| | 29/06/2019 | Sold | (636) | 0.11 | 1284 | 0.02 |
| | 31/12/2019 | Acquired | 26206 | 0.47 | 27490 | 0.50 |
| | 17/01/2020 | Sold | (3492) | 0.06 | 23998 | 0.43 |
| | 24/01/2020 | Sold | (3200) | 0.06 | 20798 | 0.37 |
| | 31/01/2020 | Sold | (2035) | 0.03 | 18763 | 0.34 |

## DIRECTORS' REPORT...

| Sr. No. | Name of the Top Ten Shareholders whose shareholding changed | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | 07/02/2020 | Sold | (500) | 0.01 | 18263 | 0.33 |
| | 14/02/2020 | Sold | (5000) | 0.09 | 13263 | 0.24 |
| | 21/02/2020 | Sold | (694) | 0.01 | 12569 | 0.22 |
| | 28/02/2020 | Sold | (7194) | 0.13 | 5375 | 0.09 |
| | 06/03/2020 | Sold | (923) | 0.02 | 4452 | 0.07 |
| | 13/03/2020 | Sold | (2670) | 0.05 | 1782 | 0.02 |
| | c. At the end of the year | | - | - | **1782** | **0.02** |
| 10. | Bharat Jayantilal Patel | | | | | |
| | a. At the beginning of the year | | 169528 | 3.04 | - | - |
| | b. changes during the year | | | | | |
| | Date | Reason | | | | |
| | 31/12/2019 | Sold | (25200) | 0.45 | 144328 | 2.58 |
| | 03/01/2020 | Sold | (150) | 0.00 | 144178 | 2.58 |
| | 10/01/2020 | Sold | (20000) | 0.36 | 124178 | 2.22 |
| | 06/03/2020 | Sold | (124178) | 2.22 | 0 | 0.00 |
| | c. At the end of the year | | - | - | **0** | **0.00** |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | For Each of the Directors and Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Shri Atul G. Shroff | | | | |
| | At the beginning of the year | 38317 | 0.68 | - | - |
| | Date wise Increase/ Decrease in Promoters' Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No Change during the year | | | |
| | At the end of the year | - | - | **38317** | **0.68** |

## DIRECTORS' REPORT...

| Sr. No. | For Each of the Directors and Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 2. | Shri Ashwin C. Shroff | | | | |
| | At the beginning of the year | 163919 | 2.93 | - | - |
| | Date wise Increase/ Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No Change during the year | | | |
| | At the end of the year | - | - | **163919** | **2.93** |
| 3. | Shri Dipesh K. Shroff | | | | |
| | At the beginning of the year | 37662 | 0.67 | - | - |
| | Date wise Increase/ Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No Change during the year | | | |
| | At the end of the year | - | - | **37662** | **0.67** |
| 4. | Shri Ravi A. Shroff | 7086 | 0.12 | - | - |
| | Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No Change during the year | | | |
| | At the end of the year | - | - | **7086** | **0.12** |
| 5. | Shri Ninad D. Gupte | 106 | 0.00 | - | - |
| | Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No Change during the year | | | |
| | At the end of the year | - | - | **106** | **0.00** |
| 6. | Shri Alak D. Vyas | 01 | 0.00 | - | - |
| | Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No Change during the year | | | |
| | At the end of the year | - | - | **01** | **0.00** |
| 7. | Shri Pratik P. Shah | 0 | 0.00 | - | - |
| | Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | No Change during the year | | | |
| | At the end of the year | - | - | **00** | **0.00** |

# DIRECTORS' REPORT...

## V. Indebtedness

**Indebtedness of the Company including outstanding/accrued but not due for payment (Rs.in Lakhs)**

| | Secured Loans excluding deposit | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| (i) Principal Amount | 5640.86 | 350.00 | 3268.77 | 9259.63 |
| (ii) Int. due but not paid | - | - | - | - |
| (iii) Int. accrued but not due | - | - | 203.27 | 203.37 |
| **Total (i + ii+ iii)** | **5640.86** | **350.00** | **3268.77** | **9463.00** |
| Change in the Indebtedness during the financial year | | | | |
| • Addition | - | - | 402.33 | 402.33 |
| • Reduction | 1607.69 | 350.00 | 191.06 | 2148.75 |
| **Net Change** | **(1607.69)** | **(350.00)** | **211.27** | **(1746.42)** |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | 4033.17 | - | 3480.04 | 7513.21 |
| (ii) Int. due but not paid | - | - | - | - |
| (iii) Int. accrued but not due | - | - | 281.67 | 281.67 |
| **Total (i + ii+ iii)** | **4033.17** | **-** | **3761.71** | **7794.88** |

## VI. Remuneration of Directors and Key Managerial Personnel for FY 2019-2020:

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

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager<br>Shri Bimal V. Mehta – Managing Director | Total Amount (in Rs.) |
|---|---|---|---|
| 1. | Gross Salary | | |
| | (a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961 | 1,63,20,000 | 1,63,20,000 |
| | (b) Value of Perquisites u/s. 17 (2) of the Income-tax Act, 1961 | 11,13,600 | 11,13,600 |
| | (c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Performance Incentive / Commission *<br>- as % of profit<br>- others, specify | 97,97,000 | 97,97,000 |
| 5. | Others, please specify | - | - |
| Total (A) | | 2,72,30,600/- | 2,72,30,600/- |
| Ceiling as per the Act | | Rs.4,89,84,000/- (being 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.) | |

## DIRECTORS' REPORT...

* Payable upon adoption of the Audited Financial Statements for the year ended 31st March, 2020 by the members of the Company at the Annual General Meeting scheduled to be held on 23rd September, 2020.

**Note:** The remuneration of Managing Director in the above table has been calculated as per Section 17(1) of the Income-tax Act, 1961. As a result, the figures representing Remuneration paid/payable to them as per Sections 2(78) and 197 and Schedule – V of the Companies Act, 2013, mentioned elsewhere in this Report differ.

**B. Remuneration to other Directors for FY 2019-2020:**

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount (in Rs.) |
|---|---|---|---|---|---|---|---|
| | | **Independent Directors** | | | | | |
| | | Shri Ninad Gupte | Dr. Bernd Dill | Shri Nimish Patel | Smt. Geeta Goradia | Shri Hemant Bhatt | |
| | Fees for attending Board/ Committee Meetings | 2,60,000 | 1,20,000 | 4,00,000 | 1,60,000 | 2,80,000 | 12,20,000 |
| | Commission * | 7,50,000 | 7,50,000 | 7,50,000 | 7,50,000 | 7,50,000 | 37,50,000 |
| | Others, please specify | - | - | - | - | - | - |
| | **Total (1)** | **10,10,000** | **8,70,000** | **11,50,000** | **9,10,000** | **10,30,000** | **49,70,000** |
| | | **Non-Independent Directors** | | | | | |
| | | Shri Atul G. Shroff | Shri Ashwin Shroff | Shri Dipesh Shroff | Shri Ravi Shroff | | |
| | Fees for attending Board/ Committee Meetings | 2,60,000 | 1,00,000 | 2,20,000 | 1,20,000 | | 7,00,000 |
| | Commission * | 7,50,000 | 7,50,000 | 7,50,000 | 7,50,000 | | 30,00,000 |
| | Others, please specify | - | - | - | - | | - |
| | Total (2) | 10,10,000 | 8,50,000 | 9,70,000 | 8,70,000 | | 37,00,000 |
| | **Total (B) = Total (1) + (2)** | | | | | | |
| | Total Managerial Remuneration | | | | Rs.86,70,000 | | |
| | Ceiling as per the Act - | | | | Rs.97,97,000 /- (being 1% of the Net Profits of the Company.) excluding fees for attending meetings | | |

* Payable upon adoption of the Audited Financial Statements for the year ended 31st March, 2020 by the members of the Company at the Annual General Meeting scheduled to be held on 23rd September, 2020.

# DIRECTORS' REPORT...

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD for FY 2019-2020 (In Rs.)**

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | Chief Financial Officer | Total |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17 (1) of the Income Tax, Act, 1961 | Not Applicable | 14,97,318 | 38,17,261 | 53,14,579 |
| | (b) Value of Perquisites u/s. 17 (2) Income-tax Act, 1961 | Not Applicable | - | 93,720 | 93,720 |
| | (c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961 | Not Applicable | - | - | - |
| 2. | Stock Option | Not Applicable | - | - | - |
| 3. | Sweat Equity | Not Applicable | - | - | - |
| 4. | Commission/Incentive<br>- as % of profit<br>- others, specify Not Applicable | - | - | - | - |
| 5. | Others, please specify Not Applicable | - | - | - | - |
| | **Total** | **Not Applicable** | **14,97,318** | **39,10,981** | **54,08,299** |

**VII. Penalties/Punishment/Compounding of Offences:**

<u>**There was no penalty or punishment inflicted upon the Company or its Directors and KMPs.**</u>

| Type | Section of the Companies Act | Brief Description Compounding fees imposed | Details of Penalty/ Punishment/ | Authority [RD/NCLT / Court] | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| **A. Company** | | | | | |
| Penalty | | | | | |
| Punishment | | ------------------------------NIL------------------------------------------ | | | |
| Compounding | | | | | |
| **B. Directors** | | | | | |
| Penalty | | | | | |
| Punishment | | ------------------------------NIL------------------------------------------ | | | |
| Compounding | | | | | |
| **C. Other Officers in Default** | | | | | |
| Penalty | | | | | |
| Punishment | | ------------------------------NIL------------------------------------------ | | | |
| Compounding | | | | | |

## ANNEXURE – III TO THE DIRECTORS' REPORT:

### Policy for Remuneration to Directors, Key Managerial Personnel and Senior Management and Other Employees.

**Preamble**

This policy is made to define criteria and methodology for determining remuneration of Directors, Key Managerial Personnel and Senior Management Personnel and other employees.

**Definitions**

For the purpose of this policy the meaning of the terms 'Directors' and 'Key Managerial Personnel' shall be as defined in the Companies Act, 2013 and the terms 'Senior Management Personnel' and 'Other Employees' shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole-time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

The remuneration shall include salary, perquisites, commission, incentives and any other benefits.

**Guiding Principle**

The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other employees.

**Determination of Remuneration**

The Committee will determine individual remuneration packages for Directors, KMPs and Senior Management Personnel of the Company taking into account factors it deems relevant, including but not limited to market conditions, business performance, practices in comparable companies, having due regard to the financial and commercial health of the Company as well as prevailing laws and government/other guidelines.

The remuneration shall be linked to performance and will comprise of Fixed Pay and Incentive.

Fixed remuneration shall be competitive and based on the individual's responsibilities and performance.

The Committee may recommend fixed salary as well as variable salary, which may be calculated as a percentage of profits and may also have an overall ceiling limit for total variable salary payable to the individual.

The Committee may, at its sole discretion, conduct Remuneration Surveys in order to determine appropriate amount of remuneration for Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

The Committee shall give due consideration to the views and recommendations of the Managing Director in determining the remuneration payable to Key Managerial Personnel and Senior Management Personnel.

**Stock Options:**

The Company may offer Stock Options to whole-time Directors and employees.

The Committee shall be responsible to formulate, implement and monitor the scheme of Stock Options.

**Remuneration of Other Employees:**

For deciding the remuneration of other employees the management of the Company shall broadly consider the factors it deems relevant, including but not limited to the nature of work, responsibilities, relevant educational qualifications, length and type/quality of experience required, availability of such personnel, need of the Company, cost to the Company, financial and commercial health of the Company, practices followed in other comparable companies, market conditions, applicable laws, industrial conditions etc.

**GENERAL:**

**Deviations from this policy:**

Deviations on elements of this policy will be made in extraordinary circumstances, or when deemed necessary in the interests of the Company, or if there are specific reasons to do so in an individual case.

## DIRECTORS' REPORT...

**Disclosure in the Board's Report under Section 197 (12) of the Act and Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014**

| Sr. No. | Particulars | Director's Name | Ratio to median Remuneration |
|---|---|---|---|
| (i) | The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-2020 | | |
| | | Shri Ashwin C. Shroff | 1.92:1 |
| | | Shri Bimal V. Mehta | 64.01:1 |
| | | Shri Atul G. Shroff | 2.28:1 |
| | | Shri Dipesh K. Shroff | 2.19:1 |
| | | Shri Ravi A. Shroff | 1.97:1 |
| | | Shri Ninad D. Gupte | 2.28:1 |
| | | Dr. Bernd Dill | 1.97:1 |
| | | Shri Nimish U. Patel | 2.60:1 |
| | | Smt. Geeta A. Goradia | 2.06:1 |
| | | Shri Hemant J. Bhatt | 2.33:1 |
| | | Shri Anand Mohan Tiwari | NIL* |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2019-2020 | Directors/CFO/CEO/CS/ Manager Name | % increase in Remuneration |
| | | Shri Ashwin C. Shroff, Chairman | -22.73% |
| | | Shri Bimal V. Mehta, Managing Director | 6.83% |
| | | Shri Atul G. Shroff, Director | -19.20% |
| | | Shri Dipesh K. Shroff, Director | -24.22% |
| | | Shri Ravi A. Shroff, Director | -19.44% |
| | | Shri Ninad D. Gupte, Independent Director | -11.40% |
| | | Dr. Bernd Dill, Independent Director | -22.32% |
| | | Shri Nimish U. Patel, Independent Director | -16.06% |
| | | Smt. Geeta A. Goradia, Independent Director | -17.27% |
| | | Shri Hemant J. Bhatt, Independent Director | -21.37% |
| | | Shri Anand Mohan Tiwari, Independent Director | NIL* |

| | | | |
|---|---|---|---|
| | | Shri Alak D. Vyas, Company Secretary & Compliance Officer | 38.04% |
| | | Shri Pratik P. Shah, Chief Financial Officer | 23.65% |
| (iii) | Percentage increase in the median remuneration of employees in the financial year 2019-2020 | 10.43% | |
| (iv) | Number of permanent employees on the rolls of the Company | As on 31.03.2020 | As on 31.03.2019 |
| | | 586 | 585 |
| (v) | Average percentile increase in the salaries of employees other than Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration. | The average increase in employees' salary during the year 2019-2020 is 10.43% and the average increase in managerial remuneration is 6.83%. | |
| | Justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | The Profit Before Tax for the year ended 31.03.2020 decreased by 7.69%. Normal industry standards are followed for increase in Managerial Remuneration. | |

* Shri Anand Mohan Tiwari was appointed Independent Director w.e.f. 24/12/2019. This being his first year of appointment, % increase is NIL.

The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

## 'ANNEXURE – III' - TO THE DIRECTORS' REPORT

**Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

1. **Details of Contracts or arrangements or transactions not at arm's length basis:**

   Not Applicable. There were no contracts or arrangements or transactions not on arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

   Not Applicable. There were no material contracts or arrangements or transactions.

## Annexure – IV' – TO THE DIRECTORS' REPORT

## Annual Report on Corporate Social Responsibilities (CSR) Activities:

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

   CSR policy is stated herein below.

   Web-link: http://www.transpek.com/pdf/csr-policy.pdf

2. The composition of the CSR Committee:

   a. Smt. Geeta A. Goradia : Independent Director & Chairperson of the Committee

   b. Shri Dipesh K. Shroff : Promoter, Non-executive Director

   c. Shri Atul G. Shroff : Promoter, Non-executive Director

   d. Shri Nimish U. Patel : Independent Director

   e. Shri Anand M. Tiwari : Independent Director

3. Average net profit of the Company for last three financial years: Rs.6430.16 Lakhs.

4. Prescribed amount of CSR Expenditure (2%) of the amount mentioned in item 3 above: Rs. 128.60 Lakhs

## DIRECTORS' REPORT...

5. Details of amount spent on CSR during the financial year:
   a. Total amount required to be spent for the financial year : Rs.128.60 Lakhs; Total Amount Spent : - Rs.108.40 Lakhs
   b. Amount unspent, if any: Rs. 20.20 Lakhs.
   c. Manner in which the amount spent during the financial year is detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| Sr.No. | CSR project or activity identified. | Sector in which the Project is covered (clause no. of Schedule VII of Co. Act, 2013 as amended.) | Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken | Amount of outlay (budget) project- or programme-wise (Amt. in Rs.) | Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes. (2) Overheads. (Amt. in Rs.) | Cumulative expenditure upto the reporting period. i.e. FY 2019-2020 (Amt. in Rs.) | Amount spent: Direct or through implementing agency |
| 1. | Amount spent towards health awareness programme and sanitation facilities | Cl.(i) promoting health care including preventive health care and sanitation | (i) Chhotaudepur, Gujarat and (ii) Vadodara, Gujarat | 10,00,000 | 4,01,250 | 4,01,250 | Through Shroffs Foundation Trust and Sahaj, Implementing Agencies of the Company |
| 2. | Amount spent towards Youth Development, Kalrav, Vocational Training, Education programme, educational facilities provided to Primary Schools, livelihood enhancement projects | Cl.(ii) Promoting Education and livelihood enhancement projects | Vadodara, Gujarat | 80,00,000 | 74,18,876 | 74,18,876 | Directly spent by the Company as well as through Shroffs Foundation Trust Sahaj, Tod-Fod-Jod, Arch Social Consultants, Nutan Bal Shikshan Sangh, Samvitti Foundation and Ram Krishna Mission Vivekanand Memorial, Implementing Agencies of the Company. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3. | Amount spent for Women Empowerment | Cl.(iii) empowering women | Vadodara, Gujarat | 25,000 | 19,845 | 19,845 | Directly spent by the Company |
| 4. | Amount spent for Rural Development Programmes at Dediyapada, Narmada District | Cl.(x) Rural Development Project | Narmada District, Gujarat | 40,00,000 | 30,00,000 | 30,00,000 | Through Shroffs Foundation Trust, Implementing Agency of the Company |
| | **Total CSR expenses incurred** | | | **1,30,25,000** | **1,08,39,971** | **1,08,39,971** | |

6. The Company has spent Rs.108.40 Lakhs on CSR activities during the year, which is Rs.20.20 Lakhs less than the amount of two percent of the average net profits of the last three financial years. The Company had planned to spent the entire projected amount till the end of the financial year, nationwide lockdown was announced from 24th March, 2020, as a result of which the Company could not spend the remaining amount. The said amount of Rs.20.00 Lakhs will be carried forward and added to the 2% CSR spending for the Financial Year 2020-2021.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company: Statement is given below:

**RESPONSIBILITY STATEMENT:**

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.'

**Sd/-**
**Bimal V. Mehta**
**Managing Director**
**Date: 24th June, 2020**

**Sd/-**
**Geeta A. Goradia**
**Chairperson of the CSR Committee**

**Corporate Social Responsibility Policy**

**Introduction:**

Transpek Industry Limited ("TIL"), a part of Shroff Group of organizations and a listed company, engaged in the development and manufacturing of chemical products, has been serving the community towards improving the quality of life of all its stakeholders since its inception, much before the legal framework of CSR was announced by the Govt. of India through the Companies Act, 2013 ('the Act').

**Philosophy:**

TIL recognizes that business enterprises are the vital instruments of an economy and contribute significantly towards the well-being of the nation. TIL believes that the success of a company is measured not only in terms of financial results but also in terms of its commitment and contribution towards social and environmental performance which can generate multiplier impact towards enhancing societal sustainability and foster inclusive and equitable growth.

# DIRECTORS' REPORT...

TIL's CSR strategy is a holistic, long term strategy that aligns with the group's core values of "Customer Focus", "Innovation", "Passion to Win" and "Fair play" for all stakeholders. This entails understanding the needs of communities, addressing them through need-based projects and making them work together to help create game changing development for sustainable growth.

**Vision:**

To actively contribute towards creating innovative and sustainable solutions in the fields of health, education, vocational training and skill building and in doing so, build a better sustainable way of life for the weaker sections of the society.

**Objectives:**

1. Transpek will make significant contribution in improving quality of education by establishing innovative models in under-served schools in the State of Gujarat.
2. Transpek will encourage/nurture development of human capital by providing inclusive and vocational education through demonstrated models of excellence in technical training and skill building to help enhance the employability of aspiring students.
3. Transpek will drive measurable improvements in health and hygiene standards in communities in which it operates by supporting primary healthcare initiatives.

**CSR Policy:**

1. TIL is committed to manage its business with integrity, align business values with operations seeking to enrich the society in which it operates.
2. To undertake CSR programmes which largely fall within the State of Gujarat.
3. To engage in vocational training and skill building to enhance employability and help create livelihood for the society.
4. To provide preventive healthcare, sanitation and drinking water for the disadvantaged sections of the society and help improve their health and hygiene standards.
5. To promote awareness towards "Safety" and "Environment" while working closely with the communities.
6. To develop the required capability and self-reliance of women at the grass root level, enable empowerment and provide opportunities to promote gender equality.
7. To promote collaborative partnership with government authorities, village panchayats, NGO's and industry associations in order to have a multiplier impact. TIL will also be responsible in times of natural calamities and disasters.
8. To ensure an increased commitment at all levels in the organization and operate its business in an economically, socially and environmentally sustainable manner while recognizing the interests of all its stakeholders.

**Governance Structure:**

The governance structure for driving TIL's CSR Policy will incorporate the requirements under the law and also take into account the optimal structure required for maximizing impact. The CSR policy will be in compliance with the provisions of Companies (Corporate Social Responsibility) Rules, 2014 read with Section 135 and Schedule VII of the Companies Act, 2013 ('CSR Regulations').

**Governance:**

The Board will set up a committee of Directors known as 'Corporate Social Responsibility Committee' ("CSR Committee") which will be a responsible body for formulating policy and driving the strategy to fulfil its objectives.

TIL will seek to identify suitable programmes for implementation in line with the CSR objectives of the Company and CSR Regulations. The CSR Committee may assign the task of implementation of the specified CSR Plan/project/programmes within

## DIRECTORS' REPORT...

specified budgets and timeframes to such trust, society or company (established under section 25 of the Companies Act, 1956 or under section 8 of the Act by the Company, either singly or along with its holding or subsidiary or associate Company, or along with any other Company or holding or subsidiary or associate Company of such other Company, or otherwise) which would execute the said CSR Plan/ project/ programmes.

In case of programme execution by NGO's/Voluntary organizations, the following minimum criteria would need to be ensured:

1. The NGO / Agency has a permanent office/address in India, preferably in Gujarat.
2. The NGO is a professionally managed registered society under Societies Registration Act or a non-profit entity under Section 25 of the Companies Act, 1956 / Section 8 of the Companies Act, 2013 or a Trust registered under the laws applicable to charitable trusts and has an established track record of minimum three years in undertaking similar programmes or projects.
3. Possesses a valid Income Tax Exemption Certificate;
4. The NGO shall execute/implement the Company's specified CSR Plan/project/programmes within specified budgets with modalities of utilization of funds, timeframes and monitoring and reporting mechanism;
5. The capacity building expenditure including administrative overheads shall not exceed five percent of the total CSR expenditure of the Company;
6. The antecedents of the NGO/ Agency are verifiable/subject to confirmation.
7. The Company can collaborate with any Private or Public Company incorporated under the Companies Act, 1956 or Companies Act, 2013 as may be permissible under the CSR Regulations for carrying out CSR activities.

The CSR Committee/Board of the Company will approve flagship programmes, periodically monitor the progress of activities and review strategy.

Ethical business is given priority at Transpek. We strictly follow and practise the principle of accountability, honesty and integrity in all aspects of our business and diligently comply with all applicable laws and regulations. We are additionally committed to provide equal opportunities in all respects of employment and will not engage in workplace conduct that can be construed as discrimination, intimidation and harassment.

**'ANNEXURE – V' - TO THE DIRECTORS' REPORT:**

**Particulars of Employees pursuant to Section 134(3)(g) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

| Name of the Employee | Age (Yrs.) | Designation/ Nature of Duties | Qualification | Total Experience (Yrs.) | Remuneration paid/payable (Rs. in Lakhs) | Date of commencement of employment | Last employment |
|---|---|---|---|---|---|---|---|
| Bimal V. Mehta | 55 | Managing Director | Chartered Accountant | 33 | 290.46 | 09/04/2010 | Nibbana Limited |
| Radhakrushna B. Shetty | 58 | Sr. VP (Technical) | Diploma in Mechanical Engineering | 35 | 55.77 | 07/07/1988 | Meher (P) Ltd. |
| Pratik P. Shah | 41 | VP (Finance) & CFO | Chartered Accountant | 20 | 42.73 | 01/06/2017 | Diamond Power Infrastructure Limited |

# DIRECTORS' REPORT...

| Name of the Employee | Age (Yrs.) | Designation/ Nature of Duties | Qualification | Total Experience (Yrs.) | Remuneration paid/payable (Rs. in Lakhs) | Date of commencement of employment | Last employment |
|---|---|---|---|---|---|---|---|
| Ashish B. Pathak | 50 | VP (Strategy & Business Development | MBA (Marketing) | 28 | 42.49 | 10/10/2016 | Fortius Precision Engg. Pvt. Ltd. |
| Sharad R. Patil | 56 | VP (Marketing) | Diploma in Mechanical Engineering | 38 | 41.16 | 04/01/1993 | L&T Construction Group |
| Ashok G. Jadeja | 54 | VP (MM) | B.Com. | 30 | 38.92 | 01/11/1990 | - |
| Vipul P. Parikh | 49 | GM | Bachelors in Mechanical Engineering | 29 | 36.68 | 05/11/2018 | Sun Pharmaceutical Industrial Ltd. |
| Hemant B. Shah | 47 | GM (Project, Planning & Control) | BE (Chemical), PGDBM, IEM | 23 | 34.44 | 02/10/2015 | Atul Limited |
| Mandar S. Prabhune | 51 | DGM (Bio-Lab) | M.Sc (EST) | 30 | 31.70 | 08/11/1994 | Excel Industries Ltd. |
| Sureshpratap D. Singh | 55 | DGM (Process Development) | M.Sc (Chemistry) | 32 | 29.31 | 04/09/2017 | Sam Fine O Chem Ltd. |

**NOTES:**

1) The nature of employment of the Managing Director is contractual for a period of five years.

2) Remuneration mentioned above includes Salary, Perquisites, Provident Fund, Superannuation Fund, Gratuity and Commission payable in the case of Shri Bimal V. Mehta.

3) The Commission/ payable to Shri Bimal V. Mehta is as per his terms of appointment.

4) None of the employees is relative of any of the Directors of the Company.

**'ANNEXURE – VI'- TO THE DIRECTORS' REPORT:**

**SECRETARIAL AUDIT REPORT**

**FORM NO. MR - 3**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

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

**26th June, 2020**

To,
**TRANSPEK INDUSTRY LIMITED**
6th Floor, Marble Arch,
Racecourse, Vadodara - 390007

My report of even date is to be read along with this letter –

1. Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. Due to the current lockdown conditions announced by the Government on account of Corona Pandemic the Company has provided either physical copies of check lists or scanned copies of the registers and records required for audit along with a declaration from the Company Secretary regarding completeness and correctness of the records and registers so provided. Reliance has been placed on the same for the purpose of the Secretarial Audit Report for the year 2019-20.
3. I have followed the audit practices and processes as were appropriate in the prevalent lock-down situation 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
5. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

Thanking you,

Yours faithfully,

**CS VIJAY L VYAS**
**COMPANY SECRETARY IN PRACTICE**
**FCS: 1602: CP: 13175**

# DIRECTORS' REPORT...

## 'ANNEXURE – VI'- TO THE DIRECTORS' REPORT:

## SECRETARIAL AUDIT REPORT

## FORM NO. MR - 3

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

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

24th June, 2020

**To,**
**The Members,**
**TRANSPEK INDUSTRY LIMITED**
**VADODARA 390 007**

I, Vijay L Vyas, Practising Company Secretary, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TRANSPEK INDUSTRY LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **TRANSPEK INDUSTRY LIMITED's** books, papers, minute books, certificates, 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 (in physical form/electronic mode in view of the current lockdown due to COVID-19 pandemic) during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - *Not applicable, as the Company did not issue any security during the financial year under review;*

   (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - *Not applicable, as the Company has not granted any Options to its employees during the financial year under review;*

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - *Not applicable, as the Company did not issue or listed any debt securities during the financial year under review;*

(g) 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;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *Not applicable, as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and*

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations,2018; - *No buyback of Securities was done during the year under review.*

(vi) Environment Protection Act, 1986 and other environmental laws;

(vii) Explosives Act,1864;

(viii) Factories Act, 1948;

(ix) Public Liability Insurance Act,1991;

I have also examined compliance with the applicable clauses of the Secretarial Standards 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.

I am informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

**I 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, including woman Director. During the period under review the changes in the composition of the Board of Directors 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. Urgent business, if any, is considered at a shorter notice with the consent of the Directors present including Independent Director. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes. Recording of meetings held by video conferencing are maintained by the Company.

**I 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. I have relied on the representations made by the Company and its officers in respect of the systems and processes and mechanism formed for compliances under the laws at (vi) to (ix) above and other applicable laws.

**I further report that** during the audit period, there were no instances of:

i) Public / Rights / Preferential issue of shares / debentures / sweat equity;

ii) Merger / amalgamation / reconstruction etc.;

iii) Foreign technical collaborations.

**I further report that** during the FY 2019-20, the following two resolutions were passed by the members by Postal Ballot on 24th December, 2019.

## DIRECTORS' REPORT...

1) Ordinary Resolution for appointment of Shri A M Tiwari as an Independent Director; and

2) Special Resolution for continuation of Shri Ashwin C Shroff as a Director of the Company upon his attaining the age of 75 years.

Place: VADODARA
Date: 26th June, 2020

**CS VIJAY L VYAS**
**COMPANY SECRETARY IN PRACTICE**
**FCS No.: 1602; C P No.: 13175**
**Unique Code No.: 12014GJ1154300**
**ICSIUDIN : F001602B000388373**

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report includes discussion on the following matters within the limits set by the Company's competitive position:

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is a leading global supplier for chlorinated products to various industry sectors ranging from Pharmaceuticals, Agrochemicals and dyes to pigments.

The Company has an excellent experience in manufacturing of products using chlorinated chemistry presenting unending opportunities for supply of intermediates and speciality chemicals suitable for multiple applications.

Due to its technical expertise in handling hazardous chemicals and a strong focus on safety & environment protection, your Company has built a solid reputation with world's leading chemical giants, maintains successful business relations with them and supplies large quantities of Acid Chlorides.

While there are many opportunities for growth, the government's self reliant drive might provide more supportive business environment to the Chemical Industry. Also, uncertainty in the minds of the Global giants towards Chinese manufacturing companies might provide good opportunity to your Company for quick growth.

The Company is poised to capture the growth potential expected at present and in near future.

#### OUTLOOK FOR THE INDUSTRY

With the world markets taking a hit in the wake of COVID-19 Pandemic and the economies of the world are facing tough times, the world markets are uncertain at present which will affect growth of the Indian Companies in the coming year.

While the outlook for the Indian Chemical Industry looks positive with the focus on moving production to other locations from China, Indian Companies may be given priority by global manufacturers and customers. This might poise the Indian Companies to capture significant opportunities for growth as well to enter into strategic alliance/partnership with the Global Chemical Giants. In order to capture this, it would be imperative for the Indian Chemical Companies to upgrade its safety & environment practices substantially.

Your Company is closely monitoring the world economic developments to capture the opportunities as they arise and continuously upgrading & improving its safety & environment practices to match global standards.

#### POLYMERS AND SPECIALITY PLASTICS AND PERFORMANCE MATERIALS

The global market shall continue to grow for years to come for these types of polymers due to continuous innovation and focus to replace metals with strong, high strength and light weight polymers.

Your Company manufactures multiple products that are supplied to many such global companies manufacturing Polymers and Speciality Plastics.

The Company has significantly increased its supply in this sector under the long term agreement.

# DIRECTORS' REPORT...

The volumes are likely to remain stable in the near and long term.

**PHARMA**

Your Company is working closely with Pharma Customers to understand and capture opportunities that are likely to arise due to Indian Government's Self Reliance Drive on various products including Pharma Intermediates.

Your Company has built strong relationships with many leading Pharma Companies in India who are its customers for a very long time. This is expected to provide a long term growth to the Company.

**AGROCHEMICALS**

The Company has few products that go into making agrochemicals. The market for Company's products has remained stagnant and it is not expected to have any significant change in the near future.

However, your Company is working on few intermediates that have good potential.

**OPPORTUNITIES AND THREATS**

**Opportunities**

While there is a negative economic outlook in many countries, the Chemical and Pharmaceutical Industries, due to their inherent nature, have been growing and are expected to grow at a steady pace.

The Company has been able to establish its presence as a leading acid chloride manufacturer amongst global chemical giants. Your Company has successfully delivered the commitments under the long term agreement with its business partner.

There are significant opportunities to grow further in acid chloride market for various applications in the domestic as well as international market for which the Company has already started taking actions.

Your Company is also working on other chemistries either as extension of Acid Chlorides or Independent of it. Some products are at R&D stage & some are at pilot stage.

Your Company is looking at the future expansion of the customer base, product profile & regional presence to broad base the potential for growth & minimising reliance/dependence on specific products/customers.

Your Company has also incorporated a Wholly Owned Subsidiary viz. Transpek Creative Chemistry Private Limited with the objective of pursuing various business opportunities.

**Threats**

The overall negative economic conditions of the world markets because of the COVID-19, might affect the company's volumes with its customers adversely. The Company imports substantial quantity of raw materials. These raw materials are produced by only a small number of manufacturers globally. A demand supply gap and increase in price for the raw materials due to COVID-19 may adversely affect company's capability in sustaining profits.

Also, the constant changes & lack of uniform policy mechanism in regulations related to chemical industry impede fast growth.

Your Company has been successfully complying with the changing regulations by upgrading and improving its policies and practices to meet with the requirements.

**RISKS AND CONCERNS**

Given the nature of current business and global risk scenario, risk assessment and mitigation have become very critical. With possible threats from changing geo-political situations, regulatory requirements and other uncertainties, businesses are at a constant risk.

## DIRECTORS' REPORT...

It has become utmost important for the businesses to have a strong risk management policy and continuous risk assessment of the overall business.

The Company has a well established Risk Management Policy and process which is constantly reviewed by the Board of Directors. It helps in eliminating maximum possible risks to the business.

Considering the hazardous nature of products the Company manufactures, it makes all efforts to ensure safety of people, plant and environment and surrounding population as well as provides people systematic trainings and personal protective equipments.

Potential for accident, even if rare, can adversely impact the business of the Company. To minimize dependence on human action (which may be erroneous), your Company has introduced a programme of automation especially for preventing accidents and environmental damage.

**SEGMENT WISE PERFORMANCE**

The Company has only one business segment, namely “Chemicals”. The information in respect of secondary segment as per the Indian Accounting Standard (IAS-108) “Segment Reporting” issued by the Institute of Chartered Accountants of India is given under Note No.41 in the Notes forming part of the Consolidated Financial Statements.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. The internal control systems are supplemented through an extensive internal audit programme and periodic review by management.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The net sale of the Company for the year under review is Rs.56326.25 Lakhs as compared to Rs.59233.41 Lakhs in the previous year, a decrease of 4.99%. Exports have decreased to Rs.47006.17 Lakhs from Rs.48352.26 Lakhs in the previous year i.e. a decrease of 2.78% .The Company has achieved a net profit of Rs.7294.36 Lakhs for the year 2019-20 as against Rs.6573.70 Lakhs in the previous year, i.e. an increase of 10.96%.

**HUMAN RESOURCES**

Your Company continues its investments to endeavour and nurture the employees by providing them various opportunities by organising various Learning and Development Programmes so that they can upgrade their skills and talents to build capacity and capability and in turn proves beneficial and helpful to Company to achieve its desired goals and targets.

Your Company has put in place adequate measures for recruiting talented and skilled manpower to continue its growth in future endeavours.

Performance of the employees in the organisation is monitored regularly through a systematic performance appraisal programme. Feedbacks and suggestions emanating from those performance appraisals are communicated to employees in a structured manner which helps them in improving their productivity and performance. This helps a lot in realising potential of employees.

The Company creates an environment where changes are welcomed and adapted and employees are motivated to take new initiatives within the organisation. Company's policies have been framed in such manner that employees are able to showcase their talent and it helps the Company achieve desired output.

A special meeting of all the female employees is conducted every month wherein all female employees share and discuss problems, if any, faced by them during the course of their employment. Issues/grievances, discussed in the meeting are directly presented to the Managing Director and accordingly actions are taken/suggested.

# DIRECTORS' REPORT...

Besides this, various informative and interactive sessions are also arranged through this meeting like guidance on Stress Management, Healthy Life Style, Hypertension etc.

Apart from training and development, the Company also provides facilities such as gymnasium, table tennis court and yoga and meditation room to its employees at its registered office for their well-being.

Your Company has put in place an excellent initiative for depicting mental state of its employees. Several tokens consisting of three colours viz. Green (Happy mood), Yellow (Neutral mood) and Red (Anger mood) are kept in a bowl. Employees before and after their office timings, have to introspect their state of happiness at that point of time and accordingly have to put a token in the box. This initiative has helped employees to know their state of happiness and to improve the feeling of being happy.

A graphical analysis of the tokens placed in the bowl by its employees is conducted every week and based on the analysis, the Managing Director of the Company personally conducts a meeting with the employees and they are being constantly made aware of striving for their happiness and well being.

The Company has a support plan for widows of employees. A fund is being maintained from which the widows are given monthly contribution that helps them in managing their family financial requirements.

Your Company gives preference for upbringing the young talents by sending them into competition like AAYOM (Annual Awards for Young Outstanding Managers) which focuses on enhancing the Presentation Skills, Communication, Connecting People and Meeting future challenges as leaders.

## COMMUNITY ENGAGEMENT AND ENVIRONMENT MANAGEMENT

The Company strongly believes that organisations and businesses can play a significant role in creating a sustainable and inclusive future for its stakeholders. It believes in a cohesive, inclusive and integrated society in which all individuals have access to opportunities for personal and economic growth. For several decades, the Company has consistently demonstrated its concern for the community (both internal and external) and a respect for its environment and the local ecology. It has been associated with a scalable, sustainable and integrated development of communities in and around its location at Ekalbara in District Vadodara.

Sustainability concerns are an integral part of the Company's value system. Over the years, the Company has embedded these values into its operations in a variety of ways, such as promoting rural development, undertaking and establishing programmes and processes for greening and conservation and promotion of volunteerism within the organization.

The Company is a member of Global Sustainability Platform 'ECOVADIS' and has achieved Silver Rating in Ecovadis Audit.

An integrated approach is adopted towards development, wherein creating social capital within the communities that it serves is given prime importance. People participation is vital to the success of the programmes and it forms the basis of all the projects.

## TRAINING PERFORMANCE

To develop the skills and instil behavioural and personality development traits in all supervisory staff and managerial cadre, the Company organized a number of training programmes during the year. These training programmes are identified through the Performance Management System by synchronizing organizational needs with individual needs. In these diverse programmes, 9766 man-hours of training was imparted to employees. Apart from in-house training programmes, employees were also nominated for attending external training programmes on subjects of importance for business and area of responsibility.

In addition, the Company provides hundreds of safety trainings to employees every year.

# DIRECTORS' REPORT...

## INDUSTRIAL RELATIONS

Industrial peace and harmony based on healthy employee relations have continued throughout the year. The Management and the Union of employees enjoy a very cordial and mutually respectful relationship. The grievances/issues raised by the employees/Union were given due attention. The issues brought up by them were settled through regular meetings and interactions between the Management and the Union and action as mutually agreed was taken to settle them.

## DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS:

| Sr. No. | Financial Ratio | As at 31st March, 2019 | As at 31st March, 2020 | Explanation in case of change of 25% or more |
|---|---|---|---|---|
| 1. | Debtors Turnover (no. of days) | 57.59 | 59.53 | |
| 2. | Inventory Turnover (no. of days) | 30.51 | 32.19 | |
| 3. | Interest Coverage (no. of times) | 6.34 | 7.71 | |
| 4. | Current Ratio (no. of times) | 1.12 | 1.16 | |
| 5. | Debt Equity Ratio | 0.61:1 | 0.55:1 | |
| 6. | Operating Profit Margin (%) | 19.42 | 18.55 | |
| 7. | Net Profit Margin (%) | 11.06 | 12.95 | |
| 8. | Return on Networth (%) | 33.42 | 29.26 | |

*CAUTIONARY STATEMENT*

*Statements in this report on Management Discussion and Analysis relating to the Company's objectives, projections, estimates, expectations or prediction may be forward looking within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, foreign exchange market movements, changes in Government regulations and tax structure, economic and political developments within India and the countries with which the Company has business and other factors such as litigation and industrial relations. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.*

# DIRECTORS' REPORT...

**Independent Auditors Certificate on Certificate on Corporate Governance**

**To**
**The Members,**
**Transpek Industry Limited**

1. We, CNK & Associates, LLPChartered Accountants, the Statutory Auditors of Transpek Industry Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2020 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

**Managements' Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

**Auditors' Responsibility**

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

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2020.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For CNK & Associates, LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Membership No. 125011**

**Place: Vadodara**
**Date: 24th June, 2020**
**UDIN: 20125011AAAABJ8968**

# REPORT ON CORPORATE GOVERNANCE

**The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2020, in terms of Regulation 34 read with Schedule – V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations')**

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is interwoven in the ethical governance practices followed by the Company commensurate with its size, complexity, international operations and traditional ethical values. We believe that success and sustainability can be achieved only with the highest standards of corporate conduct towards all stakeholders – employees, shareholders, consumers and the community at large – by following the principles of accountability, integrity and responsibility in dealings with them.

The Company has complied with all the requirements of Corporate Governance in terms of Clause-C of Schedule-V of the SEBI LODR Regulations and the best practices are followed to achieve its goals on Corporate Governance.

## 2. BOARD OF DIRECTORS

**(a, b & c) Composition and attendance of Directors at the meetings of the Board and at Annual General Meeting and their other Directorships etc.:**

There are a total eleven Directors on the Board of the Company. One out of the eleven Directors is an Executive Director (Managing Director) and the remaining ten Directors are non-Executive Directors. Six of the ten non-Executive Directors are Independent Directors as defined in Regulation 16 (1) (b) of the Listing Regulations and Section 149 (6) of the Companies Act, 2013 and four Directors are Promoters-Non-Executive Directors. The Chairman of the Board is a Promoter–Non-Executive Director.

The composition and categories of Directors on the Board during the period 1st April, 2019 to 31st March, 2020 and details about meetings of the Board and various Committees held and attended by them, attendance in last AGM, directorships in other companies, Chairmanship/Membership in Committees of other companies, and web link where details of familiarisation programmes imparted to Independent Directors are given in the following table:

| Sr. No. | Name of Director | Category of Directorship* | Number of Board Meetings (April, 2019 to March, 2020) | | Attendance in last AGM held on 9th August, 2019 | No. of other Directorships held as at 31st March, 2020** | No. of Board Committee positions held as at 31st March, 2020 (including Transpek Industry Limited) | |
|---|---|---|---|---|---|---|---|---|
| | | | Held | Attended | | | Chairman | Member |
| 1. | Shri Ashwin C. Shroff | PD/NED | 8 | 5 | Present | 9 | 1 | - |
| 2. | Shri Atul G. Shroff | PD/NED | 8 | 8 | Present | 4 | 1 | 2 |
| 3. | Shri Bimal V. Mehta | NPD/ MD | 8 | 8 | Present | 1 | - | 1 |
| 4. | Shri Dipesh K. Shroff | PD/NED | 8 | 4 | Present | 14 | - | 3 |
| 5. | Shri Ravi A. Shroff | PD/NED | 8 | 5 | Present | 14 | - | 3 |
| 6. | Dr. Bernd Dill | NED/ID | 8 | 6 | Present | 1 | - | - |
| 7. | Shri Ninad D. Gupte | NED/ID | 8 | 6 | Present | 1 | 2 | 3 |
| 8. | Shri Nimish U. Patel | NED/ID | 8 | 8 | Present | 9 | 1 | 4 |
| 9. | Smt. Geeta A. Goradia | NED/ID | 8 | 6 | Present | 6 | 2 | 8 |
| 10. | Shri Hemant J. Bhatt | NED/ID | 8 | 7 | Absent | 1 | 1 | 4 |
| 11. | Shri Anand M. Tiwari$ | NED/ID | 8$ | 3 | N.A. | 0 | - | 1 |

* PD - Promoter Director; MD - Managing Director; ED – Executive Director; NED - Non-Executive Director; ID - Independent Director as defined in the SEBI LODR Regulations.

** Number of other Directorships includes Directorships held in private limited companies, Section 8 companies under the Companies Act, 2013 and foreign companies.

$ Shri Anand M. Tiwari was appointed as a Non-Executive Independent Director w.e.f. 24/12/2019 by means of an Ordinary Resolution passed through Postal Ballot. After the date of his appointment 3 meetings were held upto 31-03-2020.

## REPORT ON CORPORATE GOVERNANCE...

The following are the names of the Listed Entity/Entities where the person is a Director and the category of directorship held:

| Name of Directors | Names of the listed entities | Category of Directorship* |
|---|---|---|
| Shri Ashwin C. Shroff | Excel Industries Limited | PD/Chairman |
| | Transpek Industry Limited | PD/NED |
| Shri Atul G. Shroff | Excel Industries Limited | PD/NED |
| | Transpek Industry Limited | PD/NED |
| Shri Bimal V. Mehta | Transpek Industry Limited | MD |
| Shri Dipesh K. Shroff | Excel Industries Limited | NED |
| | Transpek Industry Limited | NED |
| Shri Ravi A. Shroff | Excel Industries Limited | MD |
| | Transpek Industry Limited | PD/NED |
| Dr. Bernd Dill | Transpek Industry Limited | NED/ID |
| Shri Ninad D. Gupte | Sumitomo Chemical India Limited | NED |
| | Transpek Industry Limited | NED/ID |
| Shri Nimish U. Patel | Shri Dinesh Mills Limited | MD |
| | Ultramarine & Pigments Limited | NED/ID |
| | Transpek Industry Limited | NED/ID |
| Smt. Geeta A. Goradia | Gujarat State Fertilizers & Chemicals Limited | NED/ID |
| | Transpek Industry Limited | NED/ID |
| | Panasonic Energy India Company Limited | NED/ID |
| Shri Hemant J. Bhatt | Transpek Industry Limited | NED/ID |
| Shri Anand M. Tiwari | Transpek Industry Limited | NED/ID |

*PD - Promoter Director; MD - Managing Director; ED – Executive Director; NED - Non-Executive Director; ID - Independent Director as defined in the SEBI LODR Regulations

Detailed agenda notes were made available to the Directors in respect of the matters listed in Part-A of Schedule-II of the Listing Regulations, at least 7 (seven) days prior to the date of Meetings, as required under Secretarial Standard - 1 – 'Meetings of the Board of Directors'. The Company has obtained consent of all the Directors for giving notes on agenda items which are price sensitive in nature at a shorter notice.

**COMMITTEES OF THE BOARD:**

Currently, the Board has the following committees:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Finance & Capex Committee

The Non-Executive Directors are paid sitting fees for attending the meetings of the above Committees. These Committees meet at the frequency, if any, prescribed under the Act and additionally as and when the need arises and the minutes of their meetings are placed before the Board in its next meeting for the Board to take note thereof.

The constitution and terms of reference of all the mandatory Committees are decided by the Board in line with the applicable provisions of the Act, Rules and the LODR Regulations.

# REPORT ON CORPORATE GOVERNANCE...

**(d) Attendance of Directors in Board Meetings held during the year**

| Date of the Board Meeting | 27.05.2019 | 21.06.2019 | 09.08.2019 | 13.10.2019 | 04.11.2019 | 10.12.2019 | 10.02.2020 | 26.02.2020 |
|---|---|---|---|---|---|---|---|---|
| Board Strength | 10 | 10 | 10 | 10 | 11 | 11 | 11 | 11 |
| No. of Directors Present | 10 | 8 | 10 | 7 | 10 | 7 | 9 | 7 |

**(e) Disclosure of relationship between Directors inter-se**

Shri Ravi A. Shroff, Director, is the son of Shri Ashwin C. Shroff, Chairman. None of the other Directors is a relative of any Director of the Company.

**(f) The Shareholding of the Directors as on 31st March, 2020**

| Sr. No. | Name of the Director | Shares held (Nos.) | % to total capital |
|---|---|---|---|
| (1) | Shri Ashwin C. Shroff | 1,63,919 | 2.93 |
| (2) | Shri Atul G. Shroff | 38,317 | 0.69 |
| (3) | Shri Bimal V. Mehta | - | - |
| (4) | Shri Dipesh K. Shroff | 37,662 | 0.67 |
| (5) | Dr. Bernd Dill | - | - |
| (6) | Shri Ravi A. Shroff | 7,086 | 0.13 |
| (7) | Shri Ninad D. Gupte | 106 | 0.00 |
| (8) | Shri Nimish U. Patel | - | - |
| (9) | Smt. Geeta A. Goradia | - | - |
| (10) | Shri Hemant J. Bhatt | - | - |
| (11) | Shri Anand M. Tiwari | - | - |

(g) Details of Familiarisation Programme imparted to Independent Directors are disclosed on the Website of the Company i.e. https://www.transpek.com/wp-content/uploads/2018/04/Independent-Director-Familiarisation-Programme.pdf

(h) The following is the list of skills/expertise/competence of the Directors of the Company:

| Name of the Directors | Name of the Skills/Expertise/ Competencies |
|---|---|
| Shri Ashwin C. Shroff | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy. |
| Shri Atul G. Shroff | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy. |
| Shri Bimal V. Mehta | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy, Legal and Compliance, IT. |
| Shri Dipesh K. Shroff | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy. |
| Shri Ninad D. Gupte | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy, Legal and Compliance. |
| Shri Ravi A. Shroff | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy, Legal and Compliance, IT. |

| | |
|---|---|
| Dr. Bernd Dill | Management, Technical, Operations, Marketing, New Business Development, Strategy |
| Shri Nimish U. Patel | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy, Legal and Compliance, IT. |
| Smt. Geeta A. Goradia | Finance, Management, Operations, Technical, Commercial, Marketing, New Business Development, Research & Development, Strategy, Legal and Compliance, IT. |
| Shri Hemant J. Bhatt | Finance, Management, Commercial, Strategy, Legal and Compliance, IT. |
| Shri Anand M. Tiwari | Management, Public Administration, Marketing, New Business Development, Strategy and Social Work. |

(i) It is hereby confirmed that, in the opinion of the Board of Directors of the Company, the Independent Directors of the Company fulfil the conditions specified in the SEBI LODR Regulations as well as the provisions of the Companies Act, 2013 and the Rules made thereunder and are independent of the management.

(j) No Independent Director of the Company has resigned before the expiry of his tenure.

**3. AUDIT COMMITTEE**

**(a) Brief description of Terms of Reference of the Audit Committee**

- Recommendation for appointment, remuneration and terms of appointment of Statutory Auditors, Cost Auditors, Internal Auditors and Secretarial Auditors of the Company;
- Review and monitor the Auditors' independence and performance, and effectiveness of Audit process;
- Examination of the financial statement and the Auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Omnibus approval of Related Party Transactions and periodical review thereof;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

**(b) Composition, names of members and Chairperson**

The Audit Committee of the Board consists of the following three Independent Directors and one Promoter- Non-Executive Director:

1. Shri Ninad D. Gupte : Independent Director (Chairman of the Committee)
2. Shri Nimish U. Patel : Independent Director
3. Shri Hemant J. Bhatt : Independent Director
4. Shri Dipesh K. Shroff : Promoter, Non-Executive Director

All the members of the Audit Committee have accounting or financial management expertise by virtue of their having been Chief Executive Officers or possessing the requisite professional qualification or certification in accounting and management.

# REPORT ON CORPORATE GOVERNANCE...

**(c) Meetings and attendance during the year**

Details of meetings held and attended by the aforesaid Directors are as under:

| Date of Audit Committee Meeting | Shri Ninad D. Gupte (Chairman) (ID/NED) | Shri Nimish U. Patel (ID/NED) | Shri Hemant J. Bhatt (ID/NED) | Shri Dipesh K. Shroff (PD/NED) |
|---|---|---|---|---|
| 27.05.2019 | Present | Present | Present | Present |
| 09.08.2019 | Present | Present | Present | Present |
| 04.11.2019 | Present | Present | Present | Present |
| 10.12.2019 | Present | Present | Present | Absent |
| 10.02.2020 | Absent | Present | Present | Present |

Shri Bimal V. Mehta, Managing Director of the Company also attends meetings of the Audit Committee as an Invitee.

The Company Secretary & Compliance Officer of the Company acts as the Secretary of this Committee.

Audit Committee meetings are also attended by the Chief Financial Officer. Statutory Auditors, Internal Auditors and Cost Auditors of the Company are also invited to the meetings and discussions are held with them as and when required. When the Chairman of the Audit Committee could not attend the meeting, another Independent Director and member of the Committee had chaired the meeting with the unanimous consent of other Committee members.

The minutes of the meetings of the Audit Committee are circulated to the members of the Board, discussed and taken note of and the recommendations of the Audit Committee are accepted by the Board.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 9th August, 2019.

## 4. NOMINATION & REMUNERATION COMMITTEE

**(a) Brief description of Terms of Reference**

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal and shall specify the manner of effective evaluation of performance of the Board, its Committees and individual Directors and review its implementation and compliance;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- Recommend to the Board, all remuneration, in whatever form, payable to senior management and KMPs.

**(b) Composition, name of members and Chairperson**

The Nomination and Remuneration Committee of the Board consists of the following two Independent Directors and two Promoter- Non-Executive Directors:

| | | | |
|---|---|---|---|
| 1. | Shri Ninad D. Gupte | : | Independent Director (Chairman of the Committee) |
| 2. | Shri Nimish U. Patel | : | Independent Director |
| 3. | Shri Dipesh K. Shroff | : | Promoter, Non-Executive Director |
| 4. | *Shri Atul G. Shroff | : | Promoter, Non-Executive Director |

* Shri Atul G. Shroff, Promoter, Non-Executive Director was appointed as a member of the Committee w.e.f. 27/05/2019.

**(c) <u>Data on meetings of the Committee & attendance during the year</u>**

Details of meetings of the Committee held and attended by the aforesaid Directors are as under

| Date of Nomination & Remuneration Committee Meeting | Shri Ninad D. Gupte (Chairman) (ID/NED) | Shri Nimish U. Patel (ID/NED) | Shri Dipesh K. Shroff (PD/NED) | Shri Atul G. Shroff (PD/NED) |
|---|---|---|---|---|
| 27.05.2019 | Present | Present | Present | Present |
| 21.06.2019 | Present | Present | Absent | Present |
| 04.11.2019 | Present | Present | Present | Present |

Shri Bimal V. Mehta, Managing Director of the Company also attends meetings of the Nomination and Remuneration Committee as an Invitee.

The Company Secretary & Compliance Officer of the Company also acts as the Secretary of this Committee.

When the Chairman of the Nomination and Remuneration Committee could not attend the meeting, another Independent Director and member of the Committee had chaired the meeting with the unanimous consent of other Committee members.

The minutes of the meeting of the Nomination and Remuneration Committee is circulated to the members of the Board, discussed and taken note of and the recommendations of the Nomination and Remuneration Committee are accepted by the Board.

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting held on 9th August, 2019.

**(d) <u>Performance Evaluation</u>**

Pursuant to the provisions of section 178 of the Companies Act, 2013 and sub-regulation (4) of Regulation 19 of the SEBI LODR Regulations, the Nomination and Remuneration Committee laid down the criteria for performance evaluation of Independent Directors and other Directors, Board of Directors and its Committees and inputs were obtained from the Directors in structured questionnaires. The criteria for Performance Evaluation cover the areas relevant to their functioning as Director on the Board of the Company and as member of the Committees of the Board. An exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as oversight of Management, Interaction with Senior Management, Adequacy of information and timeliness, Board dynamics, stakeholders' management, discharge of responsibility, conduct of meetings, composition and skills, preparedness and attendance at meetings, understanding the Company's operations and key competency/area of knowledge, contribution at Board meetings, quality of inputs, interpersonal skills, confidentiality etc. The performance evaluation of the Independent Directors had also been carried out by the other Directors on the Board and the Board is satisfied that the Independent Directors fulfil the criteria of the independence as specified in the SEBI LODR Regulations and their independence from the management. In the above evaluation, the directors who were subject to evaluation did not participate. The Directors expressed their satisfaction with the evaluation process.

**5. <u>REMUNERATION OF DIRECTORS</u>**

(a) The details of payment of sitting fees and commission made to the non-executive directors are given below. The details of other pecuniary relationships and related party transactions of the non-executive directors are given separately in this report and in the Notes on Accounts in the Annual Report.

## REPORT ON CORPORATE GOVERNANCE...

(b) The non-executive Directors are paid sitting fees for attending meetings of the Board and of Committees of Directors. In addition, as approved by the members of the Company, a commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013, as may be recommended by the Board and approved by the shareholders shall be payable to non-executive Directors of the Company.

The non-executive Directors were paid sitting fee of Rs. 20,000/- for each meeting of the Board and various Committees except in the case of meetings of Stakeholders Relationship Committee where the sitting fee paid was Rs. 10,000/- for each meeting. The non-executive Directors were also paid commission upto 1% in the aggregate for the year 2019-2020 as detailed below:

| Name of Non-executive Directors | Sitting fees paid during the year 2019-2020 for attending Board and Committee Meetings. (In Rs.) | Commission recommended by the Board for the year 2019-2020.* (In Rs.) |
|---|---|---|
| Shri Ashwin C. Shroff | 1,00,000 | 7,50,000 |
| Shri Dipesh K. Shroff | 2,20,000 | 7,50,000 |
| Dr. Bernd Dill | 1,20,000 | 7,50,000 |
| Shri Ravi A. Shroff | 1,20,000 | 7,50,000 |
| Shri Ninad D. Gupte | 2,60,000 | 7,50,000 |
| Shri Nimish U. Patel | 4,00,000 | 7,50,000 |
| Shri Hemant J. Bhatt | 2,80,000 | 7,50,000 |
| Smt. Geeta A. Goradia | 1,60,000 | 7,50,000 |
| Shri Atul G. Shroff | 2,60,000 | 7,50,000 |
| Shri Anand M. Tiwari** | NIL | 7,50,000 |

* Commission to non-executive Directors for the year 2019-20 will be paid after adoption of the audited financial statements for the year ended 31st March, 2020 and approval of the amounts of commission by the members of the Company as recommended by the Board at the Annual General Meeting scheduled to be held on 23rd September, 2020.

** Shri Anand M. Tiwari completed his tenure as a senior IAS officer of the Government of Gujarat. As per Government rules, he has sought approval of the Government in respect of his appointment as an Independent Director of the Company. Pending such approval, he has not taken any fees for attending the meetings. Arrears of the pending fees would be paid to him upon receipt of the said Government approval.

5(c)(i) & (ii) All elements of remuneration package of the Managing Director for the Financial Year 2019-20 summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc;

| Particulars<br>Fixed Components | Shri Bimal V. Mehta<br>(Amt. in Rs.) |
|---|---|
| 1. Total Salary@ | |
| Upto 30th November, 2019 – Rs.6,40,000/- P.M. w.e.f<br>1st December, 2019 – Rs.7,60,000/- P.M.. | 81,60,000/- |
| 2. Total Perquisites* | 1,03,63,200/- |
| Variable Component<br>Commission | 97,97,000/- |

## REPORT ON CORPORATE GOVERNANCE...

@ The Shareholders have authorised the Board to fix his salary from time to time in the range of Rs.5,40,000 – to Rs.10,00,000/- P.M.

* Perquisites include contributions to Provident Fund, Superannuation and Gratuity in addition to the other perquisites equivalent to the amount of Salary.

The above remuneration of the Managing Director is within the limits approved by the shareholders and the limits prescribed under the Companies Act, 2013 and SEBI LODR Regulations.

**5(c)(iii) Service contracts, notice period, severance fees:**

The employment of the Managing Director is contractual for a period of five years. His service is terminable by either party by giving three months' advance notice. As per the terms of contract, in the event of non-renewal or premature termination of the contract by the Company, the Managing Director is entitled to receive compensation equivalent to 12 months' salary and perquisites as applicable at the time of such termination.

**5(c)(iv) Stock option details, if any, and whether issued at a discount as well as the period over which accrued and over which exercisable:**

The Company does not have any Stock Option Scheme and did not issue any Stock Options during the Financial Year 2019-2020.

**6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

(A) Stakeholders' Relationship Committee as constituted by the Board pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI LODR Regulations is being headed by Shri Nimish U. Patel, Non-Executive Independent Director of the Company. Other members of the Committee are: Shri Atul G. Shroff, Non-Executive Director of the Company and Shri Hemant J. Bhatt, Non-Executive Independent Director of the Company.

(B) Shri Alak D. Vyas, Company Secretary and Compliance Officer of the Company also acts as the Secretary of this Committee.

(C) During the year under review 6 (six) complaints were received, which were disposed of to the satisfaction of the aggrieved shareholders before 31.03.2020. Hence, there were no outstanding complaints pending as at 31.03.2020, the details of which are as under.

| Sr. No. | Particulars | Nos. of Complaints |
|---|---|---|
| 1. | No. of complaints pending at the beginning of the year (01-04-2019) | 0 |
| 2. | No. of complaints received during the year 2019-2020 | 6 |
| 3. | No. of complaints resolved/redressed during the year | 6 |
| 4. | No. of complaints pending as on 31-03-2020 | 0 |

**7. GENERAL BODY MEETINGS:**

**(A):** Location, date and time, where the last three annual general meetings were held:

| General Body Meeting | Date & time when held | Place where held |
|---|---|---|
| 51st Annual General Meeting | 10-08-2017 at 3.30 p.m. | Hotel Grand Mercure Surya Palace, Opp: Parsi Agiyari, Sayajigunj, Vadodara 390 020 |
| 52nd Annual General Meeting | 07-08-2018 at 4.00 p.m. | Hotel Grand Mercure Surya Palace, Opp: Parsi Agiyari, Sayajigunj, Vadodara 390 020 |
| 53rd Annual General Meeting | 09-08-2019 at 4.00 p.m. | Hotel Grand Mercure Surya Palace, Opp: Parsi Agiyari, Sayajigunj, Vadodara 390 020 |

## REPORT ON CORPORATE GOVERNANCE...

**(B) The Following Special Resolutions were passed during the preceding three financial years**

| Sr. No. | Year | Matters on which special resolutions were passed |
|---|---|---|
| 1. | 2018-2019<br>AGM DATE:<br>09-08-2019 | 1. To re-appoint Smt. Geeta A. Goradia as an Independent Director for the second term of a period of 5 (five) consecutive years from this 53rd AGM till the conclusion of 58th AGM of the Company to be held in calendar year 2024.<br>2. To re-appoint Shri Nimish U. Patel as an Independent Director for the second term of a period of 5 (five) consecutive years from this 53rd AGM till the conclusion of 58th AGM of the Company to be held in calendar year 2024.<br>3. To re-appoint Shri Hemant J. Bhatt as an Independent Director for the second term of a period of 5 (five) consecutive years from this 53rd AGM till the conclusion of 58th AGM of the Company to be held in calendar year 2024.<br>4. To re-appoint Shri Ninad D. Gupte as an Independent Director for the second term of a period of 5 (five) consecutive years from this 53rd AGM till the conclusion of 58th AGM of the Company to be held in calendar year 2024.<br>5. To re-appoint Dr. Bernd Dill as an Independent Director for the second term of a period of 5 (five) consecutive years from this 53rd AGM till the conclusion of 58th AGM of the Company to be held in calendar year 2024. |
| 2. | 2017-2018<br>AGM DATE:<br>07-08-2018 | - none - |
| 3. | 2016-2017<br>AGM DATE:<br>10-08-2017 | To approve acceptance and renewal of deposits from the members of the Company. |

**(C&D) SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT LAST YEAR**

During the year under review, following were passed through Postal Ballot on 24th December, 2019 for the following:-

1. Appointment of Shri Anand Mohan Tiwari as an Independent Director - **Ordinary Resolution.**
2. Approval for continuation of Directorship of Shri Ashwin C. Shroff, Non-Executive Director, after his attaining the age of seventy-five years on 22nd January, 2020 - **Special Resolution.**

   All the above resolutions were passed through requisite majority. The Postal Ballot exercise was carried out by CS Vijay L. Vyas, Practising Company Secretary (FCS-1602; COP-13175) as an Independent Scrutinizer.

The pattern of voting on the postal ballot was as under:-

**Resolution 1: To appoint Shri Anand Mohan Tiwari as an Independent Director**

| Category | No. of shares held (1) | No. of valid votes polled (2) | % of votes polled on outstanding shares (3) = [(2)/(1)]*100 | No. of votes - in favour (4) | No. of votes - against (5) (6) = | % of votes in favour of valid votes polled [(4)/(2)] *100 | % of votes against of valid votes polled (7) [(5)/(2)] *100 |
|---|---|---|---|---|---|---|---|
| Promoters and Promoter Group | 3468783 | 2773020 | 79.94% | 2773020 | 0 | 100% | 0% |
| Public | 192685 | 191174 | 99.22% | 191172 | 2 | 100% | 0% |
| **Total** | **3661468** | **2964194** | **80.96%** | **2964192** | **2** | **100%** | **0%** |
| **Resolution 2: To consider and approve the continuation of Directorship of Shri Ashwin C. Shroff, Non-Executive Director, who will attain the age of seventy-five years on 22nd January, 2020.** | | | | | | | |
| Promoters and Promoter Group | 3468783 | 2773020 | 79.94% | 2773020 | 0 | 100% | 0% |
| Public | 192685 | 191209 | 99.23% | 191207 | 2 | 100% | 0% |
| **Total** | **3661468** | **2964229** | **80.96%** | **2964227** | **2** | **100%** | **0%** |

(E & F): None of the resolutions proposed to be passed at the ensuing AGM to be held on 23rd September, 2020 is required or proposed to be conducted through postal ballot.

8. **MEANS OF COMMUNICATION**

(A & B) The un-audited quarterly and summarized annual audited results have been submitted to the BSE Limited and are also published in two newspapers- (one English newspaper and one vernacular) - from among Business Standard (all editions); Vadodara Samachar (Vadodara edition); Indian Express (Vadodara edition) and Financial Express (all editions).

(C) The financial results are also placed on the Company's Website – 'https://www.transpek.com/index.php/financial-results/' and are also available on the website of BSE Ltd. 'www.bseindia.com';

(D) The Company has not issued any official news releases during the year.

(E) The Company has not held any analyst meet/investors conference during the year and no presentations were made to institutional investors or to analysts.

9. **GENERAL SHAREHOLDER INFORMATION:**

a. Date, time and venue of Annual General Meeting: 23rd September, 2020 by VOAC/AVC

b. Financial Year: 1st April, 2019 to 31st March, 2020

c. Dividend Payment date : within 30 days after declaration at 54th Annual General Meeting

d. Stock Exchange Listings : BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

The Company has paid Annual Listing Fees to the BSE Limited for the F.Y. 2019-20.

e. Scrip code/ID: '506687'; or 'Transpek' on BSE Limited
ISIN No.: INE687A01016 for dematerialization.

f. Market price data – high, low during each month in last financial year:

Monthly High, Low, Closing Market Price and number of shares traded during each month in the last financial year on the BSE Ltd., is furnished below:

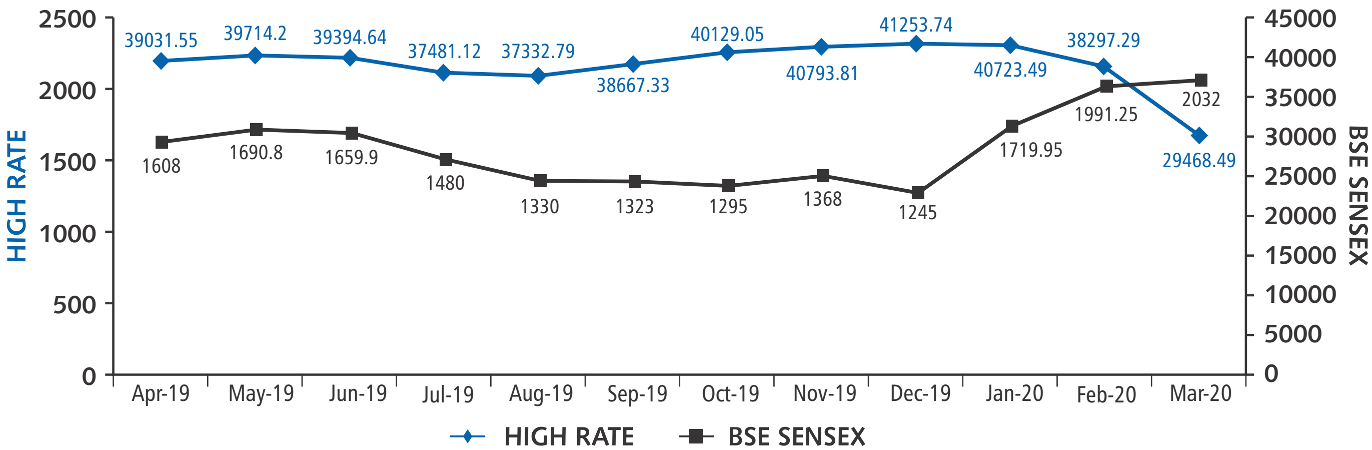
## REPORT ON CORPORATE GOVERNANCE...

**BSE Ltd. (Mumbai)**

| 2019-2020 (12 months) | Opening Price (Rs. Per share) | Highest Price (Rs. per share) | Lowest Price (Rs. per share) | Closing Market price (Rs. per share) | Volume of Trade (No. of shares) |
|---|---|---|---|---|---|
| April, 2019 | 1520.00 | 1608.00 | 1500.00 | 1544.10 | 24426.00 |
| May, 2019 | 1530.15 | 1690.80 | 1265.00 | 1616.50 | 84513.00 |
| June, 2019 | 1617.00 | 1659.90 | 1425.30 | 1461.25 | 99077.00 |
| July, 2019 | 1480.00 | 1480.00 | 1212.00 | 1234.25 | 35504.00 |
| August, 2019 | 1234.25 | 1330.00 | 1076.50 | 1225.65 | 45485.00 |
| September, 2019 | 1240.00 | 1323.00 | 1196.05 | 1256.20 | 38230.00 |
| October, 2019 | 1260.05 | 1295.00 | 1201.20 | 1274.00 | 24766.00 |
| November, 2019 | 1303.95 | 1368.00 | 1200.00 | 1210.50 | 120866.00 |
| December, 2019 | 1213.10 | 1245.00 | 1121.00 | 1142.50 | 59354.00 |
| January, 2020 | 1158.90 | 1719.95 | 1125.00 | 1661.45 | 165553.00 |
| February, 2020 | 1640.00 | 1991.25 | 1483.00 | 1846.50 | 218801.00 |
| March, 2020 | 1900.00 | 2032.00 | 1077.00 | 1228.35 | 146049.00 |

g. **Share price performance in comparison to Broad-based Index BSE Sensex**

**COMPANY'S SHARE PRICE AT BSE**




h. The Company's shares were not suspended from trading on BSE during the year.

i. **Registrar and Share Transfer Agent**

The Company's Registrar & Share Transfer Agent is M/s. Link Intime India Private Limited.

All correspondence regarding shares of the Company can be addressed to them. The address of the Company's RTA is as under:

(i) **Registered Office:**

Link Intime India Private Limited,
C-101, 247 Park, LBS Marg, Vikhroli (W),
Mumbai 400 083
Phone: +91 22 49186270
Website www.linkintime.co.in

(ii) **Branch Office:**

Link Intime India Private Limited
B – 102 & 103, Shangrila Complex, 1st Floor,
Nr. Radhakrishna Char Rasta, Akota, Vadodara - 390020
Phone : 0265- 2356794, 2356573
Fax : 0265- 2356791
Email: alpesh.gandhi@linkintime.co.in
vadodara@linkintime.co.in

# REPORT ON CORPORATE GOVERNANCE...

**j. Share Transfer System**

All the transfer requests received are processed by the Registrar and Share Transfer Agent and are approved by the Committee of Sr. Officials of the Company, which meets every ten days. Share transfers are registered and returned within a maximum of 15 working days from the date of lodgement if documents are complete in all respects.

**k. Distribution of shareholding as on 31st March, 2020**

| Category I. Share Range | No. of Shareholders | Percentage to Total No. of Shareholders | No. of Shares | Percentage to Capital |
|---|---|---|---|---|
| 1 - 500 | 9288 | 94.0271 | 6,71,859 | 12.0285 |
| 501 - 1,000 | 274 | 2.7738 | 2,00,208 | 3.5844 |
| 1,001 -2,000 | 153 | 1.5489 | 2,18,565 | 3.9130 |
| 2,001 -3,000 | 46 | 0.4657 | 1,18,088 | 2.1142 |
| 3,001 -4,000 | 28 | 0.2835 | 99,439 | 1.7803 |
| 4,001 -5,000 | 17 | 0.1721 | 75,771 | 1.3565 |
| 5,001 -10,000 | 32 | 0.3240 | 2,22,995 | 3.9923 |
| 10,001 -and above | 40 | 0.4049 | 39,78,644 | 71.2308 |
| **TOTAL** | **9878** | **100.00** | **55,85,569** | **100.00** |

**l. Dematerialization of Shares and liquidity**

The Company has entered into agreements with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories. As on 31st March, 2020 54,58,934 nos. of equity shares representing 97.73% of the paid-up capital are held by 7,454 shareholders in dematerialized form and 1,26,635 nos. of equity shares representing 2.27% of the paid up capital are held by 2,424 shareholders in physical form. 29.69% of the share capital is held by general public shareholders, 2.05% is held by FIIs and 2.03% is held by insurance companies and DIIs. The shares of the Company are regularly traded in electronic mode on BSE Ltd., which has nationwide online trading facility and which provides adequate liquidity.

m. There are no outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments.

n. Commodity price risk or foreign exchange risk and hedging activities: The Company has framed a Foreign Exchange Risk Management Policy for hedging activities which takes care of foreign exchange risk.

**o. Plant locations**

Transpek Industry Limited
At & Post -Ekalbara 391 440,
Taluka Padra, Dist. Vadodara
Telephone : 02662-244444, 244289, 244309, 244318, 244276
Website : 'www.transpek.com'

**p. Address for correspondence**

Shri Alak D. Vyas
Company Secretary & Compliance Officer
Transpek Industry Ltd,
6th Floor, Marble Arch,
Race Course, Vadodara 390 007.
Telephone: 0265-2335444; 2335446; 2335447
Fax : 0265-2335758
E-mail : investorrelations@transpek.com;
Website : 'www.transpek.com'

## REPORT ON CORPORATE GOVERNANCE...

Shareholders holding shares in physical form should address their correspondence relating to their shareholding to the Registrar &Transfer Agents, Link Intime India Pvt. Ltd., at the address given at i) above and the shareholders holding shares in electronic mode should address all their correspondence relating to their shareholding in the company to their respective Depository Participants.

**q. List of credit ratings obtained during the Financial Year 2019-2020:**

The details of credit ratings obtained by the Company during the Financial Year 2019-2020 are as under:

| Sr. No. | Particulars of the Rating Obtained | Rating | Agency from whom Rating obtained |
|---|---|---|---|
| 1. | Ratings on Long Term Bank Facilities of the Company | A/Stable | CRISIL Limited |
| 2. | Ratings on Short Term Bank Facilities of the Company | A1 | CRISIL Limited |
| 3. | Rating on Unsecured Fixed Deposits accepted from Shareholders of the Company | FA+/Stable | CRISIL Limited |

The rating letters are available on the Company's website and on the website of BSE Ltd.,

10. OTHER DISCLOSURES:

**a. Disclosure on materially significant related party transactions that may have potential conflict with the interests of the listed entity at large**

The Company has not entered into any materially significant related party transaction during the year. Among the related party transactions are contracts or arrangements made by the Company from time to time in the ordinary course of business and on arm's length basis with the companies in which the Directors are interested. All these contracts or arrangements are entered in the 'Register of Contracts in which Directors are interested' maintained pursuant to Section 189 of the Companies Act, 2013 and the said Register is placed before the Audit Committee and the Board at their meetings and signed by the Directors. Prior omnibus approval of the Audit Committee had also been obtained for entering into certain Related Party Transactions and the same are reviewed by Audit Committee on quarterly basis.

Also, the Company has entered into related party transactions with Transpek–Silox Industry Private Limited for sale of one of the Company's products, for which prior approvals of the Audit Committee and the Board of Directors were obtained.

Apart from these, the Company has carried out transactions with the following parties as per the contracts approved by the Audit Committee and Board of Directors of the Company as required under the Act and the SEBI LODR Regulations:

- Contracts with M/s. TML Industries Limited ('TML') for manufacture of the Company's product on job-work basis at TML's factory premises situated at Village: Piludra, Dist: Bharuch and at Village: Karakhadi, Dist: Vadodara; and
- Payment of Commission on Sales of the Company's products as per the Distributorship Agreement with M/s. Anshul Life Science, a Related Party as a Distributor.

The Company has also framed a Related Party Transactions Policy pursuant to the provisions of the Companies Act, 2013 read with Regulation 23 of the Listing Regulations and the same is available on https://www.transpek.com/wp-content/uploads/2018/04/Related-Party-Transactions.pdf'.

Particulars of transactions between the Company and related parties as per the Indian Accounting Standard 24 "Related Party Disclosures" notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies

(Audit and Accounts) Rules, 2014 are given under Note No. 42 of the Standalone Annual Accounts for the financial year 2019-2020.

**b. Statutory Compliance, Penalties and Strictures**

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or stricture imposed by BSE Ltd. or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

**c. Whistle Blower Policy**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has adopted a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct. The confidentiality of those reporting violations shall be maintained and they will not be subjected to any discriminatory practice. The Company affirms that no personnel have been denied access to the Audit Committee. Vigil Mechanism/Whistle Blower Policy is available on the Company's website and can be accessed at link - https://www.transpek.com/wp-content/uploads/2018/10/Whistle-Blower-Policy.pdf.

**d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all the mandatory requirements and has filed Form CAR (Companies Affirmation of Readiness towards COVID-19) on 26th March, 2020 as a confidence building measure to assess the readiness of the companies to deal with COVID-19 threat in India.

e. The Company does not have any material subsidiary company and hence policy for determining material subsidiaries has not been adopted.

f. Policy on dealing with related party transactions is available on the website of the Company and can be accessed at link -'https://www.transpek.com/wp-content/uploads/2018/04/Related-Party-Transactions.pdf'.

g. Commodity price risks and commodity hedging activities: The Company has framed a Foreign Exchange Risk Management Policy for hedging activities which takes care of foreign exchange risks.

h. During the year under review, the Company did not raise funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

i. CS Vijay L. Vyas, Practising Company Secretary has certified that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The contents of the said certificate is appended below:

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34 (3) and Schedule V para C clause (10) (i) of **Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015)**

**To,**

**The Members,**
**TRANSPEK INDUSTRY LIMITED**
**6TH Floor, Marble Arch,**
**Racecourse, Vadodara – 390007**

I have examined the relevant registers records, forms, returns and disclosures received from the Directors of Transpek Industry Limited having CIN: L23205GJ1965PLC001343 and having its registered office at 6th Floor, Marble Arch, Racecourse, Vadodara – 390005 (hereinafter referred to as the Company). Produced before me by the Company for the purpose of issuing this

## REPORT ON CORPORATE GOVERNANCE...

Certificate, in accordance with Regulation 34 (3) read with Schedule V para – C sub clause 10 (i) of **Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.**

In my opinion and to the best of my information and according to the verifications (including Director Identification Number status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Ahmedabad or any such other statutory Authority.

| Sr. No. | Name of Director | DIN | Date of Appointment |
|---|---|---|---|
| 1. | Atul Govindji Shroff | 00019645 | 01/12/1981 |
| 2. | Ashwin Champraj Shroff | 00019952 | 02/05/1980 |
| 3. | Ninad Dwarkanath Gupte | 00027523 | 07/06/2008 |
| 4. | Dipesh Kantisen Shroff | 00030792 | 27/03/2001 |
| 5. | Ravi Ashwin Shroff | 00033505 | 29/03/2008 |
| 6. | Nimishbhai Upendrabhai Patel | 00039549 | 30/01/2010 |
| 7. | Geeta Amit Goradia | 00074343 | 30/05/2014 |
| 8. | Bimal Vasantlal Mehta | 00081171 | 09/04/2010 |
| 9. | Bernd Dill | 01300832 | 22/06/2007 |
| 10. | Hemantkumar Jayantiprasad Bhatt | 02657432 | 11/07/2014 |
| 11. | Anand Mohan Tiwari | 02986260 | 04/11/2019 |

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

**CS VIJAY L VYAS**
**Practising Company Secretary**
**M No: 1602; CP No: 13175**
**UDIN - F001602B000567717**

Date: 10th August, 2020
Place: Vadodara

j. During the Financial Year 2019-2020 there were no such instances where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required.

k. Details of fees paid to Statutory Auditors of the Company during the year is as under:

| Particulars | 2019-2020 (Rs. p.a.) |
|---|---|
| **Statutory Audit** | 9,25,000/- |
| **Limited Review Report** | 3,75,000/- |
| **Statutory Certification** | |
| Fixed Deposit Return | 50,000/- |
| XBRL Certification | 50,000/- |
| Out of pocket expenses incurred by them | - |
| **Total** | **14,00,000/-** |

# REPORT ON CORPORATE GOVERNANCE...

I. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

| Sr. No. | Particulars | Nos. of Complaints |
|---|---|---|
| 1. | No. of complaints pending at the beginning of the year (01-04-2019) | 0 |
| 2. | No. of complaints received during the year 2019-2020 | 0 |
| 3. | No. of complaints resolved/ redressed during the year | 0 |
| 4. | No. of complaints pending as on 31-03-2020 | 0 |

11. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) above.

**12. Compliance of discretionary requirements under Part E of Schedule II of the SEBI LODR Regulations.**

1. **The Board:** The Chairperson does not maintain his separate office at the Company's expense.
2. **Shareholder Rights:** The Company publishes the financial results in newspapers and places on its website and on the website of BSE Ltd. The Company does not send it to the shareholders.
3. **Modified opinion(s) in audit report:** The Audit opinion received by the Company has not been modified.
4. **Reporting of internal auditor:** The Internal Auditors of the Company directly report to the Audit Committee of the Company and their Internal Audit Reports are presented at the meetings of the Audit Committee.

**13. Compliance with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR Regulations.**

The Company has complied with Corporate Governance requirements as specified in Regulations 17 to 27 relating to Board of Directors; Maximum number of Directorship; Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee; Risk Management Committee (voluntarily constituted); Vigil Mechanism; Related Party Transactions, Corporate Governance Requirements with respect to subsidiary company (The Company has two unlisted non-material Wholly Owned subsidiaries, one of them is incorporated outside India); Secretarial Audit; obligations with respect to Independent Directors, other Directors and Sr. Management; the Company has submitted to BSE Ltd., the quarterly compliance reports on Corporate Governance together with the details of all material transactions with related parties duly signed by the Compliance Officer. The information and documents specified under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR Regulations have been placed on the website of the Company.

**D. Certificate of Compliance With The Code of Conduct Policy**

**CERTIFICATE**

This is to confirm and certify that the Company has adopted a Code of Conduct for Board Members and Senior Management Personnel. As provided under sub-regulation (3) of Regulation 26 of the SEBI LODR Regulations, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2020.

**Transpek Industry Ltd.**
**Sd/-**

**Place: Vadodara** — **Bimal V. Mehta**
**Date: 10th August, 2020** — **Managing Director**

E. Compliance Certificate from the Auditors with regard to compliance of conditions of the Corporate Governance has been obtained and is annexed as Annexure to the Directors' Report.

**F. Disclosures with respect to demat suspense account/unclaimed suspense account**

Sixty-two (62) equity shares held in the aggregate by two (2) shareholders are lying in the demat suspense account. Neither of the two shareholders has approached the Company for transfer of shares from the demat suspense account of the Company during the year.

Therefore, a total of 62 equity shares held by 2 shareholders lie in the demat suspense account of the Company at the end of the year on 31/03/2020. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

# BUSINESS RESPONSIBILITY REPORT

**Business Responsibility Report for the year ended 31st March, 2020**

**Section A: General Information about the Company**

1. **Corporate Identity Number (CIN) of the Company:** L23205GJ1965PLC001343
2. **Name of the Company:** Transpek Industry Limited
3. **Registered Address :** 6th Floor, Marble Arch, Race Course, Vadodara – 390007
4. **Website:** www.transpek.com
5. **Email ID:** investorrelations@transpek.com
6. **Financial Year reported :** 1st April, 2019 to 31st March, 2020
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

| Group | Description |
|---|---|
| 20299 | Manufacture of various other chemical products n.e.c. (antiknock preparations, anti-freeze preparations, liquids for hydraulic transmission, composite diagnostic or laboratory reagents, writing or drawing ink, chemical substance used in manufacture of pesticides and other chemical products) |
| 20119 | Manufacture of organic and inorganic chemical compounds n.e.c. |

8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
   - Thionyl Chloride
   - Acid Chlorides
   - Sulphur Dioxide
9. **Total number of locations where business activity is undertaken by the Company:**
   - Number of International Locations: NIL
   - Number of National Locations: Padra and Vadodara
10. **Markets served by the Company – Local/State/National/International: All**

**Section B: Financial Details of the Company as on 31st March, 2020:**

| Sr. No. | Particulars | Standalone | Consolidated |
|---|---|---|---|
| 1. | Paid-up Capital | 558.56 | 558.56 |
| 2. | Total Turnover | | |
| 3. | Total Profit after Taxes | | |
| 4. | Total spending on CSR as percentage of profit after tax (%) | The Company has spent Rs.1.08 crores on CSR activities of the Company which is 1.8% of the average net profit of the previous three financial years. | |
| 5. | List of activities in which expenditure in 4 above has been incurred | • Promoting Healthcare including preventive healthcare<br>• Sanitation and making available clean drinking water<br>• Promoting education including special education especially amongst children, women, elderly and the differently abled<br>• Employment enhancing vocational skills<br>• Livelihood enhancement projects<br>• Promoting gender equality, empowering women<br>• Rural development projects | |

# BUSINESS RESPONSIBILITY REPORT...

**Section C: Other Details:**

| | | |
|---|---|---|
| 1. | Does the Company have any Subsidiary Company/Companies? | Yes, the number of Subsidiary Companies of Transpek Industry Limited as on 31st March, 2020 is 2 (two). |
| 2. | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s) | No. |
| 3. | Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiative of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | No. |

**Section D: BR Information**

**1. Details of Director/BR head responsible for the implementation of the BR policy**

| | | |
|---|---|---|
| 1. | DIN | 00081171 |
| 2. | Name | Shri Bimal V. Mehta |
| 3. | Designation | Managing Director |
| 4. | Telephone No. | 0265-2335444 |
| 5. | E-mail ID | bmehta@transpek.com |

**2. Principle-wise (as per NVGs) BR policy/policies**

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

| | |
|---|---|
| P1 | Businesses should conduct and govern themselves with ethics, transparency and accountability |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability through their life cycle |
| P3 | Businesses should promote the well-being of all employees |
| P4 | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| P5 | Businesses should respect and promote human rights. |
| P6 | Businesses should respect, protect and make efforts to restore the environment |
| P7 | Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| P8 | Businesses should support inclusive growth and equitable development |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner |

**a) Details of Compliance**

| Sr. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy/policies for | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

## BUSINESS RESPONSIBILITY REPORT...

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 3. | Does the policy confirm to any national/ international standards? If yes, specify?* | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4. | Has the Policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5. | Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the Policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | https://www.transpek.com/index.php/policies-and-other-information/ | | | | | | | | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8. | Does the Company have in-house structure to implement the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

* Being associated with several global chemical giants, the Company believes in adhering to global standards and practices to the best possible extent and wherever possible.

**b) If answer to Sr.No.1 against any principle is 'No', please explain why: (Tick upto 2 options):**

| Sr. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | The Company has not understood the principles | | | | | NA | | | | |
| 2. | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | NA | | | | |
| 3. | The Company does not have financial or manpower resources available for the task | | | | | NA | | | | |
| 4. | It is planned to do within next six months | | | | | NA | | | | |
| 5. | It is planned to do within next one year | | | | | NA | | | | |
| 6. | Any other reason (please specify) | | | | | NA | | | | |

**3. Governance related to BR:**

1. Indicate the frequency with which the Board of Directors, Committees of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:

   Annually.

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

## BUSINESS RESPONSIBILITY REPORT...

Publishing the BR report would be applicable to the Company for the very first time. It would be included as a part of the Annual Report of the Company.

One can view this report in the Annual Report of the Company uploaded on the website of the Company.

**Section E: Principle-wise Performance**

**Principle 1: Ethics, Transparency & Accountability**

**Businesses should conduct and govern themselves with ethics, transparency and accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the Company?
   - No.
2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
   - The Company has adopted a Code of Conduct & Ethics (referred to as 'Code') that helps maintain the standards of business conduct. The main purpose of the code is to deter wrongdoing and promote ethical conduct. The code applies to all Directors, Key Managerial Personnel, Sr. Executives and majority of the employees in the middle level management and they are required to act consistently in accordance with the Code.

     The Company has also framed a Code of Conduct & Ethics for Suppliers and the suppliers are made aware of the code and they abide by it.
3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management? If so, provide details thereof, in about 50 words or so?
   - The Company did not receive any ethics related complaints from stakeholders in the past financial year.

**Principle 2: Sustainability**

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities?
   - Acid Chlorides
   - Thionyl Chloride &
   - Logistics through ISO Tanks
2. For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional)?
   i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain – Effluent water is reused through Biofilter technology.

   ii. Reduction during usage by consumers (energy, water) has been achieved since previous year – Not known.
3. Does the Company have procedures in place for sustainable sourcing (including transportation) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company sources its majority of raw materials (approximately 65%) from renowned suppliers who have embraced sustainable practices in their systems and processes. The Company also tries to minimize packaging in drums and brings in material in tankers, to the extent possible. Some of the accessories like palates received together with raw materials are being recycled or used in dispatch of Company's products.

   The Company is constantly working with suppliers to further improve and reinforce sustainable practices.

# BUSINESS RESPONSIBILITY REPORT...

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

   Over the years, the Company has promoted local contractors and service providers and provides them opportunity to engage themselves with the Company. Additionally, the Company has also promoted skills and livelihood development in the neighbouring community through various training programmes.

   The Company has also contributed in the upgradation of training facilities at the Industrial Training Institute (ITI) at Padra and also conducted short term courses on plumbing, masonry and wiring for the inmates of the Vadodara Central Jail with a view to equipping them to earn their livelihood in a dignified manner post their release from the Jail.

   The Company also provides opportunities for local communities whenever there is a need for services like loading, unloading material movement, gardening, plantation etc.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   Our processes are designed to conserve all resources and minimize waste generation and damage to natural systems. We believe in delivering sustainable products through efficient processes which are safe for our employees and environment. We use bio filter waste water treatment technology to treat effluents and sewage water. In house incinerator facility is also available to incinerate solid waste generated within company. We have self sustained water source of bore well with rain water recharge system.

**Principle 3: Welfare of Employees**

**Businesses should promote the well-being of all employees**

1. Please indicate the total number of employees:

   Total number of Employees as on 31st March, 2020 was 589.

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:

   Total number of employees hired by the Company as temporary/contractual/casual basis as on 31st March, 2020 was 239. The employees of labour contractor in the organisation as on 31st March, 2020 were 124.

3. Please indicate the number of permanent women employees:

   Total number of permanent women employees as on 31st March, 2020 was 22 & 5 women employees were contractual employees.

4. Please indicate the number of permanent employees with disabilities:

   Total number of permanent employees with disabilities as on 31st March, 2020 was 11 & 3 employees with disability were contractual employees.

5. Do you have an employee association that is recognized by management?

   Yes. The Company has a Workers' Union recognized by the management.

6. What percentage of your permanent employees are members of this recognized employee association?

   100% of the employees in worker category forms part of the workers' union.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of financial year?

## BUSINESS RESPONSIBILITY REPORT...

| Sr. No. | Category | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|---|---|---|---|
| 1. | Child labour/forced labour/involuntary labour | NIL | NIL |
| 2. | Sexual Harassment | NIL | NIL |
| 3. | Discriminatory Employment | NIL | NIL |

8. What percentage of your Permanent Employees, Permanent Women Employees, Casual/Temporary/Contractual Employees/Employees with disability were given safety and skill upgradation training last year?

   More than 85% of the Company's employees have undergone training for fire, safety and skill upgradation last year.

   All the employees are given necessary safety trainings at the time of joining as well as during their employment. It is mandatory for all employees to go through the safety training at Company's factory site.

   All the newly recruited employees have to undergo safety test and training at the time of joining the organisation.

   Apart from this, the women employees were also given a specialized training for Self Defence.

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

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

   Yes.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised?

   Yes, the Company has identified the disadvantaged, vulnerable and marginalised which needs focused intervention. These communities consist of in areas in and around the Company's manufacturing site. The criteria for selecting these communities are based on the Mission, Vision and Objectives as laid down in the Company's CSR Policy.

   Their needs are identified through listening and learning about them. Their needs are prioritized based on the parameters that help balance both the needs of the community and the Company's vision to help contribute in building a better life for the underprivileged society.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide the details thereof, in about 50 words or so.

   Yes, the Company follows a holistic approach driven by its CSR Policy through which it is committed to develop the disadvantaged, marginalised and vulnerable sections of the society. The Company endeavors to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives, especially the community residing in nearby vicinity of the Company by providing them better education facilities, by promoting healthcare including preventive healthcare, empowering women and promoting gender equality, providing sanitation and clean drinking water facilities and teaching better livelihood skills to help them earn money independently.

   The Company aims to constantly identify and implement unique initiatives which are scalable and sustainable and which have capacity to create a positive impact on the lives of people especially the weaker and less privileged sections.

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

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

## BUSINESS RESPONSIBILITY REPORT...

The Code of Conduct of the Company covers aspects of Human Rights. The code supports, respects and protects the human rights of the persons connected Directly or Indirectly with the Company.

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

   The Company did not receive any complaint with respect to human rights violation in the past financial year.

**<u>Principle 6:</u> Businesses should respect, protect and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Venture/Suppliers /Contractors/NGOs/Others?

   Yes. The policy for Environment, Health and Safety of the Company extends to include Suppliers also apart from the Employees.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc. If yes, please give hyperlink for webpage etc.?

   Yes. The Company uses Agro Waste Fluidized Bed Combustion based boiler and oil heating system to reduce Furnace Oil consumption to conserve natural resources. The Company has also planted more than 30,000 trees and formed a green belt in the factory premises.

   Hyperlink for the web-page is https://www.transpek.com/index.php/environment-health-safety/.

3. Does the Company identify and assess potential environmental risks?

   Yes, the Company has an Environment Protection Department (EPD) that has a formal process in place that identifies and assesses potential environmental risks and relevant action plans are prepared to mitigate such risks. It is periodically reviewed and also presented to the Board of Directors.

   The Company has also adopted ISO-14001:2015 systems to ensure adherence to environment protection. It has also taken steps to implement 'Responsible Care', a globally recognized Chemical Industry initiative and is in the process of obtaining formal approval/certification.

   The Company applies production processes that avoid adverse effect on the environment by employing responsible waste management, energy efficiency and conservation and recycling of natural resources.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   No. Presently, the Company does not have any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? If yes, please give hyperlink to web page etc.

   The Company has taken various initiatives on renewable energy and energy efficiency. Some of the initiatives taken by the Company are as under:

   **<u>Renewable Source of Energy</u>**

   The Company has bought two (2) windmills to harness the power of wind for generating electricity.

   **<u>Waste Management</u>**

   The Company has laid down comprehensive guidelines on waste management which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit is carried out on a regular basis.

## BUSINESS RESPONSIBILITY REPORT...

Besides this, the Company also endeavors to reduce indirect energy consumption. Some of the initiatives are as follows:

- Timely Preventive Maintenance to ensure reduced downtime and smooth operations
- Premium Efficiency Motors to replace rewound motors
- LED Lights at various places on the manufacturing site.

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

   Yes, the emissions/Waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year and are being reported as per the prescribed norms.

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

   None.

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

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

   The Company utilized the following trade and industry chambers and associations to undertake policy advocacy.

   - Federation of Gujarat Industries
   - Indian Chemical Council
   - Chemexcil
   - Exim India
   - Vadodara Chambers of Commerce and Industry
   - Pesticides Manufacturers & Formulators Association of India

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).

   Yes. The Company has suggested improvements in administrative hurdles faced by Chemical Industries through above associations for the advancement or improvement of public good during the financial year 2019-2020.

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

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

   Yes, the Company follows an integrated approach to support the principles of inclusive growth and equitable development. It has the following elements:

   **Building Economic Capital**

   - Contributed in providing training facilities to the students of Industrial Training Institute to enable to learn livelihood skills and earn employment
   - Conducted short term courses on plumbing, masonry and wiring for the inmates of the Vadodara Central Jail to equip them to earn livelihood in dignified manner post their release from jail

## BUSINESS RESPONSIBILITY REPORT...

- Partnered with Shroffs Foundation Trust for setting up a Unique Vocational Training Institute that helps many students to gain knowledge, skill and makes them capable of being employed in Industries and earn decent money.
- Conducted Beauty Parlour Courses for females residing in the villages in nearby vicinity of manufacturing site of the Company to help them earn livelihood for themselves and become Independent & self-employed.

**Ensuring Environmental Integrity**

- Acquired Windmills to use natural energy resource and generate electricity.
- Developed In-house Biofilter waste water treatment technology to treat effluent and sewage water. Water treated through Biofilter technology can be used in irrigation, farming and household activities.
- Planted more than 30,000 trees and formed a green belt in the factory premises.

**Social, Economic and Environmental development**

- The Company had organized health awareness camps & Training Programmes for the residents of the nearby villages. The Company also conducted focused programme on Anaemia and good number of women were medically examined.
- Provided support to Shroffs Foundation Trust in running a fully equipped Mobile Medical Unit for providing door step medical services in tribal area of Chhotaudepur as well as donated funds for setting up a hospital.
- Education - Supported children for Primary, Secondary, Higher Secondary, extra classes and Special Teaching programme in education field for students in Vadodara and Chhotaudepur Districts.
- Construction of toilets and sanitation units under Swacch Bharat Mission.

**Relief Programmes**

- During testing times, your company extended support in reducing the miseries of the people affected by the severe floods in Vadodara district in the year 2019.
- During CoVID-19 pandemic, your Company supported the Government and Local communities by providing sanitizers, masks and homeopathic tablets to the residents of the villages of Padra in Vadodara District and also contributed to Chief Minister's Relief Fund.

2. Are the programmes/projects undertaken through in-house team/own foundations/external NGO/government structures/any other organisations.

   The Company's CSR projects are implemented by In-house CSR team as well as through several NGOs that are associated with the Company as the Company's Implementing Agency.

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

   The Company carries out annual impact assessment of the activities undertaken by the Company directly and through the Implementing Agency to understand the impact of the programme, community satisfaction, need identification and future planning.

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

   For FY 2019-20, the amount directly spent by the Company to community development projects is Rs.1,76,000/-.

   The details of the project undertaken are as under:

## BUSINESS RESPONSIBILITY REPORT...

- Education - Supported children for Primary, Secondary, Higher Secondary, extra classes and Special Teaching programme in education field for students in Vadodara and Chhotaudepur Districts; and
- Women Empowerment.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

   Yes. Community is our key stakeholder and the Company believes that development of the community is only possible through engagement and partnership from all stakeholders.

   The projects undertaken by the Company for community development are constantly monitored and evaluated to assess and measure impact through which community adoption is ensured.

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

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

   No customer complaints/consumer cases are pending as on the end of the financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No./N.A./Remarks (additional information)

   The Company displays all the product information on the product label as mandated under the law.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of financial year? If so, provide details thereof, in about 50 words or so

   There were no instances of unfair trade practices, irresponsible advertising and/or anti-competitive behaviour case during the last five years and no case was pending as on the end of the financial year.

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

   Yes.

**For and on behalf of the Board**

**Bimal V. Mehta**
**Managing Director**

**Date: 24th June, 2020**
**Place: Vadodara**

# TEN YEARS HIGHLIGHTS

(₹ in Lakhs)

| | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| **I CAPITAL ACCOUNTS** | | | | | | | | | | |
| A Share Capital | 558.56 | 558.56 | 558.56 | 558.56 | 587.20 | 587.20 | 587.20 | 587.20 | 587.20 | 587.20 |
| B Reserves | 24373.78 | 19110.58 | 13133.39 | 10110.45 | 8487.26 | 6889.54 | 6136.04 | 5588.04 | 4770.66 | 5802.52 |
| C Shareholders' Fund ( A+B ) | 24932.34 | 19669.14 | 13691.95 | 10669.01 | 9074.46 | 7476.74 | 6723.24 | 6175.24 | 5357.86 | 6389.72 |
| D Borrowings* | 7687.67 | 12020.23 | 18013.74 | 6984.33 | 5644.21 | 7158.35 | 5906.59 | 6789.16 | 6579.04 | 6566.50 |
| E Fixed Assets | | | | | | | | | | |
| i Gross Block | 39950.86 | 34901.36 | 28029.58 | 20660.09 | 17548.16 | 16823.37 | 16188.85 | 15703.11 | 14931.21 | 13897.66 |
| ii Net Block | 27065.03 | 23645.11 | 17860.90 | 11713.61 | 9391.44 | 9227.04 | 9297.79 | 9444.09 | 9286.53 | 8853.61 |
| F Debt-Equity Ratio | 0.55:1 | 0.61:1 | 1.31:56 | 0.65:1 | 0.62:1 | 0.96:1 | 0.88:1 | 1.10:1 | 1.23:1 | 1.03:1 |
| **II REVENUE ACCOUNTS** | | | | | | | | | | |
| A Sales Turnover** | | | | | | | | | | |
| i Domestic | 9320.09 | 10881.15 | 9939.12 | 9649.92 | 10085.89 | 9587.62 | 9139.03 | 7622.96 | 7055.86 | 7795.81 |
| ii Export | 47006.16 | 48352.26 | 25250.78 | 20448.97 | 18002.56 | 16150.96 | 14256.67 | 13079.49 | 8299.24 | 10434.44 |
| TOTAL | 56326.25 | 59233.41 | 35189.90 | 30098.89 | 28088.45 | 25738.58 | 23395.70 | 20702.45 | 15355.10 | 18230.25 |
| B EBIDTA | 13527.08 | 13440.85 | 5684.38 | 6013.02 | 5061.51 | 3599.92 | 3061.42 | 2904.17 | 458.11 | 3135.62 |
| C Profit after tax | 7294.37 | 6573.70 | 2640.29 | 2997.62 | 2127.78 | 1105.80 | 719.75 | 1023.48 | (1031.85) | 1276.44 |
| D Return on Shareholders' Fund % | 29.26 | 33.42 | 19.28 | 28.10 | 23.45 | 14.79 | 10.71 | 16.57 | (19.26) | 19.98 |
| **III EQUITY SHAREHOLDERS' EARNINGS** | | | | | | | | | | |
| A Earning per Equity Share Rs. | 130.59 | 117.69 | 47.27 | 51.89 | 36.24 | 18.83 | 12.26 | 17.43 | (17.57) | 21.77 |
| B Dividend per Equity Share # Rs. | 12.50 | 20.00 | 9.00 | 9.00 | 7.50 | 5.00 | 2.50 | 3.00 | - | 4.00 |
| C Dividend Payout Ratio % | 12.37 | 20.49 | 22.95 | 20.57 | 24.91 | 31.86 | 23.86 | 20.14 | - | 21.36 |
| D Net Worth per Equity Share Rs. | 446.37 | 352.14 | 245.13 | 191.01 | 154.54 | 127.33 | 114.50 | 105.16 | 91.24 | 108.82 |
| E Market price of Share as on 31st March | 1228.35 | 1502.60 | 1233.10 | 590.35 | 396.20 | 241.20 | 119.45 | 60.00 | 85.05 | 137.05 |

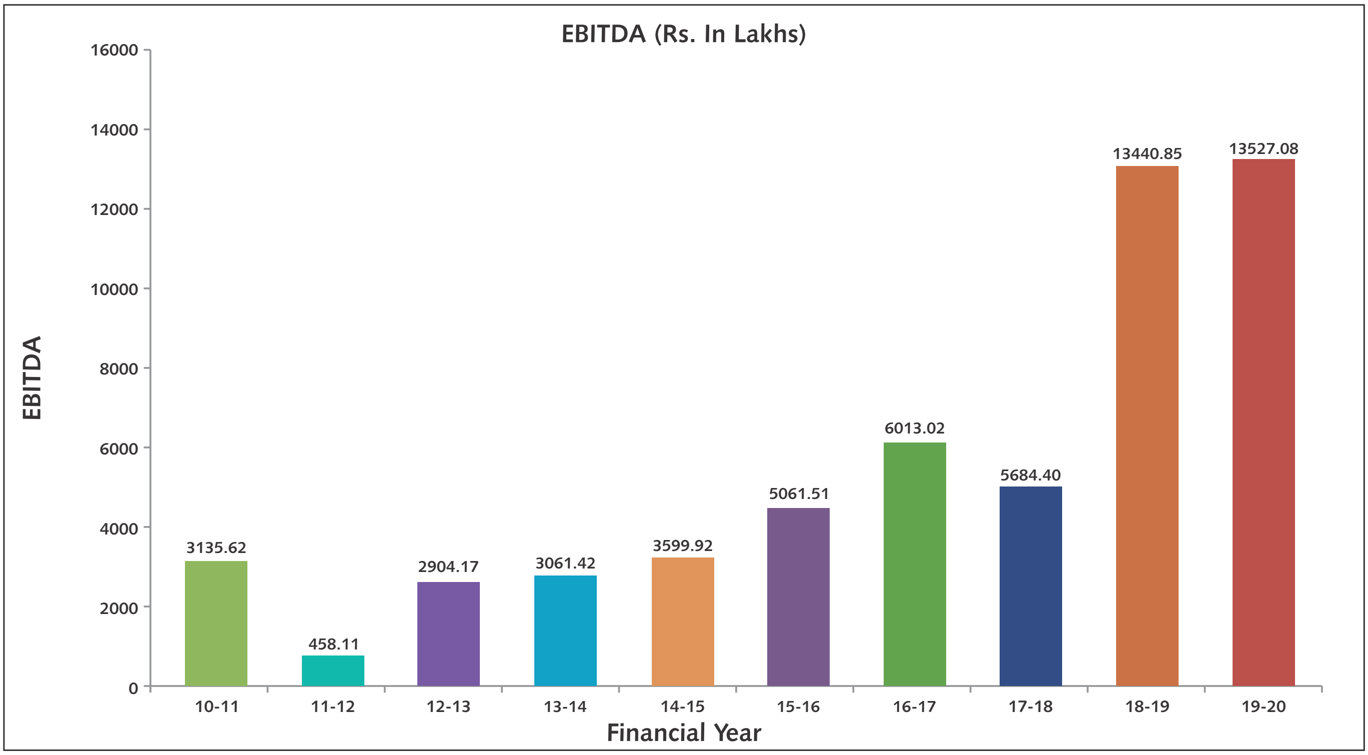
* Borrowing is net of Cash and Bank balance

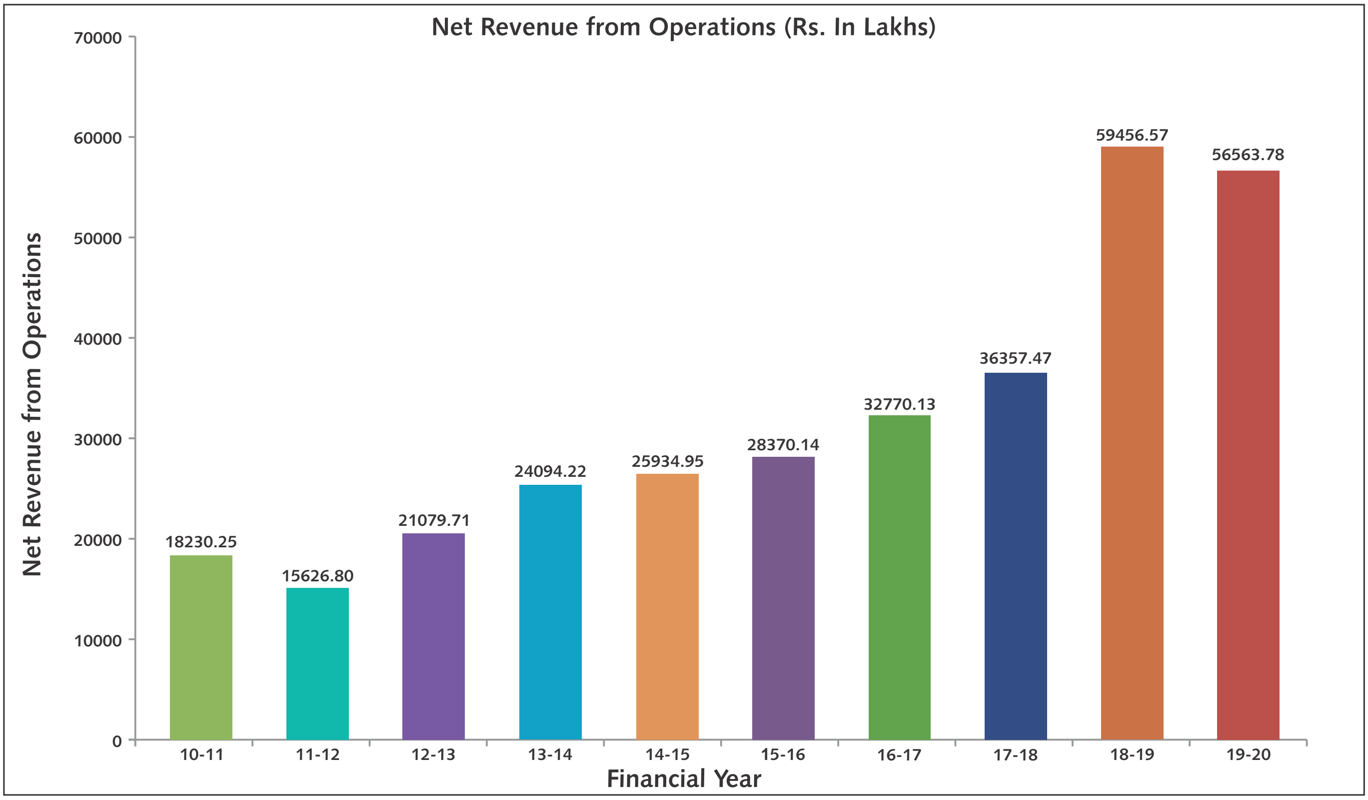
** Sales Turnover is after reducing discounts/rebates and it does not include trading sales.

# Equity Share of Face Value of Rs.10/-. Figures include Interim Dividend of Rs. 10/- per share.

**Previous years figures have been regrouped/rearranged wherever necessary.**

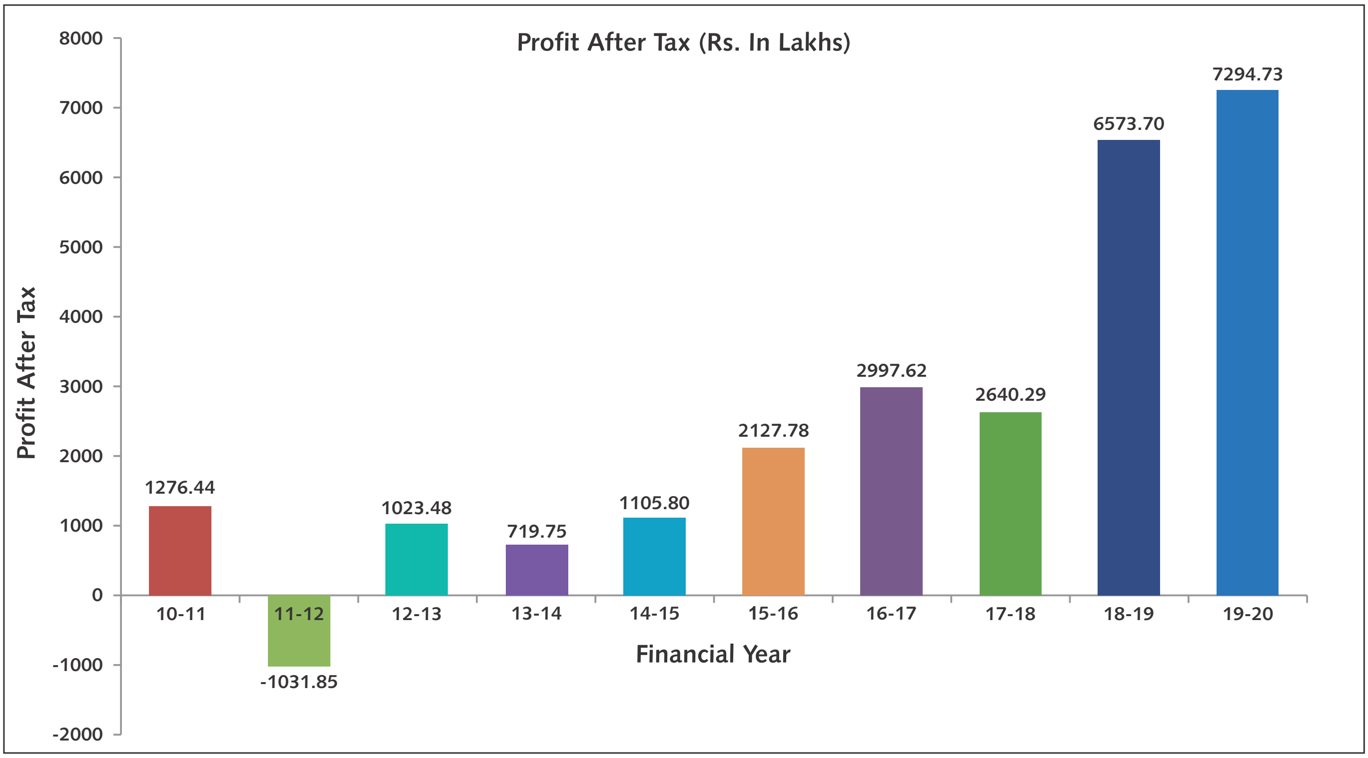
# PERFORMANCE - AN OVERVIEW

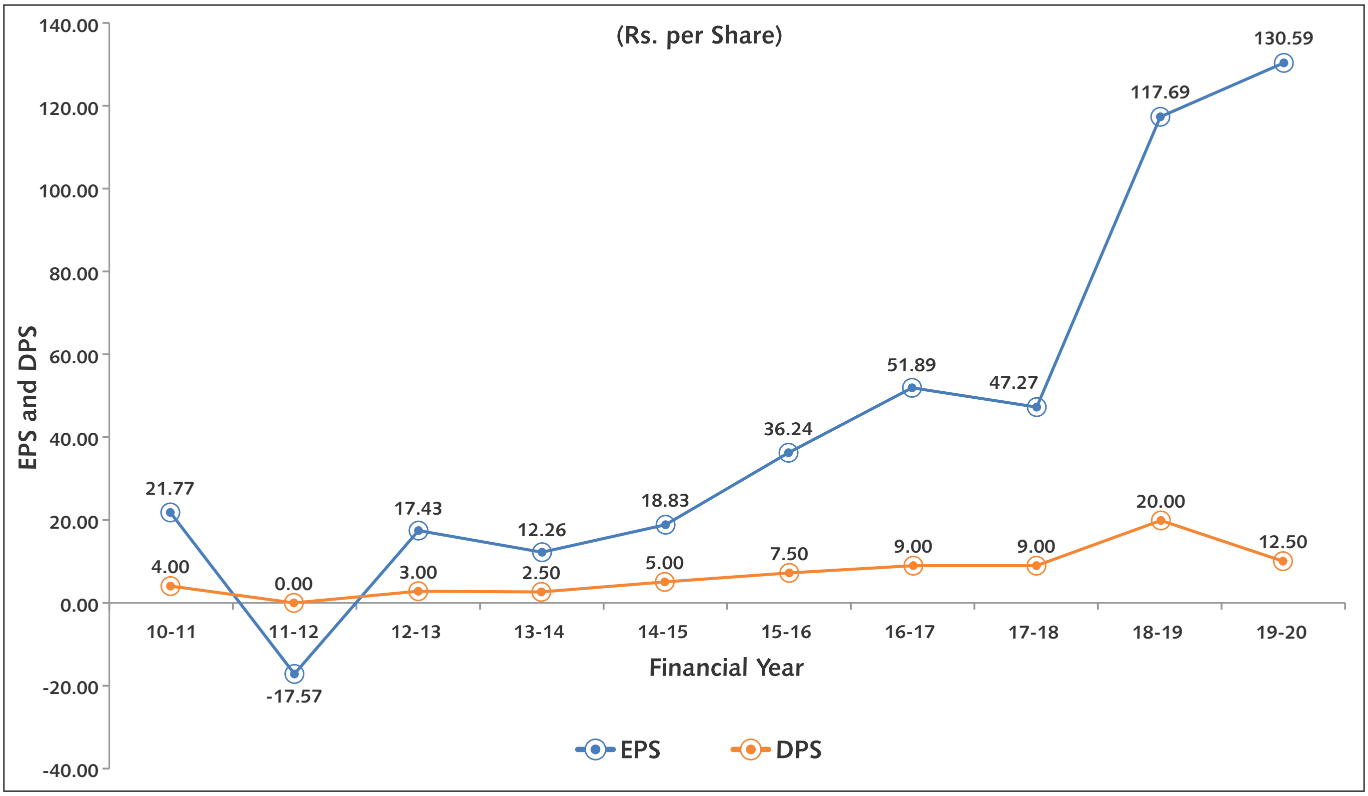



**Note :** Previous years' figures have been regrouped / rearranged wherever necessary.

## PERFORMANCE - AN OVERVIEW...




**Note :** Previous years' figures have been regrouped / rearranged wherever necessary.

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF**

**TRANSPEK INDUSTRY LIMITED**

**Report on the audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of TRANSPEK INDUSTRY LIMITED ("the Company"), which comprises the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information. (herein after referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr No | Key Audit Matter | How the matter was addressed in our audit: |
|---|---|---|
| 1. | **Adoption of Ind AS 116 Leases**<br><br>The Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has leased large number of ISO tanks from various vendors.<br><br>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognized a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. | Our audit procedures on adoption of Ind AS 116 includes:<br><br>• Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116);<br><br>• Assessed the company's evaluation on the identification of leases based on the contractual agreements;<br><br>• Assessed the key terms and conditions on sample basis of each lease with the underlying lease contract and evaluated computation of lease liabilities and Right of use of assets and its effect on Standalone financial statements. |

## INDEPENDENT AUDITOR'S REPORT...

| Sr No | Key Audit Matter | How the matter was addressed in our audit: |
|---|---|---|
| | Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.<br>Refer Note 2.1(s) and Note 39(E)to the Standalone Financial Statements. | |
| 2. | **Evaluation of uncertain tax positions and litigations**<br>The company has on-going legal matters relating to direct tax, Indirect tax and other matters which requires significant management judgement to determine the likely outcome.<br>Refer Note 37 (A) to the Standalone Financial Statements. | In assessing the potential exposure of the on-going litigation, we have performed the following procedures:<br>• Obtaining from the management details of all completed / pending tax assessments and other litigations upto 31st March 2020;<br>• Understanding the status of pending tax demands and potential liability for the other pending litigations;<br>• Involved our internal tax teams and discussing with the company's legal advisors to confirm the management's underlying assumptions and judgement for determining the potential liability and provisions and the possible outcome of the litigation. |
| 3. | **Transactions with Related Parties**<br>The company in its course of operations has entered into transactions with related parties. The identification of these related parties, transactions entered into with them and the determination of arm's length price involves significant judgement and estimates.<br>Refer Note 40 to the Standalone Financial Statements. | Our audit approach for the transactions with related parties involved the following:<br>• Evaluation and testing of the design of internal controls and the secretarial process followed relating to identification of related parties and transactions with them;<br>• Confirming the regulatory requirements for the identification of related parties and transactions with these related parties, the determination of arm's length pricing and the disclosures for the same in the standalone financial statements;<br>• Evaluating management judgments and assumptions regarding transactions with Related Parties at Arm's Length Price;<br>• Review of sample agreements/contracts to compare the terms of the related parties' transactions to those of identical or similar transactions with one or more unrelated parties and evaluate the business rationale for the same. |
| 4. | **Recoverability and Recognition of Export Incentives under Merchandise Export from India Scheme (MEIS)**<br>Under the Foreign Trade Policy (FTP) 2015-20 of Government of India, the company claims and receives export benefits under Merchandise Export from India Scheme (MEIS);<br>The Company recognizes these benefits when there is a reasonable assurance that the benefits will be received and company will comply with all the attached conditions in the period in which the right to receive the same is established;<br>Refer Note 2.1(M) and 30 to the standalone financial statements. | Our audit approach for verification of the export incentives under MEIS and its recognition involved the following:<br>• Evaluation and testing the internal controls and the process for identification and recognition of MEIS Income;<br>• Understanding the management judgements, key assumptions and estimations based on which recognition for MEIS income is done; |

## INDEPENDENT AUDITOR'S REPORT...

**Emphasis of Matter**

We draw attention to Note 41(B)(b) to the Standalone financial statements , whereby it has been mentioned that on the basis of application made by the company which is pending for approval from the respective authorities , the company has considered weighted deduction u/s 35 (2AB) while computing the tax liability under the Income Tax Act, 1961 for the year ended 31st March 2020.The company is hopeful to get the approval from the respective authorities.

Our opinion is not modified in respect of this matter.

**Information other than the Standalone 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 Management discussion and analysis, board's report including Annexure to Board's Report, Corporate Governance and Shareholder's information, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of Standalone Financial Statements**

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

## INDEPENDENT AUDITOR'S REPORT...

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards;

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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.

# INDEPENDENT AUDITOR'S REPORT...

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

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

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

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

(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, 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 financial statements – Refer Note 37 (A) to the standalone financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2020.

**For CNK & Associates LLP**

Chartered accountants
Firm Registration No: 101961W/W-100036

**Pareen Shah**

Partner
Membership No: 125011
Vadodara, 24th June 2020
UDIN:20125011AAAABH6017

**Annexure A to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2020.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

## INDEPENDENT AUDITOR'S REPORT...

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the property, plant and equipments;

(b) As informed to us, the company has a phased programme of physical verification of its Property, plant and equipments so as to cover all assets once in three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets;

(c) According to the Information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company;

(ii) (a) As per the information and explanations given to us, the inventories held by the company have been physically verified by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable;

(b) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories and the discrepancies noticed on physical verification of the same were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts;

(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 Partnership or any other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, clause 3(a), 3(b) and 3(c) are not applicable for the year;

(iv) In our opinion and according to the information and explanations given to us, provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities have been complied with;

(v) In our opinion and as explained to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under for the deposits accepted by the company;

(vi) We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained by the company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;

(vii) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, Goods and Service tax (GST) ,service tax, custom duty, excise-duty, value added tax, cess and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2020, for a period of more than six months from the date they became payable;

(b) According to the information and explanations given to us and the records examined by us, there are no dues of income tax, sales tax, Goods and Service tax(GST), wealth-tax, service tax, duty of customs, duty of excise , value added tax or cess that has not been deposited on account of disputes except the following:

## INDEPENDENT AUDITOR'S REPORT...

| Name of the Statute | Nature of dues | Amount (₹In Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Central excise act, 1944 | Excise duty (including penalty) | **24.90** | 2006 to 2012 | CESTAT, Ahmedabad |
| Service tax | Service tax (including penalty) | **116.96** | 2015 to 2017 | Commissioner (Appeals), Vadodara |
| Service tax | Service tax (including penalty) | **160.77** | 2013 to 2015 | CESTAT, Ahmedabad |
| Service tax | Service tax (including penalty) | **295.31** | 2013 to 2017 | Commissioner, Vadodara |
| Central excise act, 1944 | Custom duty (including penalty) | **25.64** | 2007 to 2014 | CESTAT, Mumbai |

Note:- Amounts paid under protest and not charged to profit and loss statement have not been included above. [Refer Note no. 37 (A) of Notes forming part of the Standalone financial statements]

(viii) Based on our audit procedure and according to the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks, Government or dues to debenture holders;

(ix) According to the information and explanations given to us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purpose for which the loan were obtained during the year;

(x) During the course of our examination of the books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the company noticed or reported during the year, nor we have been informed of any such case by the management;

(xi) According to the information and explanation given to us and based on our examination of the records of the company, the company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act;

(xii) In our opinion and according to the information and explanation given to us, the provisions related to Nidhi Company are not applicable;

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone Financial Statements as required by the applicable accounting standards;

(xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him and the provisions of section 192 of the Companies Act, 2013 have been complied with;

## INDEPENDENT AUDITOR'S REPORT...

(xvi) According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For CNK & Associates LLP**
Chartered accountants
Firm Registration No: 101961W/W-100036

**Pareen Shah**
Partner
Membership No: 125011
Vadodara, 24th June 2020
UDIN:20125011AAAABH6017

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**Annexure B to the Independent Auditor's Report**

**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 TRANSPEK INDUSTRY LIMITED ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of internal financial controls with reference to standalone financial statements of the company that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 internal financial controls with reference to standalone financial statements of the company were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements of the company 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

## INDEPENDENT AUDITOR'S REPORT...

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide 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 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 Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

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

**For CNK & Associates LLP**
Chartered accountants
Firm Registration No: 101961W/W-100036

**Pareen Shah**
Partner
Membership No: 125011
Vadodara, 24th June 2020
UDIN:20125011AAAABH6017

# BALANCE SHEET AS AT 31ST MARCH, 2020

₹ in Lakhs

| Sr. No. | Particulars | Note No. | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| **(1)** | **Non-current assets** | | | |
| | (a) Property, plant and equipment | 3 | 27,067.75 | 23,645.11 |
| | (b) Capital work-in-progress | 4 | 1,862.90 | 3,277.65 |
| | (c) Right-of-use assets | 5 | 1,599.72 | - |
| | (d) Investment in subsidaries | 6 | 1.02 | 0.02 |
| | (e) Financial assets | | | |
| | (i) Investments | 7 | 11,788.44 | 14,898.48 |
| | (ii) Loans | 8 | 178.96 | 208.82 |
| | (iii) Other financial assets | 9 | 130.00 | 124.00 |
| | (f) Other non-current assets | 10 | 386.54 | 435.31 |
| | | | **43,015.33** | **42,589.39** |
| **(2)** | **Current assets** | | | |
| | (a) Inventories | 11 | 4,966.81 | 5,609.69 |
| | (b) Financial assets | | | |
| | (i) Trade receivables | 12 | 9,185.78 | 9,346.58 |
| | (ii) Cash and cash equivalents | 13 | 38.64 | 22.93 |
| | (iii) Bank balances other than (ii) above | 14 | 72.90 | 50.85 |
| | (iv) Loans | 15 | 10.92 | 53.12 |
| | (v) Other financial assets | 16 | 10.17 | 156.95 |
| | (c) Other current assets | 17 | 1,783.00 | 2,025.30 |
| | | | **16,068.22** | **17,265.42** |
| | **Total Assets** | | **59,083.55** | **59,854.81** |
| | **EQUITY AND LIABILITIES** | | | |
| | **EQUITY** | | | |
| | (a) Equity share capital | 18 | 558.56 | 558.56 |
| | (b) Other equity | 19 | 33,286.18 | 30,581.71 |
| | | | **33,844.74** | **31,140.27** |

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# BALANCE SHEET AS AT MARCH 31, 2019...

₹ in Lakhs

| Sr. No. | Particulars | Note No. | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|---|---|
| | **LIABILITIES** | | | |
| **(1)** | **Non-current liabilities** | | | |
| | (a) Financial liabilities | | | |
| | (i) Borrowings | 20 | 4,461.08 | 6,878.11 |
| | (ii) Other financial liabilities | 21 | 959.15 | - |
| | (b) Provisions | 22 | 359.02 | 330.88 |
| | (c) Deferred tax liabilities (net) | 23 | 5,652.99 | 6,096.60 |
| | | | **11,432.24** | **13,305.59** |
| **(2)** | **Current liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 24 | 3,226.59 | 5,142.12 |
| | (ii) Trade payables | 25 | | |
| | - Total outstanding dues of Micro enterprises and small enterprises | | 511.94 | 295.36 |
| | - Total outstanding dues other than Micro and small enterprises | | 4,699.23 | 5,623.78 |
| | (iii) Other financial liabilities | 26 | 4,508.71 | 2,632.77 |
| | (b) Other current liabilities | 27 | 688.93 | 1,172.01 |
| | (c) Provisions | 28 | 171.17 | 208.82 |
| | (d) Current tax liabilities (net) | | - | 334.09 |
| | | | **13,806.57** | **15,408.95** |
| | **Total Equity and Liabilities** | | **59,083.55** | **59,854.81** |

See accompanying notes forming part of the financial statements.

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

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

₹ in Lakhs

| Sr. No. | Particulars | Note No. | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|---|
| | Revenue from operations | 29 | 56,563.78 | 59,456.57 |
| | Other income | 30 | 1,739.15 | 1,780.35 |
| **(I)** | **Total Income** | | **58,302.93** | **61,236.92** |
| | **EXPENSES** | | | |
| | Cost of materials consumed | 31 | 25,311.16 | 30,432.32 |
| | Purchases of Stock-in-Trade | 32 | - | 7.46 |
| | Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 33 | 722.12 | (339.20) |
| | Employee benefits expenses | 34 | 4,908.31 | 4,489.62 |
| | Finance costs | 35 | 1,584.83 | 1,896.09 |
| | Depreciation expense | 3 & 4 | 2,590.08 | 1,414.25 |
| | Other expenses | 36 | 13,834.26 | 13,205.87 |
| **(II)** | **Total expenses** | | **48,950.76** | **51,106.41** |
| **(III)** | **Profit before tax (I-II)** | | **9,352.17** | **10,130.51** |
| **(IV)** | **Tax Expense:** | | | |
| | Current tax | | 2,051.18 | 2,293.09 |
| | Deferred tax | | 112.29 | 1,263.72 |
| | Income Tax adjustments for earlier years | | (105.67) | - |
| | | | **2,057.80** | **3,556.81** |
| **(V)** | **Profit for the year (III-IV)** | | **7,294.37** | **6,573.70** |
| **(VI)** | **Other Comprehensive Income** | | | |
| | **Items that will not be reclassified to profit or loss** | | | |
| | - Remeasurement of Defined benefit plans | | (15.59) | 14.54 |
| | - Equity instruments through other comprehensive income | | (3,110.04) | 544.45 |
| | **Income tax relating to items that will not be reclassified to profit or loss** | | | |
| | - Remeasurement of Defined benefit plans | | 4.54 | (5.03) |
| | - Equity instruments through other comprehensive income | | 551.31 | (74.89) |
| | **Total other comprehensive income** | | **(2,569.78)** | **479.07** |
| **(VII)** | **Total comprehensive income for the period (V+VI)** | | **4,724.60** | **7,052.77** |
| | Earnings per equity share (Refer Note 39(A)) | | | |
| | (1) Basic | | 130.59 | 117.69 |
| | (2) Diluted | | 130.59 | 117.69 |

See accompanying notes forming part of the financial statements.

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

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# STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Lakhs

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|
| A | Cash flow from operating activities | | |
| | Profit before income tax | **9,352.17** | **10,130.51** |
| | **Adjustments for :** | | |
| | Depreciation and amortisation expense | 2,590.08 | 1,414.25 |
| | Interest Income | (38.28) | (33.34) |
| | Loss Allowance | 8.41 | 6.46 |
| | (Gain)/ loss on foreign currency transactions/translations | 45.40 | (66.73) |
| | Finance Costs | 1,584.83 | 1,896.09 |
| | Dividend Income | (316.67) | (227.68) |
| | (Gain) / Loss on disposal of Property, Plant and Equipment | 54.46 | 5.83 |
| | **Operating profit before working capital changes** | **13,280.40** | **13,125.39** |
| | **Change in operating assets and liabilities:** | | |
| | (Increase) / Decrease in Trade receivables | 392.28 | (87.20) |
| | (Increase) / Decrease in Inventories | 642.89 | (1,012.24) |
| | (Increase) / Decrease in Loans | 72.07 | 54.26 |
| | (Increase) / Decrease in Other Financial Assets | 128.79 | 135.94 |
| | (Increase) / Decrease in Other Assets | 242.30 | 1,499.97 |
| | Increase / (Decrease) in Trade Payables | (775.48) | 477.53 |
| | Increase / (Decrease) in Other Financial Liabilities | 221.96 | (55.98) |
| | Increase / (Decrease) in Other Liabilities | (725.94) | 590.36 |
| | **Cash generated from operations :** | **13,479.27** | **14,728.04** |
| | Direct taxes paid (net) | (2,420.85) | (1,969.06) |
| | **Net cash from operating activities (A)** | **11,058.42** | **12,758.98** |
| B | Cash flows from investing activities | | |
| | Capital expenditure on property, plant and equipment (PPE) (including Capital work-in-progress and capital advances) | (3,736.46) | (4,778.36) |
| | Proceeds from sale of property, plant and equipment (PPE) | 75.78 | 30.73 |
| | Investment in subsidiaries | (1.00) | - |
| | Interest received | 28.22 | 33.31 |
| | Dividend received | 316.67 | 227.68 |
| | **Net cash (used) in Investing activities (B)** | **(3,316.79)** | **(4,486.63)** |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|
| C | Cash flow from financing activities : | | |
| | Proceeds from of long term borrowings | - | - |
| | Repayments of long term borrowings | (1,745.77) | (1,577.47) |
| | Increase / (Decrease) in Short Term Borrowings | (1,915.53) | (4,301.53) |
| | Finance Costs paid | (1,341.11) | (1,820.98) |
| | Dividend paid (including Dividend Distribution Tax) | (2,020.11) | (606.03) |
| | Repayment of lease liabilities | (703.39) | - |
| | **Net cash (used) in financing activities (C)** | **(7,725.91)** | **(8,306.01)** |
| | **NET INCREASE IN CASH AND CASH EQUIVALENTS [(A)+(B)+(C)]** | **15.72** | **(33.66)** |
| | **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | | |
| | Balances with banks in current accounts and deposit account | 4.83 | 33.46 |
| | Cash on hand | 18.10 | 23.13 |
| | **CASH AND CASH EQUIVALENTS AS PER NOTE 13** | **22.93** | **56.59** |
| | **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | | |
| | Balances with banks in current accounts and deposit account | 12.05 | 4.83 |
| | Cash on hand | 26.59 | 18.10 |
| | **CASH AND CASH EQUIVALENTS AS PER NOTE 13** | **38.64** | **22.93** |

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

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# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

a. **Equity Share Capital :**

₹ in Lakhs

| Particulars | Amounts |
|---|---|
| **Balance as at the 1st April, 2018** | **558.56** |
| Changes in equity share capital during the year | - |
| **Balance as at the 31 March, 2019** | **558.56** |
| Changes in equity share capital during the year | - |
| **Balance as at the 31 March, 2020** | **558.56** |

b. **Other Equity:**

₹ in Lakhs

| Particulars | Reserves and Surplus | | | | | Other Comprehensive Income(OCI) | Total Equity |
|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium Reserve | Capital Redemption Reserve | General Reserve | Retained Earnings | FVOCI - Equity Reserve | |
| As at 1st April, 2018 | 19.00 | 202.75 | 28.65 | 3,417.71 | 9,493.93 | 10,972.92 | 24,134.98 |
| Profit for the year | - | - | - | - | 6,573.70 | - | 6,573.70 |
| Remeasurements of post-employment benefit obligation, net of tax | - | - | - | - | 9.51 | - | 9.51 |
| Other comprehensive income for the year | - | - | - | - | - | 469.56 | 469.56 |
| Dividends paid including dividend tax thereon | - | - | - | - | (606.03) | - | (606.03) |
| **As at 31st March, 2019** | **19.00** | **202.75** | **28.65** | **3,417.71** | **15,471.11** | **11,442.48** | **30,581.71** |
| **As at 1st April, 2019** | **19.00** | **202.75** | **28.65** | **3,417.71** | **15,471.11** | **11,442.48** | **30,581.71** |
| Profit for the year | - | - | - | - | 7,294.37 | - | 7,294.37 |
| Remeasurements of post-employment benefit obligation, net of tax | - | - | - | - | (11.05) | - | (11.05) |
| Other comprehensive income for the year | - | - | - | - | - | (2,558.73) | (2,558.73) |
| Dividends paid including dividend | - | - | - | - | (1,346.74) | - | (1,346.74) |
| | | | | | (673.37) | | (673.37) |
| **As at 31st March, 2020** | **19.00** | **202.75** | **28.65** | **3,417.71** | **20,734.32** | **8,883.75** | **33,286.18** |

See accompanying notes forming part of the financial statements.

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**
**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**NOTE: 1**

**CORPORATE INFORMATION**

Transpek Industry Limited ('TIL', 'the Company') is into the manufacturing and export of a range of chemicals servicing the requirements of customers from a diverse range of industries - Textiles, Pharmaceuticals, Agrochemicals, Advanced Polymers, etc.

The Financial Statements of the Company for the year ended 31st March, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 24th June, 2020.

**NOTE: 2**

**BASIS OF PREPARATION**

**i. Compliance with Ind AS**

The Financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter.

**ii. Historical cost convention**

The financial statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities that are measured at fair value;
- Defined benefit plans – plan assets measured at fair value.

**iii. Functional and presentation currency**

These financial statements are presented in Indian Rupees, which is the Company's functional currency, and all values are rounded to the nearest lakhs, except where otherwise indicated.

**2.1 SIGNIFICANT ACCOUNTING POLICIES**

**A. Current versus non-current classification**

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

**An asset is treated as current when it is:**

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

The Company classifies all other assets as non-current.

**A liability is current when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

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

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has identified twelve months as its operating cycle for the purpose of current / non current classification of assets and liabilities.

**B. Property, Plant and Equipment:**

**Recognition and measurement**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation, and impairment loss, if any. Cost includes purchase price, including non-refundable duties and taxes, expenditure that is directly attributable to bring the assets to the location and condition necessary for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs (for qualifying assets) capitalized in accordance with the Company's accounting policies. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Spare parts are treated as capital assets when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for, as separate items (major components) of property, plant and equipment. Any gains or losses on their disposal, determined by comparing sales proceeds with carrying amount, are recognised in the Statement of Profit or Loss.

**Subsequent Expenditure:**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**De-Recognition:**

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from its use. Any gain or loss arising from its de-recognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss when the asset is de-recognised.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation on property, plant and equipment is provided using the straight-line method based on the life and in the manner prescribed in Schedule II to the Companies Act, 2013, and is generally recognized in the statement of profit and loss. Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided based on the useful life and in the manner prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the useful life of the property, plant and equipment have been determined by the Management based on the technical assessment / evaluation:

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

| Category of Property, Plant and Equipment | Useful Life in Years | |
|---|---|---|
| | As per Schedule II | As per Company's Assessment |
| Plant & Machinery (Continuous Process Plant) | 25 | 20 |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represents the period over which management expects to use these assets. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).

**Capital Work-in-Progress**

Plant and properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs (for qualifying asset) capitalized in accordance with the Company's accounting policies. Such plant and Properties are classified and capitalized to the appropriate categories of Property, Plant and Equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under "Other Non Current Assets" and the cost of assets not put to use before such date is disclosed under 'Capital work-in-progress'.

**C. Intangible Assets:**

**Recognition and measurement**

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any.

Research costs are expensed as incurred. Product development expenditure incurred on individual product project is recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- Its ability to use or sell the asset;
- The availability of adequate resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

**Amortization**

Any expenditure capitalized as technical know how is amortized on a straight-line basis over the period over which the benefit is derived by the company.

**De- recognition of Intangible Assets:**

Intangible asset is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Statement of Profit and Loss when the asset is de-recognized.

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# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

**D. Impairment of Non financial assets:**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

**E. Inventories:**

Inventories are measured at lower of cost and net realizable value. Cost of inventories is determined on a FIFO basis (as mentioned below), after providing for obsolescence and other losses as considered necessary. Cost includes expenditure incurred in acquiring the inventories, reduction and conversion costs and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

Items of Inventory are valued on the principle laid down by the Ind AS 2 on Inventories on the basis given below:

| | | |
|---|---|---|
| (a) | Raw Materials, Stores & Spares (that are not capitalized) and Fuel | Lower of cost {determined on First In First out (FIFO)} basis and net realizable value. |
| (b) | Packing Material | Lower of cost {determined on First In First out (FIFO)} basis and net realizable value. |
| (c) | Traded Goods | Lower of cost and net realizable value. |
| (d) | Work-in-Progress | Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. |
| (e) | Finished Goods | Lower of cost and net realizable value.<br>Cost includes direct materials, labour, a proportion of manufacturing overheads based on normal operating capacity and excise duty. |

The comparison of cost and net realizable value is made on an item-by-items basis.

**F. Financial Instruments**

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

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

**Financial Assets:**

**Initial recognition, classification and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Debt instruments at amortized cost**

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

a) 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 amortized cost using the effective interest Rate (EIR) method. Amortized 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 amortization is included in other income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss.

**Debt instrument at FVTOCI**

A 'debt 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 solely payments of principal and interest (SPPI) on the principal amount outstanding.

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 recognized in OCI is reclassified from the equity to Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at 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 FVTPL. 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 FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (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.

**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) Financial assets that are debt instruments and are measured as at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables and
- Other 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.

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

**Financial Liabilities:**

**Initial recognition and Measurement**

The Company's financial liabilities include trade and other payables, loans and borrowings. All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables recognized net of directly attributable transaction costs.

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

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

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

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 recognized in the statement of profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the statement of profit and loss.

**Derecognition**

A financial liability is derecognized 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 recognized in the statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**G. Derivative financial instruments**

The Company uses derivative financial instruments such as forward contracts to hedge its foreign currency risks relating to highly probable transactions or firm commitments. Such forward Exchange Contracts are marked to market and resulting gains or losses are recorded in the statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**H. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet 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.

**I. Cash Flows**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**J. Cash dividend**

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

**K. Foreign Currency Translation:**

**Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion:**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**L. Revenue recognition:**

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

**Sale of Goods**

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods.

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, the Company considers the effects of variable consideration, the existence of significant financing component and consideration payable to the customer like return and trade discounts.

Sales are disclosed excluding net of sales returns and Goods and Service Tax (GST).

**Conversion charges**

Income is recorded on accrual basis on dispatch of material and as per terms of agreement

**Income from Wind Operated Power generators**

Income from Sale of Wind Operated Power is accounted on accrual basis on confirmation of units generated and supplied to the State Electricity Board as per the agreement.

**Sale of Scrap**

Revenue from sale of scrap is recognized as and when scrap is sold.

**M. Other Income**

**Interest income**

Interest income from the financial assets is recognized on a time basis, by reference to the principle outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Company and the amount of interest can be measured reliably. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of that financial asset.

**Export Benefits**

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation is accounted by making suitable adjustments in raw material consumption.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

The benefits accrued under the duty drawback scheme and Merchandise Export from India Scheme (MEIS) as per the Import and export Policy in respect of exports under the said scheme are recognised when there is a reasonable assurance that the benefit will be received and the company will comply with all attached conditions. The above benefits have been included under the head 'Export Incentives.'

**Dividend income**

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Insurance Claims:**

Insurance claims are accounted on accrual basis when there is reasonable certainty of realisability of the claim amount.

**Commission Income:**

Income on account of commission is accounted on accrual basis based on the Terms of Agreement.

**N. Employee benefits:**

Employee benefits include short term employee benefits, contribution to defined contribution schemes, contribution to defined benefit plan and compensated absences.

**Short-term employee benefits**

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

**Contribution towards defined benefit contribution schemes**

Contribution towards provident fund and superannuation fund is made to the regulatory authorities. Contributions to the above scheme are charged to the Statement of profit and loss in the year when the contributions are due. Such benefits are classified as defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions to be made.

**Defined benefit Plan**

**Gratuity plan**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for 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. Current service cost, Past-service costs are recognized immediately in Statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

**Compensated Absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in profit or loss in the period in which they arise.

**O. Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

**P. Income taxes :**

The tax expense comprises of current income tax and deferred tax.

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current Income tax (including Minimum Alternate Tax (MAT) is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. 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 tax**

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, 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

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 utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

**Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilized when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit are recognized to the extent that it is probable that the unused tax credit can be utilized in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**Q. Provisions and Contingent liabilities and contingent assets :**

**a) Provisions:**

Provisions are recognized 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 recognized 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 recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**b) Contingent Liabilities and Contingent assets:**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events 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 asset is not recognized 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.

**R. 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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.

**S. Leases:**

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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

**Company as a lessee**

**Lease Liability**

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate.

**Right-of-use assets**

Initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

**Subsequent measurement**

**Lease Liability**

Company measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

**Right-of-use assets**

Subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the under lying asset.

**Impairment**

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

**Short term Lease:**

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. If the company elected to apply short term lease, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

**Company as a lessor**

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

**Transition to Ind AS 116**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1st April, 2019 and applied the standard modified retrospective approach to its leases.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS...

Refer note 2.1 (S) significant accounting policy of standalone financial statements -leases in the annual report of the company for the year ended 31st March,2019, for the erstwhile policy as per Ind AS 17.

**T. 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 performances. The analysis of geographical segments is based on the geographical location of the customers wherever required.

Unallocable items include 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.

**U. Exceptional items:**

On certain occasions when the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly disclosed in the notes accompanying the financial statements.

## 2.2 USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's separate 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 of 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 separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**a. Determination of the estimated useful life of tangible assets**

Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

**b. Defined benefit plans (gratuity benefits)**

A liability in respect of defined benefit plans is recognized 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.

**c. 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.

**d. Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**e. Provision against obsolete and slow-moving inventories**

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

**f. Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

**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 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.

**h. Other Provisions**

Significant estimates are involved in the determination of provisions. Legal proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a Legal Proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated.

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

## 3 Property, Plant & Equipments

₹ in Lakhs

| Particulars | Land-Free Hold | Factory Building | Office Building | Electric Instal-lations | Plant and Equipment | Data Processing Machines | Research & Deve-lopment Equipment | Furniture and Fixtures | Vehicles | Office equip ment | Wind Power Gene rators | Tech nical Books | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount As at 01-04-2019** | **405.32** | **1,714.69** | **122.39** | **316.97** | **22,510.51** | **200.83** | **755.87** | **152.32** | **382.19** | **63.49** | **220.50** | **2.77** | **26,847.93** |
| Additions | - | 207.81 | - | 317.50 | 4,195.67 | 26.99 | 190.53 | 45.67 | 122.52 | 23.13 | 210.00 | - | 5,339.82 |
| Disposals | - | - | - | (32.69) | (219.78) | (0.92) | - | - | (36.93) | - | - | - | (290.32) |
| **Gross carrying amount As at 31-03-2020** | **405.32** | **1,922.50** | **122.39** | **601.78** | **26,486.40** | **226.90** | **946.40** | **197.99** | **467.78** | **86.62** | **430.50** | **2.77** | **31,897.43** |
| **Accumulated depreciation As at 01-04-2019** | **-** | **228.91** | **7.08** | **77.22** | **2,465.54** | **88.82** | **113.97** | **67.08** | **92.90** | **21.90** | **38.95** | **0.45** | **3,202.82** |
| Charge for the year | - | 92.03 | 2.36 | 43.60 | 1,435.58 | 46.50 | 51.12 | 18.15 | 56.36 | 12.74 | 29.69 | 0.09 | 1,788.24 |
| On Disposals | - | - | - | (26.31) | (110.71) | (0.87) | - | - | (22.19) | - | - | - | (160.08) |
| **Closing accumulated depreciation As at 31-03-2020** | **-** | **320.94** | **9.44** | **94.51** | **3,790.41** | **134.45** | **165.09** | **85.23** | **127.07** | **34.64** | **68.64** | **0.54** | **4,830.98** |
| **Net carrying amount:** | | | | | | | | | | | | | |
| **As at 31-03-2020** | **405.32** | **1,601.55** | **112.95** | **507.28** | **22,695.99** | **92.45** | **781.31** | **112.76** | **340.71** | **51.98** | **361.86** | **2.23** | **27,067.75** |
| **As at 31-03-2019** | **405.32** | **1,485.78** | **115.30** | **239.75** | **20,044.96** | **112.01** | **641.90** | **85.25** | **289.29** | **41.58** | **181.55** | **2.32** | **23,645.11** |

**Notes:**

(i) Assets pledged as security :

The free hold Land and Buildings except free hold land amounting to ₹ 93.23 Lakhs, all movable Plant and Machineries and other assets are pledged as security on pari passu basis to the bankers under a mortgage. The Company is not allowed to sell these assets to other entity.

(ii) The Company is in the process for transfer of ownership related for the wind power generators.

## 3 Property, Plant & Equipments

₹ in Lakhs

| Particulars | Land-Free Hold | Factory Building | Office Building | Electric Instal-lations | Plant and Equipment | Data Processing Machines | Research & Deve-lopment Equipment | Furniture and Fixtures | Vehicles | Office equip ment | Wind Power Gene rators | Tech nical Books | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount As at 01-04-2018** | **405.32** | **875.10** | **122.39** | **247.81** | **16,545.44** | **149.65** | **605.29** | **135.57** | **356.37** | **49.40** | **220.50** | **2.77** | **19,715.65** |
| Additions | - | 839.59 | - | 69.16 | 6,022.57 | 51.18 | 150.58 | 16.75 | 69.65 | 15.38 | - | - | 7,234.91 |
| Disposals | - | - | - | - | (57.50) | - | - | - | (43.83) | (1.29) | - | - | (102.63) |
| **Gross carrying amount As at 31-03-2019** | **405.32** | **1,714.69** | **122.39** | **316.97** | **22,510.51** | **200.83** | **755.87** | **152.32** | **382.19** | **63.49** | **220.50** | **2.77** | **26,847.93** |
| **Accumulated depreciation As at 01-04-2018** | **-** | **159.42** | **4.72** | **44.26** | **1,363.38** | **48.04** | **70.53** | **48.36** | **81.46** | **14.21** | **19.90** | **0.36** | **1,854.64** |
| Charge for the year | - | 69.49 | 2.36 | 32.96 | 1,132.38 | 40.78 | 43.44 | 18.72 | 46.06 | 8.92 | 19.05 | 0.09 | 1,414.25 |
| On Disposals | - | - | - | - | (30.22) | - | - | - | (34.62) | (1.23) | - | - | (66.07) |
| **Closing accumulated depreciation As at 31-03-2019** | **-** | **228.91** | **7.08** | **77.22** | **2,465.54** | **88.82** | **113.97** | **67.08** | **92.90** | **21.90** | **38.95** | **0.45** | **3,202.82** |
| **Net carrying amount:** | | | | | | | | | | | | | |
| **As at 31-03-2019** | **405.32** | **1,485.78** | **115.30** | **239.75** | **20,044.96** | **112.01** | **641.90** | **85.25** | **289.29** | **41.58** | **181.55** | **2.32** | **23,645.11** |
| **As at 31-03-2018** | **405.32** | **715.68** | **117.67** | **203.55** | **15,182.06** | **101.61** | **534.76** | **87.21** | **274.91** | **35.19** | **200.60** | **2.41** | **17,860.89** |

Transpek
creative Chemistry

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

(i) Assets pledged as security :
The free hold Land and Buildings except free hold land amounting to ₹ 93.23 Lakhs, all movable Plant and Machineries and other assets are pledged as security on pari passu basis to the bankers under a mortgage. The Company is not allowed to sell these assets to other entity.

(ii) Borrowing cost capotalised during the year amounts to NIL (P.Y.₹307.60)

(iii) The Company is in the process for transfer of ownership related for the wind power generators.

### 4. Capital work-in-progress

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Capital Work in Progress | 1,862.90 | 3,277.65 |

### 5 Right of use asset

₹ in Lakhs

| Particulars | As on 31st March, 2020 |
|---|---|
| **Gross carrying amount as at 1st April 2019** | - |
| Additions during the year (Refer note 39(E)) | 2,401.56 |
| **Gross carrying amount as at 31st March, 2020** | **2,401.56** |
| **Accumulated depreciation as at 1st April 2019** | - |
| Depreciation charged during the year(Refer note 39(E)) | 801.84 |
| **Accumulated depreciation as at 31st March, 2020** | **801.84** |
| **Net carrying amount as at 31st March, 2020** | **1,599.72** |

### 6 Investment in subsidiaries

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Investment in Equity Instruments (Unquoted) Carried at cost (Fully Paid)** | | |
| Transpek Industry (Europe) Limited<br>20 (31st March, 2019: 20) equity shares of GBP 1 each | 0.02 | 0.02 |
| Transpek Creative Chemistry Private Limited<br>10000 (31st March, 2019: Nil ) equity shares of ₹ 10 each | 1.00 | - |
| **Total** | **1.02** | **0.02** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 7 Investments

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Investments at Fair Value Through Other Comprehensive Income** | | |
| **Investment in Equity Instruments (Quoted fully paid up)** | | |
| 1,56,650 (31st March, 2019: 1,56,650) equity shares of Excel Industries Limited | 700.30 | 1,797.79 |
| **Investment in Equity Instruments (Unquoted fully paid up)** | | |
| 9,49,315 (31st March, 2019: 9,49,315) equity shares of Transpek-Silox Industry Private Limited | 11,088.00 | 13,100.55 |
| 400 (31st March, 2019: 400) equity share of Co-operative Bank of Baroda Limited | 0.10 | 0.10 |
| 10 (31st March, 2019:10) equity shares of Pragati Sahakari Bank Limited # | 0.00 | 0.00 |
| **Total (A)** | **11,788.40** | **14,898.44** |
| **Investments carried at amortized cost** | | |
| 12 Years National Defence Certificate | 0.01 | 0.01 |
| 7 Years National Saving Certificate | 0.03 | 0.03 |
| **Total (B)** | **0.04** | **0.04** |
| **Total - (A+B)** | **11,788.44** | **14,898.48** |
| Aggregate amount of quoted investments | 700.30 | 1,797.79 |
| Aggregate amount of unquoted investments | 11,088.14 | 13,100.69 |

# Amount less than thousand.

### 8 Loans

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security Deposit * | 172.77 | 189.35 |
| Deferred Deposit | 6.19 | 19.47 |
| **Total** | **178.96** | **208.82** |

*Security Deposit includes amount of ₹ 120.00 lakhs ( P.Y.₹ 150.00 lakhs ) to related party.

### 9 Other Financial Assets

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Bank deposits with more than 12 months of original maturity * | 130.00 | 124.00 |
| **Total** | **130.00** | **124.00** |

* The above deposits are maintained for the purpose of Deposit Repayment Reserve Accounts as required under section 73(5) of the Companies Act, 2013 and the rules made there under.

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 10 Other Non Current Assets

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital Advances (Refer note no 37A(d)(i)) | 171.28 | 361.30 |
| Balances with government authorities | | |
| Taxes paid in advance (net of provisions) | 195.29 | 54.04 |
| VAT recoverable | 19.97 | 19.97 |
| **Total** | **386.54** | **435.31** |

## 11 Inventories

(At lower of cost and not realizable value)

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Raw materials | 2,258.67 | 2,534.47 |
| Work-in-process | 133.75 | 399.59 |
| Finished goods | 1,742.54 | 2,198.82 |
| (Includes Stock in transit of Rs. 79.14 lakhs(P.Y Rs. 511.67 lakhs) | | |
| Stores and spares | 703.79 | 392.98 |
| Packing Materials | 75.71 | 43.68 |
| Fuel | 52.35 | 40.15 |
| **Total** | **4,966.81** | **5,609.69** |

**Notes**

(i) The above inventories are pledged as securities to the bankers on pari passu basis against the fund based and non fund based credit limits availed or to be availed by the Company.

(ii) During the year and in previous year there are no instances with respect to write down of inventories from cost to net realizable value, nor there have been any reversal of the write down.

## 12 Trade Receivables

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Trade Receivables considered Good-Secured | | |
| Trade receivable Unsecured, considered good | 9,192.77 | 9,340.39 |
| Trade Receivables which have significant increase in credit risk | 19.60 | 24.37 |
| Trade Receivables - Credit Impaired | | |
| Less: Loss Allowance | (26.59) | (18.18) |
| **Total** | **9,185.78** | **9,346.58** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 13 Cash and cash equivalents

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Balances with banks** | | |
| In current accounts | 12.05 | 4.83 |
| Cash in hand | 26.59 | 18.10 |
| **Total** | **38.64** | **22.93** |

### 14 Bank balances other than above

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Term deposits with original maturity for more than 3 months but less than 12 months* | 1.40 | 1.15 |
| Balances held as margin money against letters of credit issued by banks and Bill Discounting | 2.02 | 1.00 |
| Balances held in unpaid dividend accounts | 39.59 | 27.89 |
| Balances held in unpaid interest on fixed deposit accounts | 29.89 | 20.81 |
| **Total** | **72.90** | **50.85** |

* Fixed Deposits pledged with Government authorities as at 31st March, 2020 is ₹ 1.40 lakhs (P.Y.₹ 1.15 lakhs)

### 15 Loans

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advances to employees | 10.92 | 33.12 |
| Security Deposits with related party | - | 20.00 |
| **Total** | **10.92** | **53.12** |

### 16 Other Financial Assets

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| -Forward contracts outstanding | - | 118.65 |
| -Interest accrued on deposits | 10.17 | 0.11 |
| -Other receivables | - | 38.19 |
| **Total** | **10.17** | **156.95** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 17 Other Current Assets

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advances to suppliers | 366.62 | 244.06 |
| Advances to subsidiary (Refer Note 41 (E)) | 4.15 | - |
| Expenses paid in advance | 177.15 | 277.91 |
| Balances with Government authorities | 1,235.07 | 1,503.33 |
| **Total** | **1,783.00** | **2,025.30** |

## 18 Share Capital

### (i) Authorised Share Capital

| Particulars | Equity Share Capital | | Preference Share Capital | |
|---|---|---|---|---|
| | Number of shares | (Amount) ₹ in Lakhs | Number of shares | (Amount) ₹ in Lakhs |
| **As at 1st April, 2018** | 75,00,000 | 750 | 5,00,000 | 500 |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2019** | 75,00,000 | 750 | 5,00,000 | 500 |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2020** | 75,00,000 | 750 | 5,00,000 | 500 |

### (ii) Issued Share Capital

| Particulars | Equity Share Capital | | Preference Share Capital | |
|---|---|---|---|---|
| | Number of shares | (Amount) ₹ in Lakhs | Number of shares | (Amount) ₹ in Lakhs |
| **As at 1st April, 2018** | 55,85,569 | 558.56 | - | - |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2019** | 55,85,569 | 558.56 | - | - |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2020** | 55,85,569 | 558.56 | - | - |

### (iii) The rights, preferences and restrictions attaching to each class of shares :

**Equity shares with voting rights :**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any remaining assets of the company, after distribution of all preferential amounts and repayment towards Preference share holders, if any.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iv) Shares held by shareholders each holding more than 5% of the shares**

| Shareholders | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---|---|---|---|
| | No. of Shares | Percentage | No. of Shares | Percentage |
| Anshul Speciality Molecules Private limited | 13,76,440 | 24.64% | 13,76,440 | 24.64% |
| Kamaljyot Investments Limited | 7,02,703 | 12.58% | 7,02,703 | 12.58% |
| Shruti A. Shroff | 3,07,225 | 5.50% | 3,07,225 | 5.50% |

**(v) Details of Shares bought back by the company in the immediately preceding five years from the date of Balance sheet**

The Company has bought back 2,86,471 shares. The details of the same are as under:

| Year | Shares (Number) | Face Value per share | Total Face Value (₹ in Lakhs) | Premium Per Share ₹ | Total Premium (₹ in Lakhs) | Grand Total (₹ in Lakhs) |
|---|---|---|---|---|---|---|
| 2016-17 | 2,86,471 | 10 | 28.64 | 461.25 | 1,321.33 | 1,349.97 |

**19 Other Equity**

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Capital Reserve | 19.00 | 19.00 |
| Capital Redemption Reserve | 28.65 | 28.65 |
| Securities Premium Account | 202.75 | 202.75 |
| General Reserve | 3,417.71 | 3417.71 |
| Equity Instruments through Other Comprehensive Income | 8,883.75 | 11442.48 |
| Retained Earnings | 20,734.32 | 15471.11 |
| **Total** | **33,286.18** | **30581.71** |

| | | |
|---|---|---|
| **(i) Capital Reserve (On amalgamation of subsidiary company)** | | |
| Opening/closing balance | 19.00 | 19.00 |
| **(ii) Capital Redemption Reserve ( On account of buyback of Shares )** | | |
| Opening/closing balance | 28.65 | 28.65 |
| **(iii) Securities Premium (Excess of face value of the equity shares)** | | |
| Opening/closing balance | 202.75 | 202.75 |
| **(iv) General Reserve (transfer of a portion of the net profit)** | | |
| Opening/closing balance | 3,417.71 | 3,417.71 |
| **(v) Equity Instruments through Other Comprehensive Income (Refer note 1 below)** | | |
| As per last Balance Sheet | 11,442.48 | 10,972.92 |
| Add/Less : Additions/(Deletions) during the year | (2,558.73) | 469.56 |
| **Balance at the end of the year** | **8,883.75** | **11,442.48** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **(vi) Retained Earnings** | | |
| Opening balance | 15,471.11 | 9493.94 |
| Add: Net Profit for the Year | 7,294.37 | 6573.70 |
| Add/(Less): Remeasurement of the Net Defined benefit liability/asset net of tax effect | (11.05) | 9.51 |
| Less : Dividends paid including dividend tax thereon | (1,346.74) | (606.03) |
| Less : Interim Dividends paid including dividend tax thereon (Refer note 2 below) | (673.37) | 0.00 |
| **Closing balance** | **20,734.32** | **15471.11** |
| **Total** | **33,286.18** | **30,581.71** |

Note: 1. Equity instrument held at FVOCI: The company has elected to recognise changes in the fair value of certain investment in equity instruments in other comprehensive income. This amount will be reclassified to retained earnings on de-recognition of equity instrument.

Note: 2. The company had declared and paid interim dividend at the rate 100% i.e. ₹ 10/- per equity share, as approved by the Board of Directors at the Board meeting dated 26th February, 2020.

## 20 Borrowings

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Secured - at amortized cost** | | |
| **(a) Term Loans** | | |
| - from Banks (Refer note (i) and (ii)) | 2,566.21 | 4,007.24 |
| **Unsecured - at amortized cost** | | |
| **(a) Deposits** | | |
| - Deposits from members (Refer note - (iii) and (iv) below) | 1,894.87 | 2,620.87 |
| **(b) Unsecured Loans from Related Parties. ( Refer note-(v) below)** | | |
| - Deposits from Directors | - | 250.00 |
| | - | 250.00 |
| **Total** | **4,461.08** | **6,878.11** |

**(i) Nature of security:**

The above Term loans/ Capex loans are secured by first charge by way of hypothecation of all the movable machinery financed or to be financed under the said term/ capex loans by the respective banks. The above loans are further secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the Company, both present and future, on pari passu basis. They are further secured by second charge by way of hypothecation over entire current assets including stock and book debts with current charge holders on pari passu basis. The Corporate working capital term loans are secured by way of pari passu first hypothecation charge over entire current assets of the company, present and future, ranking pari passu with other term lenders.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(ii) Maturity profile of Secured Term loans are set out below:**

(Interest rate range from 8.75 % to 10.80 %)

| Particular | Rs. in Lakhs |
|---|---|
| 1-2 years | 1,300.00 |
| 2-3 years | 1,300.00 |
| 3-4 years | - |
| Amortised Cost Adjustments | (33.79) |
| Closing Balance | 2,566.21 |

(iii) Deposits from members are repayable within a period of 2-3 years from the date of acceptance. The interest rate for the same ranges from 8.75% to 10.20%

(iv) Deposits from members includes deposits from related parties amounting to as at 31st March, 2020 : Rs.4.61 lakhs (P.Y: Rs. 29.61 lakhs)

(v) Unsecured Loan from Related Parties aggregating to Rs. Nil (P.Y. Rs. 250.00 lakhs). The interest rate for the same is 9.90 %.

**21 Other Financial Liabilities**

**₹ in Lakhs**

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Lease liabilities(refer note 39(E)) | 959.15 | - |
| **Total** | **959.15** | **-** |

**22 Provisions**

**₹ in Lakhs**

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for compensated absences (Refer note 39(B)(b) ) | 359.02 | 330.88 |
| **Total** | **359.02** | **330.88** |

**23 Deferred tax( assets) / Liabilities net**

**₹ in Lakhs**

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Deferred Tax Liability** | | |
| Related to Property, Plant and Equipments and Intangible asset | 3,419.42 | 3,285.29 |
| Financial Asset at fair value through other comprehensive income | 2,387.16 | 2,938.47 |
| Remeasurements of the defined benefit plans | 0.49 | 5.03 |
| **Total** | **5,807.07** | **6,228.79** |
| **Deferred Tax Assets** | | |
| Provision For Employee Benefit | 111.88 | 125.90 |
| Others | 42.20 | 6.29 |
| **Total** | **154.08** | **132.19** |
| **Deferred tax (assets) / liabilities net** | **5,652.99** | **6,096.60** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 24 Borrowings

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Secured - at amortized cost** | | |
| (a) Loans repayable on demand | | |
| - from banks | 2,202.77 | 4,136.32 |
| (b) Acceptances from Bank | 1,023.82 | 1,005.80 |
| (Refer note (i) below) | | |
| **Total** | **3,226.59** | **5,142.12** |

(i) The above Cash/ Export credit facilities, Short term loan, Buyers credit and Bills discounting from Consortium bankers, i.e., State Bank of India, Axis Bank Limited, Bank of Baroda and IDBI Bank Limited are secured by first charge by way of hypothecation of stocks of raw materials, packing materials, consumable stores, finished goods, semi-finished goods and book debts of the company, on pari passu basis. The aforesaid credit facilities are further secured by way of charge on all the fixed assets of the company ranking second and subservient for the charges created in respect of borrowings obtained from them. The interest rate for the same ranges from 9.05 % to 9.65 %.

### 25 Trade Payables

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Trade payables | | |
| - Total outstanding dues of Micro enterprises and small enterprises (Refer note 41 (A)) | 511.94 | 295.36 |
| - Total outstanding dues other than Micro and small enterprises | 4,699.23 | 5,623.78 |
| **Total** | **5,211.17** | **5,919.14** |

### 26 Other Financial Liabilities

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Current maturities of long-term debt (Refer Note (i) below) | 1,466.67 | 1,633.33 |
| Current maturities of unsecured deposits ( Refer Note(ii) below) | 1,583.89 | 745.97 |
| Interest accrued but not due on borrowings | 281.67 | 203.37 |
| Unpaid dividend(*) | 39.59 | 27.89 |
| Unpaid matured deposits and interest accrued thereon | 3.65 | 4.84 |
| Security deposits | 11.05 | 11.05 |
| Forward contracts outstanding | 217.76 | - |
| Lease liabilities(refer note 39(E)) | 904.43 | - |
| Payable to Subsidiary | - | 6.32 |
| **Total** | **4,508.71** | **2,632.77** |

(*) To be deposited with Investor Education and Protection Fund as and when they become due.

Note (i): Current maturities of long-term debt (Refer Notes (i) in Note 20 - Long-term borrowings for details of security and guarantee):

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| (a) Secured Term loans from banks: | 1,466.67 | 1,633.33 |
| (The Interest rate for the same ranges from 8.75% to 10.80%) | | |
| **Total** | **1,466.67** | **1,633.33** |

Note (ii): Current maturities of unsecured deposits

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Current maturities of unsecured deposits | 1,583.89 | 745.97 |
| (The Interest rate for the same ranges from 8.75% to 10.20 %) | | |
| **Total** | **1,583.89** | **745.97** |

(i) Includes deposits from related parties amounting to as at 31 March, 2020 : ₹ 29.00 lakhs (P.Y :₹ 104.00 lakhs)

### 27 Other Current Liabilities

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Advances from customers | 2.99 | 219.65 |
| Statutory dues payable | 59.50 | 36.69 |
| Salary and Wages payable | 109.15 | 334.83 |
| Other payables | 517.29 | 580.84 |
| **Total** | **688.93** | **1,172.01** |

### 28 Provisions

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| - Provision for compensated absences (Refer Note 39(B)(b)) | 25.20 | 25.19 |
| - Provision for gratuity (net) (Refer Note 39(B)(b)) | 3.64 | 49.32 |
| - Provision for Bonus/ Ex-gratia | 142.33 | 134.31 |
| **Total** | **171.17** | **208.82** |

### 29 Revenue from Operations

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Sale of products | 56,326.26 | 59,233.41 |
| Other operating revenues | 237.52 | 223.16 |
| **Total** | **56,563.78** | **59,456.57** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Note 29 (i) Other operating revenue comprises of :**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Income from sale of scrap and other items | 83.29 | 101.29 |
| Income from wind power | 154.23 | 121.87 |
| **Total** | **237.52** | **223.16** |

**30 Other Income**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Interest Income | 38.28 | 33.34 |
| Dividend Income (From equity Instruments designated at fair value through other comprehensive income) | 316.67 | 227.68 |
| Other Non-Operating Income (net of expenses directly attributable to such income) | 16.85 | 12.68 |
| Export incentives and duty drawbacks | 1,367.35 | 1,506.65 |
| **Total** | **1,739.15** | **1,780.35** |

**Note- 30 (i) Interest Income Comprises of**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Interest on Financial Assets (measured at amortized cost) | | |
| Banks deposits | 9.80 | 12.32 |
| Other deposits | 18.43 | 21.02 |
| Interest on tax refunds | 10.05 | - |
| **Total** | **38.28** | **33.34** |

**Note- 30(ii) Other non- operating income comprises of :**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Insurance claims | 4.45 | 9.36 |
| Sale of Technical know how | 12.40 | 3.32 |
| **Total** | **16.85** | **12.68** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 31 Cost of materials consumed

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **Raw Material Consumption** | | |
| Opening Stock | 2,534.47 | 1,963.20 |
| Add: Purchases | 25,035.36 | 31,003.59 |
| | **27,569.83** | **32,966.79** |
| Less: Closing stock | 2,258.67 | 2,534.47 |
| **Cost of Material Consumed** | 25,311.16 | 30,432.32 |
| **Total** | **25,311.16** | **30,432.32** |

### 32 Purchase of Traded goods

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Organic Chemicals | - | 7.46 |
| **Total** | **-** | **7.46** |

### 33 Changes in Inventories of finished goods, Work in Progress and Stock-in-Trade

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **Inventories at the beginning of the year:** | | |
| Finished Goods | 2,198.82 | 2,131.73 |
| Semi Finished Goods | 399.59 | 127.48 |
| | **2,598.41** | **2,259.21** |
| **Inventories at the end of the year:** | | |
| Finished Goods | 1,742.54 | 2,198.82 |
| Semi Finished Goods | 133.75 | 399.59 |
| | **1,876.29** | **2,598.41** |
| **Net Change in Inventories** | **722.12** | **(339.20)** |

### 34 Employee Benefit expenses

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Salaries, wages , bonus, allowances ,etc. | 3,950.90 | 3,659.24 |
| Contributions to Provident and other funds | 541.29 | 481.47 |
| Staff welfare expenses | 416.12 | 348.91 |
| **Total** | **4,908.31** | **4,489.62** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 35 Finance Costs

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Interest costs: | | |
| (i) Interest on borrowings | 1,097.27 | 1,543.56 |
| (ii) Others | 32.89 | 60.87 |
| (iii) Interest Expense on Lease Liabilities | 165.42 | - |
| Other borrowing costs | 289.25 | 291.66 |
| **Total** | **1,584.83** | **1,896.09** |

## 36 Other Expenses

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Consumption of stores and spare parts | 127.55 | 161.63 |
| Power and fuel | 3,850.94 | 3,763.71 |
| Consumption of Packing Materials | 355.29 | 380.81 |
| Rent (Refer Note No 39 (E)(ii)) | 7.64 | 842.10 |
| **Repairs and maintenance** | | |
| Buildings | 40.17 | 40.19 |
| Machineries | 1,548.62 | 949.61 |
| Others | 299.73 | 267.14 |
| Insurance | 248.77 | 123.96 |
| Rates and taxes (other than taxes on income) | 11.48 | 10.38 |
| Freight and Forwarding charges | 4,208.74 | 3,954.22 |
| Contractor's Charges | 312.02 | 301.84 |
| Commission | 531.60 | 411.56 |
| Travelling and Conveyance | 286.40 | 261.73 |
| Legal and Professional charges | 314.64 | 323.22 |
| Sales Promotion Expenses | 121.72 | 88.82 |
| Payment to Auditors | 14.81 | 12.54 |
| Director Sitting Fees | 19.20 | 17.50 |
| Non Executive Director's Commission | 59.77 | 103.76 |
| Donation and contributions(Refer Note no. 41(D)) | 309.86 | 199.82 |
| Loss on disposal of assets(Net) | 54.46 | 5.83 |
| Net loss on foreign currency transactions/translations | 81.78 | 17.77 |
| Corporate Social Responsibility expenditure (Refer Note no. 41(C)) | 108.40 | 101.33 |
| Loss Allowance | 8.41 | 6.46 |
| Miscellaneous expenses | 912.26 | 859.94 |
| **Total** | **13,834.26** | **13,205.87** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**37 Additional information to the financial statements**

**(A) Contingent Liabilities and Capital Commitments**

**₹ in Lakhs**

| | Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|---|
| **(a)** | **Contingent Liabilities** | | |
| | (i) Claims against the company not acknowledged as debts (on account of outstanding law suits) | 13.24 | 13.24 |
| **(b)** | **No provision has been made for following demands raised by the authorities since the company has reason to believe that it would get relief at the appellate stage as the said demand are excessive and erroneous** | | |
| | (i) Disputed Income tax Liability | 13.16 | 30.12 |
| | - Against which amount already paid As at 31st March, 2020 ₹ 13.16 lakhs (As at 31st March, 2019 ₹ 13.16 lakhs) | | |
| | (ii) Disputed Sales tax Liability | 6.63 | 6.63 |
| | - Against which amount already paid As at 31st March, 2020 ₹ 6.63 lakhs (As at 31st March, 2019 ₹ 6.63 lakhs) | | |
| | (iii) Disputed Excise & Service Tax Liability | 739.24 | 789.23 |
| | - Against which amount already paid As at 31st March, 2020 ₹ 115.64 lakhs (As at 31st March, 2019 ₹108.66 lakhs) | | |
| **Total** | | **772.27** | **839.22** |
| **(c)** | **Guarantees given by Banks to third parties on behalf of the company** | 253.31 | 250.98 |
| **(d)** | **Commitments** | | |
| | (i) Estimated amount of contracts remaining to be executed on capital account & not provided for Net of Advances As at 31st March, 2020 ₹ 171.28 lakhs (As at 31st March, 2019 ₹ 361.30 lakhs) | | |
| | - Property, Plants & Equipments | 1,104.11 | 987.07 |

(ii) Other Commitments -

(a) The company has a commitment to pay ₹ 6.00 Lakhs Per Month (subject to indexation) to Mr. Atul Shroff (director) during his lifetime and thereafter ₹ 3.00 Lakhs Per Month to his spouse during her lifetime.

(b) The Company has entered into an agreement with TML Industries Limited whereby the company has to pay fixed amount of ₹ 60.00 Lakhs on monthly basis against the entire facility reserved by the above related party exclusively for the company for carrying manufacturing activities of its products.

**(B) Auditor's Remuneration**

**₹ in Lakhs**

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Audit Fees (including for quarterly limited review) | 13.00 | 11.00 |
| For certification | 1.50 | 1.02 |
| Out of pocket expenses | 0.31 | 0.52 |
| **Total** | **14.81** | **12.54** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 38 TAX EXPENSE

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **(a) Income tax expense** | | |
| *Current* tax | | |
| Current tax on profits for the year | 2,051.18 | 2,293.09 |
| Income Tax adjustments for earlier years | (105.67) | - |
| | 1,945.51 | 2,293.09 |
| *Deferred* tax | | |
| Deferred tax for the year* | 112.29 | 1,263.72 |
| | 112.29 | 1,263.72 |
| | 2,057.80 | 3,556.81 |

*excludes below tax impact on Other Comprehensive Income

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate** | | |
| Profit before income tax expense | 9,352.17 | 10,130.51 |
| Tax at the Indian tax rate of 29.12% (2018-2019 - 34.94%) | 2,723.35 | 3,540.01 |
| Tax effect of amounts which are not deductible / (taxable) in calculating taxable income: | | |
| Tax-exempt income (Dividend) | (91.07) | (78.16) |
| Non-deductible tax expenses (Disallowances Under Section 14A and 43B of the Income Tax Act,1961 and Capital Expenditure, Depreciation expense and other disallowances) | (316.63) | 269.66 |
| Deductible tax expenses (Allowances Under Section 35(2AB)) | (119.64) | (112.87) |
| Deductible tax expenses (Allowances Under Section 43B) | (32.54) | (14.07) |
| Tax adjustment of earlier years and others | (105.67) | (47.76) |
| **Income Tax Expense** | **2,057.80** | **3,556.81** |

## 39 Disclosures under Indian Accounting Standards

(A) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year.

**i. Profit attributable to Equity holders of Company**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **Profit attributable to equity share holders of the Company for basic and diluted earnings per share** | **7,294.37** | **6,573.70** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**ii. Weighted average number of ordinary shares**

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **Weighted average number of shares as at 31st March for basic and diluted earnings per shares** | **55,85,569** | **55,85,569** |
| Basic/Diluted earnings per share (in ₹) | 130.59 | 117.69 |

**(B) Employee benefits**

**(a) Defined benefit plan:**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded. The following tables summaries the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

**Risks associated with defined benefit plan**

Interest rate risk: A fall in the discount rate which is linked to the Government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan has a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

**Characteristics of defined benefit plans**

During the year, there were no plan amendments, curtailments and settlements.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2020. (₹ in lakhs)

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| a) Reconciliation in present value of obligations (PVO) - defined benefit obligation: | Gratuity - Funded as on 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| **PVO at the beginning of the year** | **1,328.74** | **1,227.03** |
| Current service cost | 72.55 | 67.48 |
| Interest cost | 103.24 | 94.84 |
| Actuarial (Gains)/Losses on obligations- Due to Change in Financial Assumption | (6.70) | (3.77) |
| Actuarial (Gains)/Losses on obligations- Due to Experience | 8.98 | (7.73) |
| Benefits paid | (95.27) | (49.11) |
| Accrued Payment | - | - |
| **PVO at the end of the year** | **1,411.54** | **1,328.74** |

₹ in Lakhs

| b) Change in fair value of plan assets: | Gratuity - Funded as on 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| **Fair value of plan assets at the beginning of the year** | **1,279.42** | **1,173.97** |
| Interest Income | 99.41 | 90.74 |
| Return on Plan Assets, Excluding Interest Income | (13.31) | 3.03 |
| Contributions by the employer | 137.65 | 60.79 |
| ( Benefits paid from the Fund) | (95.27) | (49.11) |
| **Fair value of plan assets at the end of the year** | **1,407.90** | **1,279.42** |

₹ in Lakhs

| c) Reconciliation of PVO and fair value of plan assets: | Gratuity - Funded as on 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| PVO at the end of period | 1411.54 | 1,328.74 |
| Fair value of planned assets at the end of year | 1407.90 | 1,279.42 |
| Funded status | (3.64) | (49.32) |
| Net asset/(liability) recognised in the balance sheet | (3.64) | (49.32) |

₹ in Lakhs

| d) Net Interest Cost for Current Period | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Present Value of Benefit Obligation at the Beginning of the Period | 1,328.74 | 1,227.03 |
| (Fair Value of Plan Assets at the Beginning of the Period) | (1,279.42) | (1,173.96) |
| Net Liability/ ( Asset) at the Beginning | 49.32 | 53.07 |
| Interest cost | 96.54 | 94.84 |
| ( Interest Income ) | (96.30) | (90.74) |
| Net Interest Cost for Current Period | 0.24 | 4.10 |

₹ in Lakhs

| e) Expenses Recognized in the Statement of Profit or Loss for Current Period | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Current Service Cost | 72.55 | 67.48 |
| Net Interest Cost | 0.24 | 4.10 |
| **Expenses Recognized** | **72.79** | **71.58** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| f) Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Actuarial ( Gains) Losses on Obligation for the Period | 2.28 | (11.50) |
| Return on Plan Assets, Excluding Interest Income | 13.31 | (3.03) |
| **Net ( Income)/ Expense For the Period Recognized in OCI** | **15.59** | **(14.53)** |

₹ in Lakhs

| g) Balance Sheet Reconciliation | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Opening Net Liability | 49.32 | 53.07 |
| Expense Recognized in Statement of Profit Or Loss | 72.79 | 71.58 |
| Expense Recognized in OCI | 15.59 | (14.53) |
| ( Employer's Contribution) | (137.65) | (60.79) |
| **Net Liability ( Assets) Recognized in the Balance Sheet** | **0.05** | **49.33** |

₹ in Lakhs

| h) Category of Assets | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Insurance Fund | 1,407.90 | 1,279.42 |
| **Total** | **1,407.90** | **1,279.42** |

₹ in Lakhs

| i) Other Details | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| No. of Active Members | 587.00 | 581.00 |
| Per Month Salary for Active Members | 141.57 | 132.09 |
| Weighted Average Duration of the Projected Benefit Obligation | 8.00 | 9.00 |
| Average Expected Future Service | 14.00 | 14.00 |
| Projected Benefit Obligation | 1,411.54 | 1,328.74 |
| Prescribed Contribution for Next Year (12 Months) | 81.15 | 121.87 |

₹ in Lakhs

| j) Net Interest Cost for Next Year | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Present Value of Benefit Obligation at the End of the Period | 1,411.54 | 1,328.74 |
| ( Fair Value of Plan Assets at the End of the Period) | (1,407.90) | (1,279.42) |
| Net Liability/(Asset ) at the End of the Period | 3.64 | 49.32 |
| Interest Cost | 96.54 | 103.24 |
| ( Interest Income) | (96.30) | (99.41) |
| **Net Interest Cost for Next Year** | **0.24** | **3.83** |

₹ in Lakhs

| k) Expenses Recognized in the statement of Profit or Loss for Next Year | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Current Service Cost | 77.51 | 72.55 |
| Net Interest | 0.24 | 3.83 |
| **Expenses Recognized** | **77.75** | **76.38** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

| l) Major category of assets as at: | Gratuity - Funded as on | |
|---|---|---|
| | **31st March, 2020** | 31st March, 2019 |
| Insurer Managed funds | 1,407.90 | 1,279.42 |

| m) Assumption used in accounting for the gratuity plan: | Gratuity - Funded as on | |
|---|---|---|
| | **31st March, 2020** | 31st March, 2019 |
| Expected return on plan assets (%) | 6.84% | 7.77% |
| Rate of Discounting | 6.84% | 7.77% |
| Rate of Salary Increase | 7.00% | 8.00% |
| Rate of Employee Turnover | 2.00% | 2.00% |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Mortality Rate after Employment | N.A | N.A |

**Note 1:** Discount rate is determined by reference to market yields at the balance sheet date on Government bonds, where the currency and terms of the Government bonds are consistent with the currency and estimated terms for the benefit obligation.

**Note 2:** The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**Note 3:** 100% of the plan assets are invested in group gratuity scheme offered by LIC of India.

**₹ in Lakhs**

| Maturity Analysis of the Benefit Payments : From the Fund | **31st March, 2020** | 31st March, 2019 |
|---|---|---|
| 1st Following Year | 111.40 | 111.94 |
| 2nd Following Year | 96.49 | 76.25 |
| 3rd Following Year | 112.90 | 121.93 |
| 4th Following Year | 89.57 | 101.70 |
| 5th Following Year | 120.46 | 90.81 |
| Sum of Years 6 to 10 | 857.63 | 866.05 |
| Sum of Years 11 and above | 1181.17 | 1338.04 |

**Sensitivity analysis**

**₹ in Lakhs**

| Particulars | **31st March, 2020** | 31st March, 2019 |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 1,411.54 | 1,328.74 |
| Delta Effect of +1 % Change in Rate of Discounting | (92.41) | (88.56) |
| Delta Effect of -1 % Change in Rate of Discounting | 105.02 | 100.60 |
| Delta Effect of +1 % Change in Rate of Salary Increase | 103.81 | 99.38 |
| Delta Effect of -1 % Change in Rate of Salary Increase | (93.10) | (89.15) |
| Delta Effect of +1 % Change in Rate of Employee Turnover | (1.71) | (2.04) |
| Delta Effect of -1 % Change in Rate of Employee Turnover | 1.84 | 2.22 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

"The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

**₹ in Lakhs**

| | Note | 31st March, 2020 | 31st March, 2019 |
|---|---|---|---|
| **Total employee benefit liabilities** | | | |
| Non-current | - | - | - |
| Current | 27 | 3.64 | 49.32 |

**(b) Other long term Benefit:**

The Company's Long Term benefits includes Leave Encashment payable at the time of retirement subject to , policy of maximum leave accumulation of company. The scheme is not funded.

**Changes in the present value of the obligation in respect of leave encashment**

**₹ in Lakhs**

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Obligation at the year beginning | 356.07 | 324.92 |
| Actuarial (gains) / losses on obligation | 28.15 | 31.15 |
| Obligation at the year end | 384.22 | 356.07 |

**(c) Defined Contribution plans:**

Amounts recognized as expense for the period towards contribution to the following funds:

**₹ in Lakhs**

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| **Employers contribution to:** | | |
| -Provident Fund | 236.02 | 209.46 |
| -Employee State Insurance Fund | 8.97 | 1.03 |
| -Gujarat Labour Welfare Fund | 0.17 | 0.13 |
| -Superannuation Fund | 216.32 | 195.94 |
| **Total** | **461.48** | **406.56** |

**(C) Segment Information**

The segment information is presented under the Notes forming part of the Consolidated Financial Statements as required under the Ind AS - 108 on "Operating Segment".

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(D) Revenue from Contracts with Customers:**

**Disaggregation of revenue**

**- Based on Geography**

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| **Sale of Products** | | |
| - Domestic Sales | 9,320.09 | 10,735.89 |
| - Export Sales | 47,006.16 | 48,497.52 |
| **Total** | **56,326.26** | **59,233.41** |

**(E) Recognition, measurement and disclosures related to Leases:**

The Company's leases comprises of leasing of ISO tanks used in storage and transportation of its material. The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases applying modified retrospective approach. This has resulted in recognising a right-of-use asset of ₹ 2401.56 lakhs and a corresponding lease liability of equal amount. In the statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent amounting to ₹ 858.07 lakhs to depreciation cost for the right to use asset amounting to ₹ 801.84 lakhs and finance cost amounting to ₹ 165.42 lakhs for interest accrued on lease liability. Due to above change, there is additional impact of ₹ 109.19 lakhs on statement of Profit and Loss for the year ended 31st March, 2020. The total cash outflow for leases is ₹ 703.39 lakhs for the year ended 31st March, 2020.

**(i) Other Disclosures as Lessee:**

Maturity Analysis of lease liabilities:

₹ in Lakhs

| Maturity Analysis - Contractual undiscounted Cash Flows | As on 31st March, 2020 |
|---|---|
| Less than one year | 904.43 |
| One to five years | 833.51 |
| More than five years | - |
| **Total Undiscounted Lease Liabilities** | **1,737.94** |
| **Lease Liabilities included in the Statement of Financial Position** | |
| Non Current | 959.15 |
| Current | 904.43 |
| **Total** | **1,863.58** |

**(ii) Short term leases**

The Company has cancellable Short term leasing arrangements related to office premises which are renewable by mutual consent and lease rentals payable are accordingly charged as rent. The rentals for above short term leases are charged to the Statement of Profit and Loss for the period.

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| Annual lease rent of office premises | 7.64 | 7.07 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**40 Related Party Disclosures:**

**(i) Names of related parties and description of relationship with whom transactions have taken place:**

| | |
|---|---|
| Subsidiary Companies | Transpek Industry (Europe) Limited<br>Transpek Creative Chemistry Private Limited (w.e.f 6th January, 2020) |
| Enterprises owned or significantly influenced by key management personnel or their relatives | Excel Industries Limited<br>Transpek Silox Industry Private Limited<br>TML Industries Limited<br>Anshul Specialty Molecules Private Limited<br>Anshul Life Science<br>Madison Investments Private Limited<br>Agrocel Industries Private Limited<br>Transchem Agritech Private Limited<br>Kamaljyot Investments Limited<br>Shroffs Foundation Trust<br>Shroff Family Charitable Trust |
| Key Management Personnel | Bimal V. Mehta (Managing Director)<br>Ashwin C. Shroff (Chairman and Non Executive Director)<br>Atul G. Shroff (Non- Executive Director)<br>Ravi A. Shroff (Non Executive Director)<br>Dipesh K.Shroff (Non Executive Director)<br>Ninad D. Gupte (Independent Director)<br>Dr. Bernd Dill (Independent Director)<br>Nimish U. Patel (Independent Director)<br>Geeta A. Goradia (Independent Director)<br>Hemant J. Bhatt (Independent Director)<br>Anand Mohan Tiwari (Independent Director w.e.f 24th December, 2019)<br>Pratik P. Shah (Chief Financial Officer)<br>Alak D. Vyas (Company Secretary) |
| Relatives of key management personnel | Vishwa A. Shroff<br>Shruti A. Shroff<br>Minoti N. Gupte<br>Hanny B. Mehta<br>Kumud V. Mehta<br>Kavit B. Mehta<br>Parul Benani |

**(ii) Key management personnel compensation**

**₹ in Lakhs**

| **Particulars** | **For the Year Ended 31st March, 2020** | For the Year Ended 31st March, 2019 |
|---|---|---|
| Short term employee benefits | 322.07 | 229.47 |
| Post employment benefits | 33.18 | 27.67 |
| Long term employee benefits | 46.43 | 38.13 |
| **Total compensation** | **401.68** | **295.27** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iii) Particulars of Transactions with Related Parties**

Transactions with related parties for the year ended March 31, 2020 are as follows: (Previous Year's figures are shown in brackets)

**₹ in Lakhs**

| Particulars | Subsidiary | Enterprises owned or significantly influenced by key management personnel or their relatives | Key Management Personnel and their relatives | Total |
|---|---|---|---|---|
| **Sale of Goods** | - | 333.49 | - | 333.49 |
| | - | (1,216.15) | - | **(1,216.15)** |
| **Services Rendered** | - | 12.40 | - | 12.40 |
| | - | (3.32) | - | **(3.32)** |
| **Windmill Income** | - | 154.23 | - | 154.23 |
| | - | (121.87) | - | **(121.87)** |
| **Dividend Received** | - | 312.74 | - | 312.74 |
| | - | (223.68) | - | **(223.68)** |
| **Interest Received** | - | 5.13 | - | 5.13 |
| | - | (7.79) | - | **(7.79)** |
| **Processing Charges** | - | 2,461.56 | - | 2,461.56 |
| | - | (992.58) | - | **(992.58)** |
| **Purchase of Goods** | - | - | - | - |
| | - | (7.46) | - | **(7.46)** |
| **Purchase of Property, Plant & Equipment** | - | 210.00 | - | 210.00 |
| | - | (11.25) | - | **(11.25)** |
| **Dividend Paid** | - | 645.70 | 189.84 | 835.54 |
| | - | (193.72) | (56.78) | **(250.50)** |
| **Commission Paid** | - | 47.07 | - | 47.07 |
| | - | (63.93) | - | **(63.93)** |
| **Donations Paid** | - | 164.30 | - | 164.30 |
| | - | (99.97) | - | **(99.97)** |
| **Corporate Social Responsibility Expense** | - | 75.96 | - | 75.96 |
| | - | (83.51) | - | **(83.51)** |
| **Interest Paid** | - | 1.15 | 24.44 | 25.59 |
| | - | (12.58) | (57.86) | **(70.44)** |
| **Consumable Item Purchase** | - | 3.42 | - | 3.42 |
| | - | (0.37) | - | **(0.37)** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | Subsidiary | Enterprises owned or significantly influenced by key management personnel or their relatives | Key Management Personnel and their relatives | Total |
|---|---|---|---|---|
| **Legal & Professional Services** | - | - | - | - |
| | - | - | (0.20) | **(0.20)** |
| **Reimbursement charged to the company** | 50.42 | 1,101.90 | - | 1,152.32 |
| | (58.49) | (489.77) | - | **(548.26)** |
| **Managerial Remuneration(*)** | - | - | 355.24 | 355.24 |
| | - | - | (257.14) | **(257.14)** |
| **Other Benefit to Director** | - | - | 75.16 | 75.16 |
| | - | - | (72.68) | **(72.68)** |
| **Commission Paid to Independent and Non-Executive Directors** | - | - | 90.00 | 90.00 |
| | - | - | (65.82) | **(65.82)** |
| **Directors' Sitting Fees** | - | - | 18.00 | 18.00 |
| | - | - | (16.10) | **(16.10)** |
| **CSR Meeting Fees** | - | - | 1.20 | 1.20 |
| | - | - | (1.40) | **(1.40)** |
| **Capital Advance Given** | - | - | - | - |
| | - | (42.00) | - | **(42.00)** |
| **Security Deposit Received Back** | - | 50.00 | - | 50.00 |
| | - | (60.00) | - | **(60.00)** |
| **Inter Corporate Deposit Taken** | - | - | - | - |
| | - | (500.00) | - | **(500.00)** |
| **Inter Corporate Deposit Repaid** | - | 75.00 | - | 75.00 |
| | - | (535.00) | - | **(535.00)** |
| **Deposit Repaid** | - | - | 255.00 | 255.00 |
| | - | - | (1,029.75) | **(1,029.75)** |

* As the liabilities for leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors is not separately determined and hence are not included in above.

**Balance Outstanding at the year end:**

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | Subsidiary | Enterprises owned or significantly influenced by key management personnel or their relatives | Key Management Personnel and their relatives | Total |
|---|---|---|---|---|
| Accounts Payable | - | 289.96 | - | 289.96 |
| | (6.32) | (131.19) | - | (137.51) |
| Accounts Receivable including Trade Advance | 4.09 | 344.87 | - | 348.96 |
| | - | (604.02) | - | (604.02) |
| Agency Deposit | - | 4.00 | - | 4.00 |
| | - | (4.00) | - | (4.00) |
| Deposits | - | - | 57.86 | 57.86 |
| | - | (75.00) | (332.86) | (407.86) |
| Investment in Shares | 1.02 | 517.72 | - | 518.74 |
| | (0.02) | (517.72) | - | (517.74) |
| Commission payable to Managing Director | - | - | 97.97 | 97.97 |
| | - | - | (105.23) | (105.23) |
| Commission payable to Independent and Non - Executive Directors | - | - | 75.00 | 75.00 |
| | - | - | (105.23) | (105.23) |

**(iv) Significant transactions with related parties:**

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| **A) Transactions during the year:** | | |
| **Sale of Goods** | | |
| Transpek Silox Industry Private Limited | 273.22 | 1,164.17 |
| TML Industries Limited | 44.29 | 41.83 |
| **Services Rendered** | | |
| Transchem Agritech Limited | 12.40 | 3.32 |
| **Windmill Income** | | |
| TML Industries Limited | 154.23 | 121.87 |
| **Dividend Received** | | |
| Transpek Silox Industry Private Limited | 267.71 | 204.10 |
| Excel Industries Limited | 45.04 | 19.58 |
| **Interest Received** | | |
| TML Industries Limited | 5.13 | 7.79 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iv) Significant transactions with related parties:**

**₹ in Lakhs**

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| **Processing Charges** | | |
| TML Industries Limited | 2,574.09 | 990.92 |
| **Purchase of Goods** | | |
| TML Industries Limited | - | 7.46 |
| **Purchase of Property, Plant & Equipment** | | |
| Transchem Agritech Limited | - | 11.25 |
| TML Industries Limited | 210.00 | - |
| **Dividend Paid** | | |
| Shruti A. Shroff | 92.17 | 27.52 |
| Kamaljyot Investments Limited | 210.81 | 63.24 |
| Anshul Specialty Molecules Private Limited | 412.93 | 123.89 |
| **Commission Paid** | | |
| Anshul Life Science | 47.07 | 63.93 |
| **Donation Paid** | | |
| Shroffs Foundation Trust | 100.00 | 99.97 |
| Shroff Family Charitable Trust | 64.30 | - |
| **Corporate Social Responsibility Expense** | | |
| Shroffs Foundation Trust | 75.96 | 83.51 |
| **Interest Paid** | | |
| Ashwin C. Shroff | 20.42 | 24.75 |
| Agrocel Industries Private Limited | 0.83 | 10.78 |
| Atul G. Shroff | - | 26.43 |
| **Reimbursements charged to the company (expense)** | | |
| TML Industries Limited | 1,094.56 | 476.86 |
| Transpek Industry (Europe) Limited | 50.42 | 58.49 |
| **Remuneration** | | |
| Bimal V. Mehta | 294.85 | 211.34 |
| Pratik P Shah | 43.49 | 33.31 |
| Alak D Vyas | 16.91 | 12.49 |
| **Other Benefit to Directors** | | |
| Atul G. Shroff | 75.16 | 72.68 |
| **Commission Paid to Independent and Non-Executive Directors** | | |
| Ashwin C. Shroff | 10.00 | 6.00 |
| Atul G Shroff | 10.00 | 17.82 |
| Dipesh K. Shroff | 10.00 | 6.00 |

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iv) Significant transactions with related parties:**

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| Ravi A. Shroff | 10.00 | 5.50 |
| Ninad D. Gupte | 10.00 | 7.50 |
| Dr. Bernd Dill | 10.00 | 5.00 |
| Nimish U. Patel | 10.00 | 6.00 |
| Geeta A. Goradia | 10.00 | 6.00 |
| Hemant J. Bhatt | 10.00 | 6.00 |
| **Director Sitting Fees** | | |
| Atul G Shroff | 2.20 | 2.10 |
| Ashwin C. Shroff | 1.00 | 1.00 |
| Ravi A. Shroff | 1.20 | 0.80 |
| Dr. Bernd Dill | 1.20 | 1.20 |
| Geeta A. Goradia | 1.20 | 0.80 |
| Hemant J. Bhatt | 2.80 | 3.10 |
| Nimish U. Patel | 3.60 | 3.30 |
| Ninad D. Gupte | 2.60 | 1.40 |
| Dipesh K. Shroff | 2.20 | 2.40 |
| **CSR Meeting Fees** | | |
| Atul G Shroff | 0.40 | 0.40 |
| Dipesh K. Shroff | - | 0.40 |
| Geeta A. Goradia | 0.40 | 0.20 |
| Nimish U. Patel | 0.40 | 0.40 |
| **Legal & Professional Charges** | | |
| Shruti A. Shroff | - | 0.20 |
| **Consumable Items Purchase** | | |
| Agrocel Industries Private Limited | - | 0.37 |
| Excel Industries Limited | 3.42 | - |
| **Capital Advance Given** | | |
| TML Industries Limited | - | 42.00 |
| **Security Deposit Received Back** | | |
| TML Industries Limited | 50.00 | 60.00 |
| **Trade Advance Received** | | |
| TML Industries Limited | - | - |
| **Inter Corporate Deposit Taken** | | |
| Agrocel Industries Private Limited | - | 500.00 |
| **Inter Corporate Deposit Repaid** | | |
| Agrocel Industries Private Limited | 75.00 | 500.00 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iv) Significant transactions with related parties:**

**₹ in Lakhs**

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| **Deposit Repaid** | | |
| Bimal V. Mehta | - | 25.00 |
| Atul G. Shroff | - | 1,000.00 |
| Kumud V. Mehta | - | 4.75 |
| Ashwin C. Shroff | 250.00 | - |
| Shruti A. Shroff | 5.00 | - |
| Ninad D. Gupte | 20.00 | - |
| **B) Closing Balance as at end of the year :** | | |
| **Accounts Payable** | | |
| TML Industries Limited | 280.20 | 115.16 |
| Anshul Life Science | 9.76 | 14.11 |
| **Receivables Including Trade Advance** | | |
| TML Industries Limited | 302.82 | 528.69 |
| Transpek Silox Industry Private Limited | 27.36 | 68.09 |
| **Deposits** | | |
| Agrocel Industries Private Limited | - | 75.00 |
| Ashwin C. Shroff | - | 250.00 |
| Ninad D. Gupte | 14.00 | 34.00 |
| Minoti N. Gupte | 17.50 | 17.50 |
| Parul Benani | 23.30 | 23.30 |
| **Indenting Agency Deposit** | | |
| Anshul Life Science | 4.00 | 4.00 |
| **Investment in Shares** | | |
| Transpek Industry (Europe) Limited | 0.02 | 0.02 |
| Transpek Creative Chemistry Private Limited | 1.00 | - |
| Transpek Silox Industry Private Limited | 290.96 | 290.96 |
| Excel Industries Limited | 226.76 | 226.76 |

**(v) Other Commitment with Related Party:**

For other Commitments with related parties refer note of other commitments mentioned in note no 37(d)

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**41 Other Disclosures :**

**(A) Disclosures related to the Micro, Small and Medium Enterprises.**

On the basis of confirmation obtained from the supplier who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company, the following are the details:

**₹ in Lakhs**

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| The principle amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | | |
| i) Principal Amount | 511.94 | 295.36 |
| ii) Interest Due thereon | | |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| The amount of interest due and payable for the period of delay in making payment (which h has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

**(B) Research and Development costs (as certified by the management) debited to the statement of profit and loss are as under:**

**₹ in Lakhs**

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| a) Revenue expenses debited to appropriate heads of account | 268.50 | 221.38 |
| b) Depreciation on Research and Development Assets | 51.12 | 43.44 |
| **Total** | **319.62** | **264.82** |

(a) Capital Expenditure incurred during the year on Research and Development ₹ 189.39 lakhs ( Previous Year ₹ 150.58 lakhs).

(b) The Company has been granted approval upto 31st March, 2019 for claiming deduction u/s 35 (2AB) of the Income Tax Act,1961.The company had already made application to respective authorities to get further approval for claiming deduction u/s 35 (2AB) of the Income Tax Act,1961 for the year ended 31st March 2020, which is awaited . However, the company has considered weighted deduction u/s 35 (2AB) while computing the tax liability under the Income Tax Act, 1961 as the company is hopeful to get the approval from the respective authorities.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

(C) As per section 135 of the Companies Act, 2013 , a CSR committee has been formed by the company. The areas for CSR activities are promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects as specified in Schedule VII of the Companies Act, 2013. The details of amount required to be spent and actual expenses spent during the year is as under:

(a) Gross amount required to be spent by the company during the year: ₹ 128.60 lakhs (Previous Year ₹ 84.44 lakhs)

(b) Amount spent during the year on:

**₹ in Lakhs**

| Sr. No. | Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|---|
| 1 | **Construction/Acquisition of Assets** | | |
| | -In cash | - | - |
| | -Yet to be paid in cash | - | - |
| 2 | **On purpose other than (i) above** | | |
| | -In cash | 108.40 | 101.33 |
| | -Yet to be paid in cash | - | - |

(c) Out of the above , ₹ 75.96 lakhs (Previous Year ₹ 83.51 lakhs) has been paid to Shroff Foundation Trust towards Financial Assistance for operating mobile medical units and household sanitation programme.

(D) Donation includes donation made to Political party ₹ 79.00 lakhs (P.Y. : ₹ Nil lakhs)

**(E) Disclosure as per section 186 (4) of Companies Act, 2013**

The Company has made advances of ₹ 4.09 lakhs ( Previous Year ₹ Nil ) to its wholly owned foreign subsidiary Transpek Industry (Europe) Limited and of ₹ 0.06 lakhs ( Previous Year ₹ Nil ) to its wholly owned subsidiary Transpek Creative Chemistry Private Limited . The said advances is utilized by both the above companies to meet out its overall expenditure.

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 42 FAIR VALUE MEASUREMENTS

**Financial instruments by category**

₹ in Lakhs

| | As at 31st March, 2020 | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|
| | **FVTPL** | **FVOCI** | **Amortized Cost** | FVTPL | FVOCI | Amortized Cost |
| **Financial Assets** | | | | | | |
| Investments | | | | | | |
| - Equity Instruments | - | 11,788.40 | - | - | 14,898.44 | - |
| - Other | - | - | 0.04 | - | - | 0.04 |
| Deposits | - | - | 178.96 | - | - | 208.82 |
| Trade Receivables | - | - | 9,185.78 | - | - | 9,346.58 |
| Cash and Cash Equivalents | - | - | 38.64 | - | - | 22.93 |
| Bank Balances other than above | - | - | 72.90 | - | - | 50.85 |
| Loans and advances to employees and others | - | - | 10.92 | - | - | 53.12 |
| Forward Exchange Contracts | - | - | - | 118.65 | - | - |
| Other Financial Assets | - | - | 140.17 | - | - | 162.30 |
| **Total Financial Assets** | **-** | **11,788.40** | **9,627.41** | **118.65** | **14,898.44** | **9,844.64** |
| **Financial Liabilities** | | | | | | |
| Borrowings | - | - | 7,687.67 | - | - | 12,020.23 |
| Other financial Liabilities | - | - | 5,250.11 | - | - | 2,632.77 |
| Forward Exchange Contracts | 217.76 | - | - | - | - | - |
| Trade payables | - | - | 5,211.17 | - | - | 5,919.14 |
| **Total Financial Liabilities** | **217.76** | **-** | **18,148.95** | **-** | **-** | **20,572.14** |

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Financial Assets and Liabilities measured at fair value - recurring fair value measurements**

₹ in Lakhs

| As at March 31, 2020 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets at FVOCI** | | | | | |
| Equity Instruments | 7 | 700.30 | 11,088.10 | - | 11,788.40 |
| **Financial Assets at amortized cost** | | | | | |
| Deposits | 8 | - | 178.96 | - | 178.96 |
| **Total Financial Assets** | | **700.30** | **11,267.06** | **-** | **11,967.36** |
| **Financial Liabilities at FVTPL** | | | | | |
| Forward Exchange Contracts | 26 | - | 217.76 | - | 217.76 |
| **Financial Liabilities at amortized cost** | | | | | |
| Borrowings (Non Current ) | 20 | - | 4,461.08 | - | 4,461.08 |
| **Total Financial Liabilities** | | **-** | **4,678.84** | **-** | **4,678.84** |

**Financial Assets and Liabilities measured at fair value - recurring fair value measurements**

₹ in Lakhs

| As at March 31, 2019 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets at FVOCI** | | | | | |
| Equity Instruments | 7 | 1,797.79 | 13,100.65 | - | 14,898.44 |
| **Financial Assets at amortized cost** | | | | | |
| Deposits | 8 | - | 208.82 | - | 208.82 |
| **Financial Assets at FVTPL** | | | | | |
| Forward Exchange Contracts | 16 | - | 118.65 | - | 118.65 |
| **Total Financial Assets** | | **1,797.79** | **13,428.12** | **-** | **15,225.91** |
| **Financial Liabilities at amortized cost** | | | | | |
| Borrowings (Non Current ) | 20 | - | 6,878.11 | - | 6,878.11 |
| **Total Financial Liabilities** | | **-** | **6,878.11** | **-** | **6,878.11** |

**Level 1**: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels 1 and 2 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted analysis

All of the resulting fair value estimates are included in level 1 or 2 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counter party or own credit risk.

The carrying amounts of trade receivables, electricity deposit, employee advances, cash and cash equivalents and other short term receivables, trade payables, unclaimed dividend, borrowings, capital creditors and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

## 43 FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Company, through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**(A) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

**(i) Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The company also has credit insurance and ECGC for export supplier. In addition to above, there are no major delays in receipt of payment from the trade receivables.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognized from initial recognition of the

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and relevant information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward looking information.

Following table represent allowance for doubtful debts with the trade receivables over the years:

**(ii) Reconciliation of loss allowance provision – Trade receivables** **(₹ in lakhs)**

| | As at 31st March,2020 | As at 31st March,2019 |
|---|---|---|
| **Opening Balance** | **18.18** | **11.72** |
| Changes in loss allowance | 8.41 | 6.46 |
| **Closing Balance** | **26.59** | **18.18** |

**(iii) Cash and cash equivalents**

As at the year end, the Company held cash and cash equivalents of ₹ 38.65 lakhs (31.03.2019 ₹ 22.93 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

**(iv) Loans and advances**

In the case of loans to employees, the same is managed by establishing limits. (Which in turn is based on the employees salaries and number of years of service put in by the concerned employee)

**(v) Derivatives**

The derivatives are entered into with scheduled banks which have good credit ratings.

**(vi) Other Financials Assets**

Others Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

**(B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Maturities of financial liabilities**

The tables herewith analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Contractual maturities of financial liabilities**

**₹ in Lakhs**

| | Less than 1 year | More than 1 year | Total |
|---|---|---|---|
| **As at 31st March, 2020** | | | |
| **Non-derivatives** | | | |
| Borrowings | 3,226.59 | 4,461.08 | 7,687.67 |
| Other financial liabilities | 4,508.71 | 959.15 | 5,467.86 |
| Trade payables | 5,211.17 | - | 5,211.17 |
| **Total Non-derivative liabilities** | **12,946.47** | **5,420.23** | **18,366.70** |
| **As at 31st March, 2019** | | | |
| **Non-derivatives** | | | |
| Borrowings | 5,142.12 | 6,878.11 | 12,020.23 |
| Other financial liabilities | 2,632.77 | - | 2,632.77 |
| Trade payables | 5,919.14 | - | 5,919.14 |
| **Total Non-derivative liabilities** | **13,694.03** | **6,878.11** | **20,572.14** |

**(C) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs. The Company uses derivative to manage market risk. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

**Currency risk**

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative instruments, i.e., foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

The company enters into foreign currency forward contracts which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

Following is the derivative financial instruments to hedge the foreign exchange rate risk:

₹ in Lakhs

| Currency | As at 31st March, 2020 | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|
| | Trade receivable and other Receivable | Hedges available | Net exposure to foreign currency risk | Trade receivable and other Receivable | Hedges available | Net exposure to foreign currency risk |
| USD (in lakhs) | 89.02 | 66.86 | 22.16 | 103.36 | 96.70 | 6.66 |
| Equivalent INR (In lakhs) - USD | 6,711.53 | 5,040.45 | 1,671.08 | 7,149.41 | 6,688.74 | 460.67 |

| Currency | As at 31st March, 2020 | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|
| | Trade payable | Hedges available | Net exposure to foreign currency risk | Trade payable | Hedges available | Net exposure to foreign currency risk |
| USD (in lakhs) | 17.37 | - | 17.37 | 14.23 | - | 14.23 |
| Equivalent INR (In lakhs) - USD | 1,309.69 | - | 1,309.69 | 984.29 | - | 984.29 |

The sensitivity of profit or loss to changes in the exchange rates arises mainly from unhedged foreign currency denominated financial instruments.

| | Impact on profit after tax | |
|---|---|---|
| | **31st March, 2020** | 31st March, 2019 |
| USD sensitivity | | |
| INR/USD increases by 5% | 18.07 | (26.18) |
| INR/USD decreases by 5% | (18.07) | 26.18 |

**(D) CAPITAL MANAGEMENT**

For the purpose of Company's Capital Management, equity includes equity share capital and all other equity reserves attributable to the equity holders of the Company. The Company manages its capital to optimise returns to the share holders and make adjustments to it in the light of changes in economic conditions or its business requirements. The Company's objective is to safe guard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to share holders through continuing growth and maximise the share holders value. The Company funds its operations through internal accruals and long term borrowings competitive rate. The Management and Board of Directors monitor the return of capital as well as the level of dividend to share holders.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**44 Events after the reporting period**

**(i) Proposed dividend on Equity Shares:**

₹ in Lakhs

| Particulars | **For the Year Ended 31st March, 2020** | For the Year Ended 31st March, 2019 |
|---|---|---|
| Proposed dividend on Equity Shares : | | |
| Proposed dividend for the year ended on 31st March, 2020 : | 139.64 | 1,117.11 |
| ( Current Year ₹ 2.50 Per share Previous year ₹ 20.00 per share) | | |
| Dividend Distribution Tax ( DDT )on Proposed Dividend | - | 229.63 |
| | **139.64** | **1,346.74** |

This proposed dividend are subject to the approval of shareholders in the ensuing annual general meeting and therefore are not recognised as liability as year end.

45 The Company has evaluated the impact of COVID-19 on its financial statements based on the internal and external information up to the date of approval of these financial statements and expects to recover the carrying amount of inventories, receivables and other assets. The Company does not foresee any material impact on liquidity and assumption of going concern.

46 The standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 24th June, 2020. The financial statements as approved by the Board of Directors are subject to final approval by its Shareholders.

47 The figures of previous year have been re-arranged and regrouped wherever necessary to make them comparable with those of the current year.

The accompanying notes (1 to 47) are an integral part of the financial statements.

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS

**TO THE MEMBERS OF TRANSPEK INDUSTRY LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying Consolidated financial statements of TRANSPEK INDUSTRY LIMITED ("the Company"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, the consolidated profit and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr No | Key Audit Matter | How the matter was addressed in our audit: |
|---|---|---|
| 1. | **Adoption of Ind AS 116 Leases**<br>The Group has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Group has leased large number of ISO tanks from various vendors.<br>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. | Our audit procedures on adoption of Ind AS 116 include:<br>• Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116);<br>• Assessed the Group's evaluation on the identification of leases based on the contractual agreements;<br>• Assessed the key terms and conditions of statistical sample of each lease with the underlying lease contract and Evaluated computation of lease liabilities and Right of use of assets and its effect on statement of profit and loss. |

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS...

| Sr No | Key Audit Matter | How the matter was addressed in our audit: |
|---|---|---|
| | Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.<br>Refer Note 3.2(S) and Note 40(E)to the Consolidated Financial Statements. | |
| 2. | **Evaluation of uncertain tax positions and litigations**<br>The Group has on-going legal matters relating to direct tax, Indirect tax and other matters which requires significant management judgement to determine the likely outcome<br>Refer Note 38 (A) to the Consolidated Financial Statements. | In assessing the potential exposure of the on-going litigation, we have performed the following procedures:<br>• Obtaining from the management details of all completed / pending tax assessments and other litigations upto 31st March 2020;<br>• Understanding the status of pending tax demands and potential liability for the other pending litigations;<br>• Involved our internal tax teams and discussing with the Group's legal advisors to confirm the management's underlying assumptions and judgement for determining the potential liability and provisions and the possible outcome of the litigation. |
| 3. | **Transactions with Related Parties**<br>The Group in its course of operations has entered into transactions with related parties. The identification of these related parties, transactions entered into with them and the determination of arm's length price involves significant judgement and estimates.<br>Refer Note 40(F) to the Consolidated Financial Statements. | Our audit approach for the transactions with related parties involved the following:<br>• Evaluation and testing of the design of internal controls and the secretarial process followed relating to identification of related parties and transactions with them;<br>• Confirming the regulatory requirements for the identification of related parties and transactions with these related parties, the determination of arm's length pricing and the disclosures for the same in the Consolidated financial statements;<br>• Evaluating management judgments and assumptions regarding transactions with Related Parties at Arm's Length Price;<br>• Review of sample agreements/contracts to compare the terms of the related parties' transactions to those of identical or similar transactions with one or more unrelated parties and evaluate the business rationale for the same. |
| 4. | **Recoverability and Recognition of Export Incentives under Merchandise Export from India Scheme (MEIS)**<br>Under the Foreign Trade Policy (FTP) 2015-20 of Government of India, the Group's claims and receives export benefits under Merchandise Export from India Scheme (MEIS); | Our audit approach for verification of the export incentives under MEIS and its recognition involved the following:<br>• Evaluation and testing the internal controls and the process for identification and recognition of MEIS Income; |

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS...

| Sr No | Key Audit Matter | How the matter was addressed in our audit: |
|---|---|---|
| | The Group recognizes these benefits when there is a reasonable assurance that the benefits will be received and Group will comply with all the attached conditions in the period in which the right to receive the same is established.<br>Refer Note 3.2(M) and 31 to the Consolidated financial statements. | • Understanding the management judgements, key assumptions and estimations based on which recognition for MEIS income is done; |

**Emphasis of Matter**

We draw attention to Note 41(B)(b) to the Consolidated financial statements ,whereby it has been mentioned that on the basis of application made by the Holding company which is pending for approval from the respective authorities , the Holding Company has considered weighted deduction u/s 35 (2AB) while computing the tax liability under the Income Tax Act, 1961 for the year ended 31st March 2020.The Holding company is hopeful to get the approval from the respective authorities.

Our opinion is not modified in respect of this matter.

**Information other than the Consolidated Financial Statement and Auditor's Report thereon**

The Holding company's management and Board of Directors is responsible for preparation of the other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error;

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so;

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditor.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards;

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

1. We have relied on the unaudited financial statements of both the above mentioned subsidiaries whose financial statements reflect total assets of Rs.11.57 lakhs as at 31st March 2020, total revenues of Rs. Nil, total loss after tax of Rs.0.22 lakhs, total

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS...

comprehensive loss of Rs. 0.22 lakhs and net cash outflow of Rs. 0.95 lakhs for the year then ended, for the year then ended on that date. These unaudited financial statements have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of boththese subsidiaries is based on solely on such unaudited financial statements.

Our opinion on the consolidated financial Statements is not modified in respect of the above matters.

**Report on Other Legal and Regulatory Requirements**

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

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding company, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and according to the information and explanation given to us, the remuneration paid by Holding company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated financial statements disclosed the impact of pending litigations on its financial position of the Group – Refer Note 38 (A) to the consolidated financial statements;

ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

**For CNK & Associates LLP**
Chartered accountants
Firm Registration No: 101961W/W-100036

**Pareen Shah**
Partner
Membership No: 125011
Vadodara, 24th June 2020
UDIN:20125011AAAABI7704

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS...

**Annexure A to the Independent Auditors' Report on the consolidated financial statements of Transpek Industry Limited**

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements 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 the consolidated financials statements of TRANSPEK INDUSTRY LIMITED ("the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of 31st March 2020 in conjunction with our audit of the Consolidated financial statements for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements

**Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

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

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS...

**Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

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

**Opinion**

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**For CNK & Associates LLP**
Chartered accountants
Firm Registration No: 101961W/W-100036

**Pareen Shah**
Partner
Membership No: 125011
Vadodara, 24th June 2020
UDIN:20125011AAAABI7704

Transpek
Creative Chemistry

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

₹ in Lakhs

| Sr. No. | Particulars | Note No. | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| (1) | **Non-current assets** | | | |
| | (a) Property, plant and equipment | 4 | 27,067.75 | 23,645.11 |
| | (b) Capital work-in-progress | 5 | 1,862.90 | 3,277.65 |
| | (c) Right-of-use assets | 6 | 1,599.72 | - |
| | (d) Financial assets | | | |
| | (i) Investments | 7 | 11,788.44 | 14,898.48 |
| | (ii) Loans | 8 | 178.96 | 208.82 |
| | (iii) Other financial assets | 9 | 130.00 | 124.00 |
| | (e) Other non-current assets | 10 | 386.54 | 439.03 |
| | | | **43,014.31** | **42,593.09** |
| **(2)** | **Current assets** | | | |
| | (a) Inventories | 11 | 4,966.81 | 5,609.69 |
| | (b) Financial assets | | | |
| | (i) Trade receivables | 12 | 9,195.65 | 9,345.79 |
| | (ii) Cash and cash equivalents | 13 | 40.35 | 25.58 |
| | (iii) Bank balances other than (ii) above | 14 | 72.90 | 50.85 |
| | (iv) Loans | 15 | 10.92 | 53.12 |
| | (v) Other financial assets | 16 | 10.17 | 163.00 |
| | (c) Other current assets | 17 | 1,778.84 | 2,025.30 |
| | | | **16,075.64** | **17,273.33** |
| | **Total Assets** | | **59,089.95** | **59,866.42** |
| | **EQUITY AND LIABILITIES** | | | |
| | **EQUITY** | | | |
| | (a) Equity share capital | 18 | 558.56 | 558.56 |
| | (b) Other equity | 19 | 33,285.96 | 30,581.72 |
| | | | **33,844.53** | **31,140.28** |
| **LIABILITIES** | | | | |
| (1) | **Non-current liabilities** | | | |
| | (a) Financial liabilities | | | |
| | (i) Borrowings | 20 | 4,461.08 | 6,878.11 |
| | (ii) Other financial liabilities | 21 | 959.15 | - |
| | (b) Provisions | 22 | 359.02 | 330.88 |
| | (c) Deferred tax liabilities (net) | 23 | 5,652.99 | 6,096.60 |
| | | | **11,432.24** | **13,305.58** |

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020...

**₹ in Lakhs**

| Sr. No. | Particulars | Note No. | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|---|---|
| **(2)** | **Current liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 24 | 3,226.59 | 5,142.12 |
| | (ii) Trade payables | 25 | | |
| | -Total outstanding dues of Micro enterprises and small enterprises | | 511.94 | 295.36 |
| | -Total outstanding dues other than Micro and small enterprises | | 4,705.85 | 5,629.28 |
| | (iii) Other financial liabilities | 26 | 4,508.71 | 2,626.45 |
| | (b) Other current liabilities | 27 | 688.93 | 1,184.42 |
| | (c) Provisions | 28 | 171.17 | 208.82 |
| | (d) Current tax liabilities (net) | 29 | - | 334.09 |
| | | | **13,813.18** | **15,420.55** |
| | **Total Equity and Liabilities** | | **59,089.95** | **59,866.42** |

See accompanying notes forming part of the consolidated financial statements.

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Lakhs

| Sr. No. | Particulars | Note No. | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|---|
| | Revenue from operations | 30 | 56,563.78 | 59,456.57 |
| | Other income | 31 | 1,739.15 | 1,780.35 |
| (I) | **Total Income** | | **58,302.93** | **61,236.92** |
| | **EXPENSES** | | | |
| | Cost of materials consumed | 32 | 25,311.16 | 30,432.32 |
| | Purchases of Stock-in-Trade | 33 | - | 7.46 |
| | Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 34 | 722.12 | (339.20) |
| | Employee benefits expenses | 35 | 4,942.25 | 4,521.84 |
| | Finance costs | 36 | 1,584.83 | 1,896.09 |
| | Depreciation expense | 4 | 2,590.08 | 1,414.25 |
| | Other expenses | 37 | 13,800.54 | 13,173.66 |
| (II) | **Total expenses** | | **48,950.98** | **51,106.41** |
| (III) | **Profit before tax (I-II)** | | **9,351.96** | **10,130.51** |
| (IV) | **Tax Expense:** | | | |
| | Current tax | | 2,051.18 | 2,293.09 |
| | Deferred tax | | 112.29 | 1,263.72 |
| | Income Tax adjustments for earlier years | | (105.67) | - |
| | | | **2,057.80** | **3,556.81** |
| (V) | **Profit for the year (III-IV)** | | **7,294.15** | **6,573.70** |
| (VI) | **Other Comprehensive Income** | | | |
| | **Items that will not be reclassified to profit or loss** | | | |
| | - Remeasurement of Defined benefit plans | | (15.59) | 14.54 |
| | - Equity instruments through other comprehensive income | | (3,110.04) | 544.45 |
| | **Income tax relating to items that will not be reclassified to profit or loss** | | | |
| | - Remeasurement of Defined benefit plans | | 4.54 | (5.03) |
| | - Equity instruments through other comprehensive income | | 551.31 | (74.89) |
| | **Total other comprehensive income** | | **(2,569.80)** | **479.07** |
| (VII) | **Total comprehensive income for the period (V+VI)** | | **4,724.36** | **7,052.77** |
| | Earnings per equity share (Refer Note 40(A)) | | | |
| | (1) Basic | | 130.59 | 117.69 |
| | (2) Diluted | | 130.59 | 117.69 |

See accompanying notes forming part of the consolidated financial statements.

**As per our report of even date**
**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**
**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Lakhs

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|
| A | Cash flow from operating activities | | |
| | Profit before income tax | **9,351.96** | **10,130.51** |
| | **Adjustments for :** | | |
| | Depreciation and amortisation expense | 2,590.08 | 1,414.25 |
| | Interest Income | (38.28) | (33.34) |
| | Loss Allowance | 8.41 | 6.46 |
| | (Gain)/ loss on foreign currency transactions/translations | 45.40 | (66.73) |
| | Finance Costs | 1,584.83 | 1,896.09 |
| | Dividend Income | (316.67) | (227.68) |
| | (Gain) / Loss on disposal of Property, Plant and Equipment | 54.46 | 5.83 |
| | **Operating profit before working capital changes** | **13,280.19** | **13,125.39** |
| | **Change in operating assets and liabilities:** | | |
| | (Increase) / Decrease in Trade receivables | 381.62 | (86.42) |
| | (Increase) / Decrease in Inventories | 642.89 | (1,012.24) |
| | (Increase) / Decrease in Loans | 72.07 | 54.26 |
| | (Increase) / Decrease in Other Financial Assets | 134.84 | 129.89 |
| | (Increase) / Decrease in Other Assets | 250.18 | 1,492.33 |
| | Increase / (Decrease) in Trade Payables | (774.37) | 477.47 |
| | Increase / (Decrease) in Other Financial Liabilities | 228.25 | (62.30) |
| | Increase / (Decrease) in Other Liabilities | (738.35) | 602.76 |
| | **Cash generated from operations :** | **13,477.32** | **14,721.14** |
| | Direct taxes paid (net) | (2,420.85) | (1,969.06) |
| | **Net cash from operating activities (A)** | **11,056.47** | **12,752.08** |
| B | Cash flows from investing activities | | |
| | Capital expenditure on property, plant and equipment (PPE) (including Capital work-in-progress and capital advances) | (3,736.46) | (4,778.29) |
| | Proceeds from sale of property, plant and equipment (PPE) | 75.78 | 30.73 |
| | Interest received | 28.22 | 33.32 |
| | Dividend received | 316.67 | 227.68 |
| | **Net cash (used) in Investing activities (B)** | **(3,315.80)** | **(4,486.56)** |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|
| C | **Cash flow from financing activities :** | | |
| | Proceeds from of long term borrowings | - | - |
| | Repayments of long term borrowings | (1,745.77) | (1,577.47) |
| | Increase / (Decrease) in Short Term Borrowings | (1,915.53) | (4,301.53) |
| | Finance Costs paid | (1,341.11) | (1,820.98) |
| | Dividend paid (including Dividend Distribution Tax) | (2,020.11) | (606.03) |
| | Repayment of lease liabilities | (703.39) | - |
| | **Net cash (used) in financing activities (C)** | **(7,725.91)** | **(8,306.01)** |
| | **NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]** | **14.78** | **(40.49)** |
| | **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | | |
| | Balances with banks in current accounts and deposit account | 7.35 | 42.79 |
| | Cash on hand | 18.23 | 23.29 |
| | **CASH AND CASH EQUIVALENTS AS PER NOTE 13** | **25.58** | **66.08** |
| | **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | | |
| | Balances with banks in current accounts and deposit account | 13.68 | 7.35 |
| | Cash on hand | 26.67 | 18.23 |
| | **CASH AND CASH EQUIVALENTS AS PER NOTE 13** | **40.35** | **25.58** |

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

**a. Equity Share Capital :**

**₹ in Lakhs**

| Particulars | Amounts |
|---|---|
| **Balance as at the 1st April, 2018** | **558.56** |
| Changes in equity share capital during the year | - |
| **Balance as at the 31 March, 2019** | **558.56** |
| Changes in equity share capital during the year | - |
| **Balance as at the 31 March, 2020** | **558.56** |

**b. Other Equity**

**₹ in Lakhs**

| Particulars | Reserves and Surplus | | | | | Other Comprehensive Income(OCI) | | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium Reserve | Capital Redemption Reserve | General Reserve | Retained Earnings | FVOCI- Equity Reserve | Foreign currency translation reserve | |
| As at 1st April, 2018 | 19.00 | 202.75 | 28.65 | 3,417.71 | 9,493.93 | 10,972.92 | 0.02 | 24,134.99 |
| Profit for the year | - | - | - | - | 6,573.70 | - | 0.00 | 6,573.70 |
| Remeasurements of post-employment benefit obligation, net of tax | - | - | - | - | 9.51 | - | - | 9.51 |
| Other comprehensive income for the year | - | - | - | - | - | 469.56 | - | 469.56 |
| Dividends paid including dividend tax thereon | - | - | - | - | (606.03) | - | - | (606.03) |
| **As at 31st March, 2019** | **19.00** | **202.75** | **28.65** | **3,417.71** | **15,471.11** | **11,442.48** | **0.02** | **30,581.72** |
| As at 1st April, 2019 | 19.00 | 202.75 | 28.65 | 3,417.71 | 15,471.11 | 11,442.48 | 0.02 | 30,581.72 |
| Profit for the year | - | - | - | - | 7,294.15 | - | (0.02) | 7,294.13 |
| Remeasurements of post-employment benefit obligation, net of tax | - | - | - | - | (11.05) | - | | (11.05) |
| Other comprehensive income for the year | - | - | - | - | - | (2,558.73) | - | (2,558.73) |
| Dividends paid including dividend tax thereon | - | - | - | - | (1,346.74) | - | - | (1,346.74) |
| | - | - | - | - | (673.37) | - | - | (673.37) |
| **As at 31st March, 2020** | **19.00** | **202.75** | **28.65** | **3,417.71** | **20,734.10** | **8,883.75** | **(0.00)** | **33,285.96** |

See accompanying notes forming part of the consolidated financial statements.

**As per our report of even date**
**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**
**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

# NOTES FORMING PART OF THE GROUP'S CONSOLIDATED IND AS FINANCIAL STATEMENTS

**NOTE: 1**

**CORPORATE INFORMATION**

Transpek Industry Limited ('TIL', 'the Company') is into the manufacturing and export of a range of chemicals servicing the requirements of customers from a diverse range of industries - Textiles, Pharmaceuticals, Agrochemicals, Advanced Polymers, etc.

The Consolidated Financial Statements for the year ended 31st March, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 24th June, 2020.

**NOTE: 2**

**CONSOLIDATION**

a. The Consolidated financial statements comprise the financial statements of Transpek Industry Limited (herein after referred to as 'the Holding Company') and its subsidiary company, hereinafter collectively referred to as 'the Group'.

b. Details of the subsidiary company considered in the Consolidated Financial statements are as under:

| Name of the Company | Subsidiary / Joint Venture / Associate | Country of Incorporation | %Shareholding and Voting Power |
|---|---|---|---|
| Transpek Industry (Europe) Limited | Subsidiary | United Kingdom | 100 |
| Transpek Creative Chemistry Private Limited* | Subsidiary | India | 100 |

*With the effect from 6th January, 2020.

**NOTE: 3.1**

**BASIS OF PREPARATION**

**i. Compliance with Ind AS**

The Consolidated financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter.

**ii. Historical cost convention**

The Consolidated financial statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities that are measured at fair value;
- Defined benefit plans – plan assets measured at fair value.

**iii. Principles of Consolidation**

The Consolidated Financial Statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Ind AS - 110.

b. "Non-Controlling Interest" represents the amount of equity attributable to minority shareholders at the date on which investment in the subsidiary is made and its share of movements in the equity since that date. Non-Controlling interest's share of net profit/ loss for the year of the subsidiary is identified and adjusted against the profit after tax of the group.

c. Intra-group balances and intra-group transactions and resulting unrealized profits have been eliminated.

d. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except where it is not practicable to do so.

e. The exchange difference arising on monetary item relating to foreign operations shall be recognized initially in other comprehensive Income and accumulated in the separate component of equity and shall be reclassified from equity to Consolidated Statement of profit and loss on disposal of investment in foreign operation .

f. The excess of cost to the company of its investment in the subsidiaries, on the acquisition dates over and above the company's share of equity in the subsidiaries, is recognized in the consolidated financial statements as Goodwill on consolidation. The said Goodwill is tested for impairment at each balance sheet date and the impairment loss, if any is provided for.

**iv. Functional and presentation currency**

These consolidated financial statements are presented in Indian Rupees, which is the Group's functional currency, and all values are rounded to the nearest lakhs, except otherwise indicated.

**3.2 SIGNIFICANT ACCOUNTING POLICIES**

**A. Current versus non-current classification**

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

**An asset is treated as current when it is:**

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

All other assets are classified as non-current.

**A liability is current when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has identified twelve months as its operating cycle for the purpose of current / noncurrent classification of assets and liabilities.

**B. Property, Plant and Equipment:**

**Recognition and measurement**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation, and impairment loss, if any. Cost includes purchase price, including non-refundable duties and taxes, expenditure that is directly attributable to bring the assets to the location and condition necessary for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located, if any.

## NOTES FORMING PART OF THE GROUP'S CONSOLIDATED IND AS FINANCIAL STATEMENTS...

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policies. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Spare parts are treated as capital assets when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for, as separate items (major components) of property, plant and equipment. Any gains or losses on their disposal, determined by comparing sales proceeds with carrying amount, are recognized in the consolidated Statement of Profit or Loss.

**Subsequent Expenditure;**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**De-Recognition:**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from its use. Any gain or loss arising from its de-recognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Consolidated Statement of Profit and Loss when the asset is de-recognized.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation on property, plant and equipment is provided using the straight-line method based on the life and in the manner prescribed in Schedule II to the Companies Act, 2013, and is generally recognized in the consolidated statement of profit and loss. Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided based on the useful life and in the manner prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the useful life of the property, plant and equipment have been determined by the Management based on the technical assessment / evaluation:

| Category of Property, Plant and Equipment | Useful Life in Years | |
|---|---|---|
| | As per Schedule II | As per Group's Assessment |
| Plant & Machinery (Continuous Process Plant) | 25 | 20 |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

**Capital Work-in-Progress**

Plant and properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying asset, borrowing costs capitalized in accordance with the Group's accounting policies. Such plant and Properties are classified and capitalized to the appropriate categories of Property, Plant and Equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the asset are ready for their intended use.

## NOTES FORMING PART OF THE GROUP'S CONSOLIDATED IND AS FINANCIAL STATEMENTS...

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non Current Assets" and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

**C. Intangible Assets:**

**Recognition and measurement**

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any.

Research costs are expensed as incurred. Product development expenditure incurred on individual product project is recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available or use or sale;
- Its intention to complete the asset and use or sell it;
- Its ability to use or sell the asset;
- The availability of adequate resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

**Amortization**

Any expenditure capitalized as technical knowhow is amortized on a straight-line basis not exceeding over a period of ten years from the month of addition of the underlying product.

**De- recognition of Intangible Assets:**

Intangible asset is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Consolidated Statement of Profit and Loss when the asset is de-recognized.

**D. Impairment of Non financial assets:**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

The Group's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit and loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

**E. Inventories:**

Inventories are measured at lower of cost and net realizable value. Cost of inventories is determined on a FIFO (as mentioned below), after providing for obsolescence and other losses as considered necessary. Cost includes expenditure incurred in acquiring the inventories, reduction and conversion costs and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

Items of Inventory are valued on the principle laid down by the Ind AS 2 on Inventories on the basis given below:

| | |
|---|---|
| (a) Raw Materials, Stores & Spares (that are not capitalized) and Fuel | Lower of cost (determined on FIFO) and net realizable value. |
| (b) Packing Material | Lower of cost (determined on FIFO) and net realizable value. |
| (c) Traded Goods | Lower of cost and net realizable value. |
| (d) Work-in-Progress | Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. |
| (e) Finished Goods | Lower of cost and net realizable value.<br>Cost includes direct materials, labour, a proportion of manufacturing overheads based on normal operating capacity and excise duty. |

The comparison of cost and net realizable value is made on an item-by-basis.

**F. Financial Instruments**

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

**Financial Assets:**

**Initial recognition, classification and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Debt instruments at amortized cost**

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

a) 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 amortized cost using the effective interest Rate (EIR) method. Amortized 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 amortization is included in other income in the consolidated statement of profit or loss. The losses arising from impairment are recognized in the consolidated statement of profit or loss.

**Debt instrument at FVTOCI**

A 'debt 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 solely payments of principal and interest (SPPI) on the principal amount outstanding.

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 Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the consolidated statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Consolidated statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at 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 Group 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 Group 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 consolidated 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 FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. If the Group 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 consolidated statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

**Derecognition**

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

- The rights to receive cash flows from the asset have expired, or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Group 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 amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables and
- Other receivables

The application of simplified approach does not require the Group 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.

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 Group does not reduce impairment allowance from the gross carrying amount

**Financial Liabilities:**

**Initial recognition and Measurement**

The Group's financial liabilities include trade and other payables, loans and borrowings. All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables recognized net of directly attributable transaction costs.

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

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 Group 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 recognized in the consolidated statement of profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the consolidated statement of profit and loss.

**Derecognition**

A financial liability is derecognized 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 recognized in the consolidated statement of profit and loss.

## NOTES FORMING PART OF THE GROUP'S CONSOLIDATED IND AS FINANCIAL STATEMENTS...

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**G. Derivative financial instruments**

The Group uses derivative financial instruments such as forward contracts to hedge its foreign currency risks relating to highly probable transactions or firm commitments. Such forward Exchange Contractsare marked to market and resulting gains or losses are recorded in the consolidated statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**H. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet 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 consolidated 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 Group's cash management.

**I. Cash Flows**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**J. Cash dividend**

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group . As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**K. Foreign Currency Translation:**

**Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion:**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**L. Revenue recognition:**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

**Sale of Goods**

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods.

The Group 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, the Group considers the effects of variable consideration, the existence of significant financing component and consideration payable to the customer like return and trade discounts.

Sales are disclosed excluding net of sales returns and Goods and Service Tax (GST).

**Conversion charges**

Income is recorded on accrual basis on dispatch of material and as per terms of agreement

**Income from Wind Operated Power generators**

Income from Sale of Wind Operated Power is accounted on accrual basis on confirmation of units generated and supplied to the State Electricity Board as per the agreement.

**Sale of Scrap**

Revenue from sale of scrap is recognized as and when scrap is sold.

**M. Other Income**

**Interest income**

Interest income from the financial assets is recognized on a time basis, by reference to the principle outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Group and the amount of interest can be measured reliably. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of that financial asset.

**Export Benefits**

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation is accounted by making suitable adjustments in raw material consumption.

The benefits accrued under the duty drawback scheme and Merchandise Export from India Scheme (MEIS) as per the Import and export Policy in respect of exports under the said scheme are recognised when there is a reasonable assurance that the benefit will be received and the Group will comply with all attached conditions. The above benefits has been included under the head 'Export Incentives.'

**Dividend income**

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Insurance Claims:**

Insurance claims are accounted on accrual basis when there is reasonable certainty of realisability of the claim amount.

**Commission Income:**

Income on account of commission is accounted on accrual basis based on the Terms of Agreement.

## NOTES FORMING PART OF THE GROUP'S CONSOLIDATED IND AS FINANCIAL STATEMENTS...

**N. Employee benefits:**

Employee benefits includes short term employee benefits, contribution to defined contribution schemes, contribution to defined benefit plan and Compensated absences.

**Short-term employee benefits**

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

**Contribution towards defined benefit contribution schemes**

Contribution towards provident fund and superannuation fund is made to the regulatory authorities. Contributions to the above scheme are charged to the consolidated Statement of profit and loss in the year when the contributions are due. Such benefits are classified as defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions to be made.

**Defined benefit Plan**

**Gratuity plan**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on post employment at 15 days' salary (last drawn salary) for each completed year of service as per the rules of the Group . 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. Current service cost, Past-service costs are recognized immediately in consolidated Statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the consolidated statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

**Compensated Absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in profit or loss in the period in which they arise.

**O. Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

P. **Income taxes :**

The tax expense comprises of current income tax and deferred tax.

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current Income tax (including Minimum Alternate Tax(MAT) is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. 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 tax**

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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.

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 utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

**Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilized when the Group will pay normal income tax during the specified period. Deferred tax assets on such tax credit are recognized to the extent that it is probable that the unused tax credit can be utilized in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Q. **Provisions and Contingent liabilities and contingent assets :**

a) **Provisions:**

Provisions are recognized when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated 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 recognized as a finance cost.

Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

**b) Contingent Liabilities and Contingent assets:**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group 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 Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

A contingent asset is not recognized 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 consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

**R. 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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.

**S. Leases:**

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.

**Group as a lessee**

**Lease Liability**

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate.

**Right-of-use assets**

Initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

**Subsequent measurement**

**Lease Liability**

Group measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

**Right-of-use assets**

Subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the under lying asset.

**Impairment**

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

**Short term Lease:**

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. If the Group elected to apply short term lease, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

**Group as a lessor**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

**Transition to Ind AS 116**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning 1st April, 2019 and applied the standard modified retrospective approach to its leases.

Refer note 3.1 (S) significant accounting policy of consolidated financial statement -leases in the annual report of the company for the year ended 31st March,2019, for the erstwhile policy as per Ind AS 17.

**T. Segment reporting**

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates the resources based on an analysis of various performances. The analysis of geographical segments is based on the geographical location of the customers wherever required.

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

**Segment Policies:**

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

**U. Exceptional items:**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group , such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the Consolidated financial statements.

**3.3 USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated 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 Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**a. Determination of the estimated useful life of tangible assets**

Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support.

**b. Defined benefit plans (gratuity benefits)**

A liability in respect of defined benefit plans is recognized 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.

**c. 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.

**d. Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financials instruments.

**e. Provision against obsolete and slow-moving inventories**

The Group reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Group estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Group reassesses the estimation on each balance sheet date.

**f. Impairment of financial assets**

The Group assesses impairment based on expected credit losses (ECL) model on trade receivables. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

**g. Impairment of non- financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group 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.

**h. Other Provisions**

Significant estimates are involved in the determination of provisions. Legal proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a Legal Proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

## 4 Property, Plant & Equipments

₹ in Lakhs

| Particulars | Land-Free Hold | Factory Building | Office Building | Electric Installations | Plant and Equipment | Data Processing Machines | Research & Deve-lopment Equipment | Furniture and Fixtures | Vehicles | Office equip ment | Wind Power Gene rators | Tech nical Books | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount As at 01-04-2019** | **405.32** | **1,714.69** | **122.39** | **316.97** | **22,510.51** | **200.83** | **755.87** | **152.32** | **382.19** | **63.49** | **220.50** | **2.77** | **26,847.93** |
| Additions | - | 207.81 | - | 317.50 | 4,195.67 | 26.99 | 190.53 | 45.67 | 122.52 | 23.13 | 210.00 | - | 5,339.82 |
| Disposals | - | - | - | (32.69) | (219.78) | (0.92) | - | - | (36.93) | - | - | - | (290.32) |
| **Gross carrying amount As at 31-03-2020** | **405.32** | **1,922.50** | **122.39** | **601.78** | **26,486.40** | **226.90** | **946.40** | **197.99** | **467.78** | **86.62** | **430.50** | **2.77** | **31,897.43** |
| **Accumulated depreci-ation As at 01-04-2019** | **-** | **228.91** | **7.08** | **77.22** | **2,465.54** | **88.82** | **113.97** | **67.08** | **92.90** | **21.90** | **38.95** | **0.45** | **3,202.82** |
| Charge for the year | - | 92.03 | 2.36 | 43.60 | 1,435.58 | 46.50 | 51.12 | 18.15 | 56.36 | 12.74 | 29.69 | 0.09 | 1,788.24 |
| On Disposals | - | - | - | (26.31) | (110.71) | (0.87) | - | - | (22.19) | - | - | - | (160.08) |
| **Closing accumulated depreciation As at 31-03-2020** | **-** | **320.94** | **9.44** | **94.51** | **3,790.41** | **134.45** | **165.09** | **85.23** | **127.07** | **34.64** | **68.64** | **0.54** | **4,830.98** |
| **Net carrying amount:** | | | | | | | | | | | | | |
| **As at 31-03-2020** | **405.32** | **1,601.55** | **112.95** | **507.28** | **22,695.99** | **92.45** | **781.31** | **112.76** | **340.71** | **51.98** | **361.86** | **2.23** | **27,067.75** |
| **As at 31-03-2019** | **405.32** | **1,485.78** | **115.30** | **239.75** | **20,044.96** | **112.01** | **641.90** | **85.25** | **289.29** | **41.58** | **181.55** | **2.32** | **23,645.11** |

**Notes:**

(i) Assets pledged as security :

The free hold Land and Buildings except free hold land amounting to ₹ 93.23 Lakhs, all movable Plant and Machineries and other assets are pledged as security on pari passu basis to the bankers under a mortgage. The Group is not allowed to sell these assets to other entity.

(ii) The Holding Company is in the process for transfer of ownership related for the wind power generators.

## 4 Property, Plant & Equipments

₹ in Lakhs

| Particulars | Land-Free Hold | Factory Building | Office Building | Electric Installations | Plant and Equipment | Data Processing Machines | Research & Deve-lopment Equipment | Furniture and Fixtures | Vehicles | Office equip ment | Wind Power Gene rators | Tech nical Books | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount As at 01-04-2018** | **405.32** | **875.10** | **122.39** | **247.81** | **16,545.44** | **149.65** | **605.29** | **135.57** | **356.37** | **49.40** | **220.50** | **2.77** | **19,715.65** |
| Additions | - | 839.59 | - | 69.16 | 6,022.57 | 51.18 | 150.58 | 16.75 | 69.65 | 15.38 | - | - | 7,234.91 |
| Disposals | - | - | - | - | (57.50) | - | - | - | (43.83) | (1.29) | - | - | (102.63) |
| **Gross carrying amount As at 31-03-2019** | **405.32** | **1,714.69** | **122.39** | **316.97** | **22,510.51** | **200.83** | **755.87** | **152.32** | **382.19** | **63.49** | **220.50** | **2.77** | **26,847.93** |
| **Accumulated depreciation As at 01-04-2018** | **-** | **159.42** | **4.72** | **44.26** | **1,363.38** | **48.04** | **70.53** | **48.36** | **81.46** | **14.21** | **19.90** | **0.36** | **1,854.64** |
| Charge for the year | - | 69.49 | 2.36 | 32.96 | 1,132.38 | 40.78 | 43.44 | 18.72 | 46.06 | 8.92 | 19.05 | 0.09 | 1,414.25 |
| On Disposals | - | - | - | - | (30.22) | - | - | - | (34.62) | (1.23) | - | - | (66.07) |
| **Closing accumulated depreciation As at 31-03-2019** | **-** | **228.91** | **7.08** | **77.22** | **2,465.54** | **88.82** | **113.97** | **67.08** | **92.90** | **21.90** | **38.95** | **0.45** | **3,202.82** |
| **Net carrying amount:** | | | | | | | | | | | | | |
| **As at 31-03-2019** | **405.32** | **1,485.78** | **115.30** | **239.75** | **20,044.96** | **112.01** | **641.90** | **85.25** | **289.29** | **41.58** | **181.55** | **2.32** | **23,645.11** |
| **As at 31-03-2018** | **405.32** | **715.68** | **117.67** | **203.55** | **15,182.06** | **101.61** | **534.76** | **87.21** | **274.91** | **35.19** | **200.60** | **2.41** | **17,860.89** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Notes:**

(i) Assets pledged as security :
The free hold Land and Buildings except free hold land amounting to ₹ 93.23 Lakhs, all movable Plant and Machineries and other assets are pledged as security on pari passu basis to the bankers under a mortgage. The Group is not allowed to sell these assets to other entity.

(ii) Borrowing cost capitalised during the year amounts to ₹NIL (P.Y.₹ 307.60)

(iii) The Holding Company is in the process for transfer of ownership related for the wind power generators.

**5. Capital work-in-progress**

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Capital Work in Progress | 1,862.90 | 3,277.65 |

**6. Right of use asset**

₹ in Lakhs

| Particulars | As on 31st March, 2020 |
|---|---|
| **Gross carrying amount as at 1st April 2019** | - |
| Additions during the year (Refer note 40(E)) | 2,401.56 |
| **Gross carrying amount as at 31st March, 2020** | **2,401.56** |
| **Accumulated depreciation as at 1st April 2019** | - |
| Depreciation charged during the year(Refer note 40(E)) | 801.84 |
| **Accumulated depreciation as at 31st March, 2020** | 801.84 |
| **Net carrying amount as at 31st March, 2020** | **1,599.72** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 7. Investments

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Investments at Fair Value Through Other Comprehensive Income** | | |
| **Investment in Equity Instruments (Quoted fully paid up)** | | |
| 1,56,650 (31st March, 2019: 1,56,650) equity shares of Excel Industries Limited | 700.30 | 1,797.79 |
| **Investment in Equity Instruments (Unquoted fully paid up)** | | |
| 9,49,315 (31st March, 2019: 9,49,315) equity shares of Transpek-Silox Industry Private Limited | 11,088.00 | 13,100.55 |
| 400 (31st March, 2019: 400) equity share of Co-operative Bank of Baroda Limited | 0.10 | 0.10 |
| 10 (31st March, 2019:10) equity shares of Pragati Sahakari Bank Limited # | 0.00 | 0.00 |
| **Total (A)** | **11,788.40** | **14,898.44** |
| **Investments carried at amortized cost** | | |
| 12 Years National Defence Certificate | 0.01 | 0.01 |
| 7 Years National Saving Certificate | 0.03 | 0.03 |
| **Total (B)** | **0.04** | **0.04** |
| **Total - (A+B)** | **11,788.44** | **14,898.48** |
| Aggregate amount of quoted investments | 700.30 | 1,797.79 |
| Aggregate amount of unquoted investments | 11,088.14 | 13,100.69 |

# Amount less than thousand.

### 8. Loans

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security Deposit * | 172.77 | 189.35 |
| Deferred Deposit | 6.19 | 19.47 |
| **Total** | **178.96** | **208.82** |

*Security Deposit includes amount of ₹ 120.00 lakhs ( P.Y.₹ Rs. 150.00 lakhs ) to related party.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 9. Other Financial Assets

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Bank deposits with more than 12 months of original maturity * | 130.00 | 124.00 |
| **Total** | **130.00** | **124.00** |

* The above deposits are maintained for the purpose of Deposit Repayment Reserve Accounts as required under section 73(5) of the Companies Act, 2013 and the rules made there under.

### 10. Other Non Current Assets

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital Advances (Refer note no 38A(d)(i)) | 171.28 | 361.30 |
| Balances with government authorities | | |
| Taxes paid in advance (net of provisions) | 195.29 | 54.04 |
| VAT recoverable | 19.97 | 23.69 |
| **Total** | **386.54** | **439.03** |

### 11. Inventories

(At lower of cost and net realisable value)

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Raw materials | 2,258.67 | 2,534.47 |
| Work-in-process | 133.75 | 399.59 |
| Finished goods (Includes Stock in transit of ₹ 79.14 lakhs(P.Y ₹. 511.67 lakhs) | 1,742.54 | 2,198.82 |
| Stores and spares | 703.79 | 392.98 |
| Packing Materials | 75.71 | 43.68 |
| Fuel | 52.35 | 40.15 |
| **Total** | **4,966.81** | **5,609.69** |

**Notes**

(i) The above inventories are pledged as securities to the bankers on pari passu basis against the fund based and non fund based credit limits availed or to be availed by the Holding Company.

(ii) During the year and in previous year there are no instances with respect to write down of inventories from cost to net realizable value, nor there have been any reversal of the write down.

### 12. Trade Receivables

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Trade Receivables considered Good-Secured | | |
| Trade receivable Unsecured, considered good | 9,202.64 | 9,339.60 |
| Trade Receivables which have significant increase in credit risk | 19.60 | 24.37 |
| Trade Receivables - Credit Impaired | | |
| Less: Loss Allowance | (26.59) | (18.18) |
| **Total** | **9,195.65** | **9,345.79** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 13. Cash and cash equivalents

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Balances with banks** | | |
| In current accounts | 13.68 | 7.35 |
| Cash in hand | 26.67 | 18.23 |
| **Total** | **40.35** | **25.58** |

### 14. Bank balances other than above

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| Term deposits with original maturity for more than 3 months but less than 12 months* | 1.40 | 1.15 |
| Balances held as margin money against letters of credit issued by banks and Bill Discounting | 2.02 | 1.00 |
| Balances held in unpaid dividend accounts | 39.59 | 27.89 |
| Balances held in unpaid interest on fixed deposit accounts | 29.89 | 20.81 |
| **Total** | **72.90** | **50.85** |

* Fixed Deposits pledged with Government authorities as at 31st March, 2020 is ₹ 1.40 lakhs (P.Y. ₹ 1.15 lakhs)

### 15. Loans

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advances to employees | 10.92 | 33.12 |
| Security Deposits with related party | 0.00 | 20.00 |
| **Total** | **10.92** | **53.12** |

### 16. Other Financial Assets

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| -Forward contracts outstanding | - | 118.65 |
| -Interest accrued on deposits | 10.17 | 0.11 |
| -Other receivables | - | 44.24 |
| **Total** | **10.17** | **163.00** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**17. Other Current Assets**

₹ in Lakhs

| Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advances to suppliers | 366.62 | 244.06 |
| Expenses paid in advance | 177.15 | 277.91 |
| Balances with Government authorities | 1,235.07 | 1,503.33 |
| **Total** | **1,778.84** | **2,025.30** |

**18. Share Capital**

**(i) Authorised Share Capital**

| Particulars | Equity Share Capital | | Preference Share Capital | |
|---|---|---|---|---|
| | Number of shares | Amount (₹ in Lakhs) | Number of shares | Amount (₹ in Lakhs) |
| **As at 1st April, 2018** | **75,00,000** | **750** | **5,00,000** | **500** |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2019** | **75,00,000** | **750** | **5,00,000** | **500** |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2020** | **75,00,000** | **750** | **5,00,000** | **500** |

**(ii) Issued Share Capital**

| Particulars | Equity Share Capital | | Preference Share Capital | |
|---|---|---|---|---|
| | Number of shares | Amount (₹ in Lakhs) | Number of shares | Amount (₹ in Lakhs) |
| **As at 1st April, 2018** | **55,85,569** | **558.56** | **-** | **-** |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2019** | **55,85,569** | **558.56** | **-** | **-** |
| Increase /(decrease) during the year | - | - | - | - |
| **As at 31 March, 2020** | **55,85,569** | **558.56** | **-** | **-** |

**(iii) The rights, preferences and restrictions attaching to each class of shares :**

**Equity shares with voting rights :**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any remaining assets of the company, after distribution of all preferential amounts and repayment towards Preference share holders, if any.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iv) Shares held by shareholders each holding more than 5% of the shares**

| Shareholders | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---|---|---|---|
| | No. of Shares | Percentage | No. of Shares | Percentage |
| Anshul Speciality Molecules Private limited | 13,76,440 | 24.64% | 13,76,440 | 24.64% |
| Kamaljyot Investments Limited | 7,02,703 | 12.58% | 7,02,703 | 12.58% |
| Shruti A. Shroff | 3,07,225 | 5.50% | 3,07,225 | 5.50% |

**(v) Details of Shares bought back by the company in the immediately preceding five years from the date of Balance sheet**

The Company had bought back 2,86,471 shares. The details of the same are as under:

| Year | Shares (Number) | Face Value per share | Total Face Value (₹ in Lakhs) | Premium Per Share ₹ | Total Premium (₹ in Lakhs) | Grand Total (₹ in Lakhs) |
|---|---|---|---|---|---|---|
| 2016-17 | 2,86,471 | 10 | 28.64 | 461.25 | 1,321.33 | 1,349.97 |

**19. Other Equity**

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Capital Reserve | 19.00 | 19.00 |
| Capital Redemption Reserve | 28.65 | 28.65 |
| Securities Premium Account | 202.75 | 202.75 |
| General Reserve | 3,417.71 | 3,417.71 |
| Equity Instruments through Other Comprehensive Income | 8,883.75 | 11,442.48 |
| Foreign Currency translation reserve | (0.00) | 0.02 |
| Retained Earnings | 20,734.10 | 15,471.11 |
| **Total** | **33,285.96** | **30,581.72** |
| **(i) Capital Reserve (On amalgamation of subsidiary company)** | | |
| Opening/closing balance | 19.00 | 19.00 |
| **(ii) Capital Redemption Reserve ( On account of buyback of Shares)** | | |
| Opening/closing balance | 28.65 | 28.65 |
| **(iii) Securities Premium (Excess of face value of the equity shares)** | | |
| Opening/closing balance | 202.75 | 202.75 |
| **(iv) General Reserve (transfer of a portion of the net profit)** | | |
| Opening/closing balance | 3,417.71 | 3,417.71 |
| **(v) Equity Instruments through Other Comprehensive Income (Refer note 1 below)** | | |
| As per last Balance Sheet | 11,442.48 | 10,972.92 |
| Add/Less : Additions/(Deletions) during the year | (2,558.73) | 469.56 |
| **Balance at the end of the year** | **8,883.75** | **11,442.48** |
| **(vi) Foreign Currency translation reserve** | | |
| As per last Balance Sheet | 0.02 | 0.02 |
| Add/Less : Additions/(Deletions) during the year | (0.02) | 0.00 |
| **Balance at the end of the year** | **(0.00)** | **0.02** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **(vii) Retained Earnings** | | |
| Opening balance | 15,471.11 | 9493.94 |
| Add: Net Profit for the Year | 7,294.15 | 6573.70 |
| Add/(Less): Remeasurement of the Net Defined benefit liability/asset, net of tax effect | (11.05) | 9.51 |
| Less : Dividends paid including dividend tax thereon | (1,346.74) | (606.03) |
| Less : Interim Dividends paid including dividend tax thereon (Refer note 2 below) | (673.37) | 0.00 |
| **Closing balance** | **20,734.10** | **15471.11** |
| **Total** | **33,285.96** | **30,581.72** |

Note: 1. Equity instrument held at FVOCI: The company has elected to recognise changes in the fair value of certain investment in equity instruments in other comprehensive income. This amount will be reclassified to retained earnings on de-recognition of equity instrument.

Note: 2. The Holding company had declared and paid interim dividend at the rate 100% , i.e.,₹ 10/- per equity share, as approved by the Board of Directors at the Board meeting dated 26th February, 2020.

### 20. Borrowings

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured - at amortized cost** | | |
| **(a) Term Loans** | | |
| - from Banks (Refer note (i) and (ii)) | 2,566.21 | 4,007.24 |
| **Unsecured - at amortized cost** | | |
| **(a) Deposits** | | |
| - Deposits from members (Refer note - (iii) and (iv) below) | 1,894.87 | 2,620.87 |
| **(b) Unsecured Loans from Related Parties. ( Refer note-(v) below)** | | |
| - Deposits from Directors | - | 250.00 |
| | - | 250.00 |
| **Total** | **4,461.08** | **6,878.11** |

**(i) Nature of security:**

The above Term loans/ Capex loans are secured by first charge by way of hypothecation of all the movable machinery financed or to be financed under the said term/ capex loans by the respective banks. The above loans are further secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the Holding Company, both present and future, on pari passu basis. They are further secured by second charge by way of hypothecation over entire current assets including stock and book debts with current charge holders on pari passu basis. The Corporate working capital term loans are secured by way of pari passu first hypothecation charge over entire current assets of the Holding company, present and future, ranking pari passu with other term lenders.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(ii) Maturity profile of Secured Term loans are set out below:**

(Interest rate range from 8.75 % to 10.80 %) ₹ In Lakhs

| Particular | Term loans - from Banks |
|---|---|
| 1-2 years | 1,300.00 |
| 2-3 years | 1,300.00 |
| 3-4 years | - |

(iii) Deposits from members are repayable within a period of 2-3 years from the date of acceptance. The interest rate for the same ranges from 8.75% to 10.20%

(iv) Deposits from members includes deposits from related parties amounting to as at 31st March, 2020 : ₹4.61 lakhs (P.Y: ₹ 29.61 lakhs)

(v) Unsecured Loan from Related Parties aggregating to ₹ Nil (P.Y. ₹ 250.00 lakhs). The interest rate for the same is 9.90 %.

### 21. Other Financial Liabilities

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Lease liabilities(refer note 40 (E)) | 959.15 | - |
| **Total** | **959.15** | **-** |

### 22. Provisions

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for compensated absences (Refer note 40(B)(b)) | 359.02 | 330.88 |
| **Total** | **359.02** | **330.88** |

### 23. Deferred tax (assets) / Liabilities Net

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Deferred Tax Liability** | | |
| Related to Property, Plant and Equipments and Intangible asset | 3,419.42 | 3,285.29 |
| Financial Asset at fair value through other comprehensive income | 2,387.16 | 2,938.47 |
| Remeasurements of the defined benefit plans | 0.49 | 5.03 |
| **Total** | **5,807.07** | **6,228.79** |
| **Deferred Tax Assets** | | |
| Provision For Employee Benefit | 111.88 | 125.90 |
| Others | 42.20 | 6.29 |
| **Total** | **154.08** | **132.19** |
| **Deferred tax (assets) / liabilities net** | **5,652.99** | **6,096.60** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 24. Borrowings

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Secured - at amortized cost** | | |
| (a) Loans repayable on demand | | |
| - from banks | 2,202.77 | 4,136.32 |
| (b) Acceptances from Bank | 1,023.82 | 1,005.80 |
| (Refer note (i) below) | | |
| **Total** | **3,226.59** | **5,142.12** |

(i) The above Cash/ Export credit facilities, Short term loan, Buyers credit and Bills discounting from Consortium bankers, i.e., State Bank of India, Axis Bank Limited, Bank of Baroda and IDBI Bank Limited are secured by first charge by way of hypothecation of stocks of raw materials, packing materials, consumable stores, finished goods, semi-finished goods and book debts of the holding company, on pari passu basis. The aforesaid credit facilities are further secured by way of charge on all the fixed assets of the Holding company ranking second and subservient for the charges created in respect of borrowings obtained from them. The interest rate for the same ranges from 9.05 % to 9.65 %.

## 25. Trade Payables

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Trade payables | | |
| - Total outstanding dues of Micro enterprises and small enterprises (Refer note 41 (A) ) | 511.94 | 295.36 |
| - total outstanding dues other than Micro and small enterprises | 4,705.85 | 5,629.28 |
| **Total** | **5,217.79** | **5,924.64** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 26. Other Financial Liabilities

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Current maturities of long-term debt (Refer Note (i) below) | 1,466.67 | 1,633.33 |
| Current maturities of unsecured deposits (Refer Note(ii) below) | 1,583.89 | 745.97 |
| Interest accrued but not due on borrowings | 281.67 | 203.37 |
| Unpaid dividend(*) | 39.59 | 27.89 |
| Unpaid matured deposits and interest accrued thereon | 3.65 | 4.84 |
| Security deposits | 11.05 | 11.05 |
| Forward contracts outstanding | 217.76 | - |
| Lease liabilities(refer note 40(E)) | 904.43 | - |
| **Total** | **4,508.71** | **2,626.45** |

(*) To be deposited with Investor Education and Protection Fund as and when they become due.

Note (i): Current maturities of long-term debt (Refer Notes (i) in Note 20 - Long-term borrowings for details of security and guarantee):

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| (a) Secured Term loans from banks: | 1,466.67 | 1,633.33 |
| (The Interest rate for the same ranges from 8.75% to 10.80%) | | |
| **Total** | **1,466.67** | **1,633.33** |

**Note (ii): Current maturities of unsecured deposits**

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Current maturities of unsecured deposits | 1,583.89 | 745.97 |
| (The Interest rate for the same ranges from 8.75% to 10.20 %) | | |
| **Total** | **1,583.89** | **745.97** |

(i) Includes deposits from related parties amounting to as at 31 March, 2020 : ₹ 29.00 lakhs (P.Y : ₹ 104.00 lakhs)

### 27. Other Current Liabilities

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Advances from customers | 2.99 | 219.65 |
| Statutory dues payable | 59.50 | 36.69 |
| Salary and Wages payable | 109.15 | 334.83 |
| Other payables | 517.29 | 593.25 |
| **Total** | **688.93** | **1,184.42** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 28. Provisions

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| - Provision for compensated absences (Refer Note 40(B)(b)) | 25.20 | 25.19 |
| - Provision for gratuity (net) (Refer Note 40(a)) | 3.64 | 49.32 |
| - Provision for Bonus/ Ex-gratia | 142.33 | 134.31 |
| **Total** | **171.17** | **208.82** |

## 29. Current Tax Liabilities

₹ in Lakhs

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Provision for income tax (Net of Advance Tax) | - | 334.09 |
| **Total** | **-** | **334.09** |

## 30. Revenue from Operations

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Sale of products | 56,326.26 | 59,233.41 |
| Other operating revenues | 237.52 | 223.16 |
| **Total** | **56,563.78** | **59,456.57** |

**Note 30 (i) Other operating revenue comprises of :**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Income from sale of scrap and other items | 83.29 | 101.29 |
| Income from wind power | 154.23 | 121.87 |
| **Total** | **237.52** | **223.16** |

## 31. Other Income

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Interest Income | 38.28 | 33.34 |
| Dividend Income | | |
| ( From equity Instruments designated at fair value through other comprehensive income) | 316.67 | 227.68 |
| Other Non-Operating Income | | |
| (net of expenses directly attributable to such income) | 16.85 | 12.68 |
| Export incentives and duty drawbacks | 1,367.35 | 1,506.65 |
| **Total** | **1,739.15** | **1,780.35** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Note- 31 (i) Interest Income Comprises of**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Interest on Financial Assets (measured at amortized cost) | | |
| Banks deposits | 9.80 | 12.32 |
| Other deposits | 18.43 | 21.02 |
| Interest on tax refunds | 10.05 | - |
| **Total** | **38.28** | **33.34** |

**Note- 31(ii) Other non- operating income comprises of :**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Insurance claims | 4.45 | 9.36 |
| Sale of Technical know how | 12.40 | 3.32 |
| **Total** | **16.85** | **12.68** |

**32. Cost of materials consumed**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **Raw Material Consumption** | | |
| Opening Stock | 2,534.47 | 1,963.20 |
| Add: Purchases | 25,035.36 | 31,003.59 |
| | **27,569.83** | **32,966.79** |
| Less: Closing stock | 2,258.67 | 2,534.47 |
| **Cost of Material Consumed** | **25,311.16** | **30,432.32** |
| **Total** | **25,311.16** | **30,432.32** |

**33. Purchase of Traded goods**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Organic Chemicals | - | 7.46 |
| **Total** | **-** | **7.46** |

**34. Changes in Inventories of finished goods, Work in Progress and Stock-in-Trade**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **Inventories at the beginning of the year:** | | |
| Finished Goods | 2198.82 | 2131.73 |
| Semi Finished Goods | 399.59 | 127.48 |
| | **2598.41** | **2259.21** |
| **Inventories at the end of the year:** | | |
| Finished Goods | 1742.54 | 2198.82 |
| Semi Finished Goods | 133.75 | 399.59 |
| | **1876.29** | **2,598.41** |
| **Net Change in Inventories** | **722.12** | **(339.20)** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

### 35. Employee Benefit expenses

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Salaries, wages , bonus, allowances ,etc. | 3,984.84 | 3,691.46 |
| Contributions to Provident and other funds | 541.29 | 481.47 |
| Staff welfare expenses | 416.12 | 348.91 |
| **Total** | **4,942.25** | **4,521.84** |

### 36. Finance Costs

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Interest costs: | | |
| (i) Interest on borrowings | 1,097.27 | 1,543.56 |
| (ii) Others | 32.89 | 60.87 |
| (iii) Interest Expense on Lease Liabilities | 165.42 | - |
| Other borrowing costs | 289.25 | 291.66 |
| **Total** | **1,584.83** | **1,896.09** |

### 37. Other Expenses

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Consumption of stores and spare parts | 127.55 | 161.63 |
| Power and fuel | 3,850.94 | 3,763.71 |
| Consumption of Packing Materials | 355.29 | 380.81 |
| Rent (Refer Note No 40(E)(ii)) | 22.64 | 863.35 |
| **Repairs and maintenance** | | |
| Buildings | 40.17 | 40.19 |
| Machineries | 1,548.62 | 949.61 |
| Others | 299.73 | 267.14 |
| Insurance | 248.77 | 123.96 |
| Rates and taxes (other than taxes on income) | 11.48 | 10.38 |
| Freight and Forwarding charges | 4,208.74 | 3,954.22 |
| Contractor's Charges | 312.02 | 301.84 |
| Commission | 531.60 | 411.56 |
| Travelling and Conveyance | 286.40 | 261.73 |
| Legal and Professional charges | 315.11 | 323.36 |
| Sales Promotion Expenses | 121.72 | 88.82 |
| Payment to Auditors | 14.96 | 12.54 |
| Director Sitting Fees | 19.20 | 17.50 |
| Non Executive Director's Commission | 59.77 | 103.76 |
| Donation and contributions(Refer Note no. 41(D)) | 309.86 | 199.82 |
| Loss on disposal of assets(Net) | 54.46 | 5.83 |
| Net loss on foreign currency transactions/translations | 81.78 | 17.77 |
| Corporate Social Responsibility expenditure (Refer Note no.41 (C)) | 108.40 | 101.33 |
| Loss Allowance | 8.41 | 6.46 |
| Miscellaneous expenses | 862.92 | 806.34 |
| **Total** | **13,800.54** | **13,173.66** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**38. Additional information to the financial statements**

**(A) Contingent Liabilities and Capital Commitments**

**₹ in Lakhs**

| | Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **(a)** | **Contingent Liabilities** | | |
| | (i) Claims against the Group not acknowledged as debts (on account of outstanding law suits) | 13.24 | 13.24 |
| **(b)** | **No provision has been made for following demands raised by the authorities since the group has reason to believe that it would get relief at the appellate stage as the said demand are excessive and erroneous** | | |
| | (i) Disputed Income tax Liability | 13.16 | 30.12 |
| | - Against which amount already paid As at 31st March, 2020 ₹ 13.16 lakhs (As at 31st March, 2019 ₹ 13.16 lakhs) | | |
| | (ii) Disputed Sales tax Liability | 6.63 | 6.63 |
| | - Against which amount already paid As at 31st March, 2020 ₹ 6.63 lakhs (As at 31st March, 2019 ₹ 6.63 lakhs) | | |
| | (iii) Disputed Excise & Service Tax Liability | 739.24 | 789.23 |
| | - Against which amount already paid As at 31st March, 2020 ₹ 115.64 lakhs (As at 31st March, 2019 ₹ 108.66 lakhs) | | |
| **Total** | | **772.27** | **839.22** |
| **(c)** | **Guarantees given by Banks to third parties on behalf of the Group** | 253.31 | 250.98 |
| **(d)** | **Commitments** | | |
| | (i) Estimated amount of contracts remaining to be executed on capital account & not provided for Net of Advances As at 31st March, 2020 ₹ 171.28 lakhs ( As at 31st March, 2019 ₹ 361.30 lakhs) | | |
| | - Property, Plants & Equipments | 1,104.11 | 987.07 |
| | (ii) Other Commitments - | | |

(a) The group has a commitment to pay ₹ 6.00 Lakhs Per Month (subject to indexation) to Mr. Atul Shroff (director) during his lifetime and thereafter ₹ 3.00 Lakhs Per Month to his spouse during her lifetime.

(b) The group has entered into an agreement with TML Industries Limited whereby the company has to pay fixed amount of ₹ 60.00 Lakhs on monthly basis against the entire facility reserved by the above related party exclusively for the Holding company for carrying manufacturing activities of its products.

**(B) Auditor's Remuneration**

**₹ in Lakhs**

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Audit Fees (including for quarterly limited review) | 13.00 | 11.00 |
| For certification | 1.50 | 1.02 |
| Out of pocket expenses | 0.46 | 0.52 |
| **Total** | **14.96** | **12.54** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 39. TAX EXPENSE

₹ in Lakhs

| | Particular | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|
| (a) | **Income tax expense** | | |
| | *Current* tax | | |
| | Current tax on profits for the year | 2,051.18 | 2,293.09 |
| | Income Tax adjustments for earlier years | (105.67) | - |
| | | **1,945.51** | **2,293.09** |
| | *Deferred* tax | | |
| | Deferred tax for the year* | 112.29 | 1,263.72 |
| | | 112.29 | 1,263.72 |
| | | **2,057.80** | **3,556.81** |

*excludes below tax impact on Other Comprehensive Income

| | | | |
|---|---|---|---|
| (b) | **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate** | | |
| | Profit before income tax expense | 9,351.96 | 10,130.51 |
| | **Tax at the Indian tax rate of 29.12% (2018-2019 - 34.94%)** | 2,723.29 | 3,540.01 |
| | Tax effect of amounts which are not deductible / (taxable) in calculating taxable income: | | |
| | Tax-exempt income (Dividend) | (91.07) | (78.16) |
| | Non-deductible tax expenses | | |
| | (Disallowances Under Section 14A and 43B of the Income Tax Act,1961 and Capital Expenditure, Depreciation expense and other disallowances) | (316.21) | 269.66 |
| | Deductible tax expenses (Allowances Under Section 35(2AB)) | (119.64) | (112.87) |
| | Deductible tax expenses (Allowances Under Section 43B) | (32.91) | (14.07) |
| | Tax adjustment of earlier years and others | (105.67) | (47.76) |
| | **Income Tax Expense** | **2,057.80** | **3,556.81** |

## 40. Disclosures under Indian Accounting Standards

### (A) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity share holders of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity share holders of the Holding Company by the weighted average number of equity shares outstanding during the year.

**i. Profit attributable to Equity holders of Holding Company** ₹ In lakhs

| | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| **Profit attributable to equity share holders of the Holding Company for basic and diluted earnings per share** | 7,294.15 | 6,573.70 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**ii. Weighted average number of ordinary shares**

| | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| **Weighted average number of shares as at 31st March for basic and diluted earnings per shares** | 55,85,569 | 55,85,569 |
| **Basic/Diluted earnings per share (in ₹)** | 130.59 | 117.69 |

**(B) Employee benefits**

**(a) Defined benefit plan:**

The Holding company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded. The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

**Risks associated with defined benefit plan**

Interest rate risk: A fall in the discount rate which is linked to the Government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan has a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

**Characteristics of defined benefit plans**

During the year, there were no plan amendments, curtailments and settlements.

The following table sets out the status of the gratuity plan and the amounts recognised in the consolidated financial statements as at 31st March, 2020. (₹ in lakhs)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| a) Reconciliation in present value of obligations (PVO) - defined benefit obligation: | Gratuity - Funded as on 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| **PVO at the beginning of the year** | **1,328.74** | **1,227.03** |
| Current service cost | 72.55 | 67.48 |
| Interest cost | 103.24 | 94.84 |
| Actuarial (Gains)/Losses on obligations- Due to Change in Financial Assumption | (6.70) | (3.77) |
| Actuarial (Gains)/Losses on obligations- Due to Experience | 8.98 | (7.73) |
| Benefits paid | (95.27) | (49.11) |
| Accrued Payment | - | - |
| **PVO at the end of the year** | **1,411.54** | **1,328.74** |

₹ in Lakhs

| b) Change in fair value of plan assets: | Gratuity - Funded as on 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| **Fair value of plan assets at the beginning of the year** | **1,279.42** | **1,173.97** |
| Interest Income | 99.41 | 90.74 |
| Return on Plan Assets, Excluding Interest Income | (13.31) | 3.03 |
| Contributions by the employer | 137.65 | 60.79 |
| ( Benefits paid from the Fund ) | (95.27) | (49.11) |
| **Fair value of plan assets at the end of the year** | **1,407.90** | **1,279.42** |

₹ in Lakhs

| c) Reconciliation of PVO and fair value of plan assets: | Gratuity - Funded as on 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| PVO at the end of period | 1,411.54 | 1,328.74 |
| Fair value of planned assets at the end of year | 1,407.90 | 1,279.42 |
| Funded status | (3.64) | (49.32) |
| Net asset/(liability) recognised in the balance sheet | (3.64) | (49.32) |

₹ in Lakhs

| d) Net Interest Cost for Current Period | Gratuity - Funded as on 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Present Value of Benefit Obligation at the Beginning of the Period | 1,328.74 | 1,227.03 |
| (Fair Value of Plan Assets at the Beginning of the Period) | (1,279.42) | (1,173.96) |
| Net Liability/ ( Asset) at the Beginning | 49.32 | 53.07 |
| Interest cost | 96.54 | 94.84 |
| ( Interest Income ) | (96.30) | (90.74) |
| Net Interest Cost for Current Period | 0.24 | 4.10 |

₹ in Lakhs

| e) Expenses Recognized in the Statement of Profit or Loss for Current Period | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Current Service Cost | 72.55 | 67.48 |
| Net Interest Cost | 0.24 | 4.10 |
| **Expenses Recognized** | **72.79** | **71.58** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**₹ in Lakhs**

| f) Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Actuarial ( Gains) Losses on Obligation for the Period | 2.28 | (11.50) |
| Return on Plan Assets, Excluding Interest Income | 13.31 | (3.03) |
| **Net ( Income)/ Expense For the Period Recognized in OCI** | **15.59** | **(14.53)** |

**₹ in Lakhs**

| g) Balance Sheet Reconciliation | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Opening Net Liability | 49.32 | 53.07 |
| Expense Recognized in Statement of Profit Or Loss | 72.79 | 71.58 |
| Expense Recognized in OCI | 15.59 | (14.53) |
| ( Employer's Contribution ) | (137.65) | (60.79) |
| **Net Liability ( Assets) Recognized in the Balance Sheet** | **0.05** | **49.33** |

**₹ in Lakhs**

| h) Category of Assets | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Insurance Fund | 1,407.90 | 1,279.42 |
| **Total** | **1,407.90** | **1,279.42** |

**₹ in Lakhs**

| i) Other Details | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| No. of Active Members | 587.00 | 581.00 |
| Per Month Salary for Active Members | 141.57 | 132.09 |
| Weighted Average Duration of the Projected Benefit Obligation | 8.00 | 9.00 |
| Average Expected Future Service | 14.00 | 14.00 |
| Projected Benefit Obligation | 1,411.54 | 1,328.74 |
| Prescribed Contribution for Next Year (12 Months) | 81.15 | 121.87 |

**₹ in Lakhs**

| j) Net Interest Cost for Next Year | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Present Value of Benefit Obligation at the End of the Period | 1,411.54 | 1,328.74 |
| ( Fair Value of Plan Assets at the End of the Period ) | (1,407.90) | (1,279.42) |
| Net Liability/(Asset ) at the End of the Period | 3.64 | 49.32 |
| Interest Cost | 96.54 | 103.24 |
| ( Interest Income ) | (96.30) | (99.41) |
| **Net Interest Cost for Next Year** | **0.24** | **3.83** |

**₹ in Lakhs**

| k) Expenses Recognized in the statement of Profit or Loss for Next Year | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Current Service Cost | 77.51 | 72.55 |
| Net Interest | 0.24 | 3.83 |
| **Expenses Recognized** | **77.75** | **76.38** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| l) Major category of assets as at: | Gratuity - Funded as on | |
|---|---|---|
| | 31st March, 2020 | 31st March, 2019 |
| Insurer Managed funds | 1,407.90 | 1,279.42 |

| m) Assumption used in accounting for the gratuity plan: | Gratuity - Funded as on | |
|---|---|---|
| | 31st March, 2020 | 31st March, 2019 |
| Expected return on plan assets (%) | 6.84% | 7.77% |
| Rate of Discounting | 6.84% | 7.77% |
| Rate of Salary Increase | 7.00% | 8.00% |
| Rate of Employee Turnover | 2.00% | 2.00% |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Mortality Rate after Employment | N.A | N.A |

**Note 1:** Discount rate is determined by reference to market yields at the balance sheet date on Government bonds, where the currency and terms of the Government bonds are consistent with the currency and estimated terms for the benefit obligation.

**Note 2:** The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**Note 3:** 100% of the plan assets are invested in group gratuity scheme offered by LIC of India.

₹ in Lakhs

| Maturity Analysis of the Benefit Payments : From the Fund | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| 1st Following Year | 111.40 | 111.94 |
| 2nd Following Year | 96.49 | 76.25 |
| 3rd Following Year | 112.90 | 121.93 |
| 4th Following Year | 89.57 | 101.70 |
| 5th Following Year | 120.46 | 90.81 |
| Sum of Years 6 to 10 | 857.63 | 866.05 |
| Sum of Years 11 and above | 1,181.17 | 1,338.04 |

**Sensitivity analysis**

₹ in Lakhs

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 1,411.54 | 1,328.74 |
| Delta Effect of +1 % Change in Rate of Discounting | (92.41) | (88.56) |
| Delta Effect of -1 % Change in Rate of Discounting | 105.02 | 100.60 |
| Delta Effect of +1 % Change in Rate of Salary Increase | 103.81 | 99.38 |
| Delta Effect of -1 % Change in Rate of Salary Increase | (93.10) | (89.15) |
| Delta Effect of +1 % Change in Rate of Employee Turnover | (1.71) | (2.04) |
| Delta Effect of -1 % Change in Rate of Employee Turnover | 1.84 | 2.22 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the consolidated financial statements as at balance sheet date:

**₹ in Lakhs**

| | Note | 31st March, 2020 | 31st March, 2019 |
|---|---|---|---|
| **Total employee benefit liabilities** | | | |
| Non-current | - | - | - |
| Current | 27 | 3.64 | 49.32 |

**(b) Other long term Benefit:**

The Holding Company's Long Term benefits includes Leave Encashment payable at the time of retirement subject to, policy of maximum leave accumulation of company. The scheme is not funded.

**Changes in the present value of the obligation in respect of leave encashment**

**₹ in Lakhs**

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Obligation at the year beginning | 356.07 | 324.92 |
| Actuarial (gains) / losses on obligation | 28.15 | 31.15 |
| Obligation at the year end | 384.22 | 356.07 |

**(c) Defined Contribution plans:**

Amounts recognized as expense for the period towards contribution to the following funds:

**₹ in Lakhs**

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| **Employers contribution to:** | | |
| -Provident Fund | 236.02 | 209.46 |
| -Employee State Insurance Fund | 8.97 | 1.03 |
| -Gujarat Labour Welfare Fund | 0.17 | 0.13 |
| -Superannuation Fund | 216.32 | 195.94 |
| **Total** | **461.48** | **406.56** |

**(C) Disclosure pursuant to Ind AS 108 "Operating Segment**

Identification of Segments

**(a) Primary Segment – Business Segment**

The Group’s operations predominantly comprise of only one segment i.e. chemicals.

**Geographical Information**

The analysis of geographical information is based on the geographical location of the customers. The geographical information considered for disclosure are as follows:

Sales within India include sales to customers located within India.

Sales outside India include sales to customers located outside India.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Revenue by Geography**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Within India | 9,320.09 | 10,881.16 |
| Asia | 3,236.03 | 1,056.91 |
| Europe | 1,585.80 | 4,375.64 |
| North America | 42,184.35 | 42,919.70 |
| **Total** | **56,326.26** | **59,233.41** |

Concentration of Revenues from two customers of the group were 71.18 % and 67% of total revenue for the year ended 31st March, 2020 and 31st March, 2019 respectively.

**Carrying value of segment assets**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Within India | 52,061.55 | 52,578.93 |
| Asia | 679.07 | 315.67 |
| Europe | 670.54 | 601.41 |
| North America | 5,678.80 | 6,370.41 |
| **Total** | **59,089.95** | **59,866.42** |

**Property, Plant & Equipment by Geographical Locations**

The Group has common PPE for producing goods for domestic as well as overseas market. There are no PPE situated outside India. Hence, additional segment-wise information for PPE / additions to PPE has not been furnished.

**(D) Revenue from Contracts with Customers:**

**Disaggregation of revenue**

**- Based on Geography**

₹ in Lakhs

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| **Sale of Products** | | |
| - Domestic Sales | 9,320.09 | 10,735.89 |
| - Export Sales | 47,006.17 | 48,497.52 |
| **Total** | **56,326.26** | **59,233.41** |

**(E) Recognition, measurement and disclosures related to Leases:**

The group's leases comprises of leasing of ISO tanks used in storage and transportation of its material. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases applying modified retrospective approach. This has resulted in recognising a right-of-use asset of ₹ 2401.56 lakhs and a corresponding lease liability of equal amount. In the statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent amounting to ₹ 858.07 lakhs to depreciation cost for the right to use asset amounting to ₹ 801.84 lakhs and finance cost amounting to ₹ 165.42 lakhs for interest accrued on lease liability. Due to above change, there is additional impact of ₹ 109.19 lakhs on statement of Profit and Loss for the year ended 31st March, 2020. The total cash outflow for leases is ₹ 703.39 lakhs for the year ended 31st March, 2020.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(i) Other Disclosures as Lessee:**

**Maturity Analysis of lease liabilities:**

**₹ in Lakhs**

| Maturity Analysis - Contractual undiscounted Cash Flows | As on 31st March, 2020 |
|---|---|
| Less than one year | 904.43 |
| One to five years | 833.51 |
| More than five years | - |
| **Total Undiscounted Lease Liabilities** | **1,737.94** |
| **Lease Liabilities included in the Statement of Financial Position** | |
| Non Current | 959.15 |
| Current | 904.43 |
| **Total** | **1,863.58** |

**(ii) Short term leases**

The Group has cancellable Short term leasing arrangements related to office premises which are renewable by mutual consent and lease rentals payable are accordingly charged as rent. The rentals for above short term leases are charged to the Statement of Profit and Loss for the period.

**₹ in Lakhs**

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Annual lease rent of office premises | 22.64 | 28.32 |

**41. Related Party Disclosures:**

**(i) Names of related parties and description of relationship with whom transactions have taken place:**

| | |
|---|---|
| Enterprises owned or significantly influenced by key management personnel or their relatives | Excel Industries Limited |
| | Transpek Silox Industry Private Limited |
| | TML Industries Limited |
| | Anshul Specialty Molecules Private Limited |
| | Anshul Life Science |
| | Madison Investments Private Limited |
| | Agrocel Industries Private Limited |
| | Transchem Agritech Private Limited |
| | Kamaljyot Investments Limited |
| | Shroffs Foundation Trust |
| | Shroff Family Charitable Trust |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

| | |
|---|---|
| Key Management Personnel | Bimal V. Mehta (Managing Director)<br>Ashwin C. Shroff (Chairman and Non Executive Director)<br>Atul G. Shroff (Non- Executive Director)<br>Ravi A. Shroff (Non Executive Director)<br>Dipesh K.Shroff (Non Executive Director)<br>Ninad D. Gupte (Independent Director)<br>Dr. Bernd Dill (Independent Director)<br>Nimish U. Patel (Independent Director)<br>Geeta A. Goradia (Independent Director)<br>Hemant J. Bhatt (Independent Director)<br>Anand Mohan Tiwari (Independent Director w.e.f 24th December, 2019)<br>Pratik P. Shah (Chief Financial Officer)<br>Alak D. Vyas (Company Secretary) |
| Relatives of key management personnel | Vishwa A. Shroff<br>Shruti A. Shroff<br>Minoti N. Gupte<br>Hanny B. Mehta<br>Kumud V. Mehta<br>Kavit B. Mehta<br>Parul Benani |

**(ii) Key management personnel compensation**

**₹ in Lakhs**

| Particulars | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
|---|---|---|
| Short term employee benefits | 322.07 | 229.47 |
| Post employment benefits | 33.18 | 27.67 |
| Long term employee benefits | 46.43 | 38.13 |
| **Total compensation** | **401.68** | **295.27** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iii) Particulars of Transactions with Related Parties**

Transactions with related parties for the year ended March 31, 2020 are as follows: (Previous Year's figures are shown in brackets)

₹ in Lakhs

| Particulars | Enterprises owned or significantly influenced by key management personnel or their relatives | Key Management Personnel and their relatives | Total |
|---|---|---|---|
| **Sale of Goods** | 333.49 | - | 333.49 |
| | (1,216.15) | - | **(1,216.15)** |
| **Services Rendered** | 12.40 | - | 12.40 |
| | (3.32) | - | **(3.32)** |
| **Windmill Income** | 154.23 | - | 154.23 |
| | (121.87) | - | **(121.87)** |
| **Dividend Received** | 312.74 | - | 312.74 |
| | (223.68) | - | **(223.68)** |
| **Interest Received** | 5.13 | - | 5.13 |
| | (7.79) | - | **(7.79)** |
| **Processing Charges** | 2,461.56 | - | 2,461.56 |
| | (992.58) | - | **(992.58)** |
| **Purchase of Goods** | - | - | - |
| | (7.46) | - | **(7.46)** |
| **Purchase of Property, Plant & Equipment** | 210.00 | - | 210.00 |
| | (11.25) | - | **(11.25)** |
| **Dividend Paid** | 232.77 | 189.84 | 422.61 |
| | (69.83) | (56.78) | **(126.61)** |
| **Commission Paid** | 47.07 | - | 47.07 |
| | (63.93) | - | **(63.93)** |
| **Donations Paid** | 164.30 | - | 164.30 |
| | (99.97) | - | **(99.97)** |
| **Corporate Social Responsibility Expense** | 75.96 | - | 75.96 |
| | (83.51) | - | **(83.51)** |
| **Interest Paid** | 1.15 | 24.44 | 25.59 |
| | (12.58) | (57.86) | **(70.44)** |
| **Consumable Item Purchase** | 3.42 | - | 3.42 |
| | (0.37) | - | **(0.37)** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | Enterprises owned or significantly influenced by key management personnel or their relatives | Key Management Personnel and their relatives | Total |
|---|---|---|---|
| **Legal & Professional Services** | - | - | - |
| | - | (0.20) | **(0.20)** |
| **Reimbursement charged to the company** | 1,101.90 | - | 1,152.32 |
| | (489.77) | - | **(489.77)** |
| **Managerial Remuneration(*)** | - | 355.24 | 355.24 |
| | - | (257.14) | **(257.14)** |
| **Other Benefit to Director** | - | 75.16 | 75.16 |
| | - | (72.68) | **(72.68)** |
| **Commission Paid to Independent and Non-Executive Directors** | - | 90.00 | 90.00 |
| | - | (65.82) | **(65.82)** |
| **Directors' Sitting Fees** | - | 18.00 | 18.00 |
| | - | (16.10) | **(16.10)** |
| **CSR Meeting Fees** | - | 1.20 | 1.20 |
| | - | (1.40) | **(1.40)** |
| **Capital Advance Given** | - | - | - |
| | (42.00) | - | **(42.00)** |
| **Security Deposit Received Back** | 50.00 | - | 50.00 |
| | (60.00) | - | **(60.00)** |
| **Inter Corporate Deposit Taken** | - | - | - |
| | (500.00) | - | **(500.00)** |
| **Inter Corporate Deposit Repaid** | 75.00 | - | 75.00 |
| | (535.00) | - | **(535.00)** |
| **Deposit Repaid** | - | 255.00 | 255.00 |
| | - | (1,029.75) | **(1,029.75)** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

*** As the liabilities for leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors is not separately determined and hence are not included in above.**

**Balance Outstanding at the year end:**

**₹ in Lakhs**

| | | | | |
|---|---|---|---|---|
| Accounts Payable | - | 289.96 | - | 289.96 |
| | (6.32) | (131.19) | - | (137.51) |
| Accounts Receivable including Trade Advance | 4.09 | 344.87 | - | 348.96 |
| | - | (604.02) | - | (604.02) |
| Agency Deposit | - | 4.00 | - | 4.00 |
| | - | (4.00) | - | (4.00) |
| Deposits | - | - | 57.86 | 57.86 |
| | - | (75.00) | (332.86) | (407.86) |
| Investment in Shares | 1.02 | 517.72 | - | 518.74 |
| | (0.02) | (517.72) | - | (517.74) |
| Commission payable to Managing Directors | - | - | 97.97 | 97.97 |
| | - | - | (105.23) | (105.23) |
| Commission payable to Independent and Non - Executive Directors | - | - | 75.00 | 75.00 |
| | - | - | (105.23) | (105.23) |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(iv) Significant transactions with related parties:**

**₹ in Lakhs**

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| A) Transactions during the year: | | |
| **Sale of Goods** | | |
| Transpek Silox Industry Private Limited | 273.22 | 1,164.17 |
| TML Industries Limited | 44.29 | 41.83 |
| **Services Rendered** | | |
| Transchem Agritech Limited | 12.40 | 3.32 |
| **Windmill Income** | | |
| TML Industries Limited | 154.23 | 121.87 |
| **Dividend Received** | | |
| Transpek Silox Industry Private Limited | 267.71 | 204.10 |
| Excel Industries Limited | 45.04 | 19.58 |
| **Interest Received** | | |
| TML Industries Limited | 5.13 | 7.79 |
| **Processing Charges** | | |
| TML Industries Limited | 2,574.09 | 990.92 |
| **Purchase of Goods** | | |
| TML Industries Limited | - | 7.46 |
| **Purchase of Property, Plant & Equipment** | | |
| Transchem Agritech Limited | - | 11.25 |
| TML Industries Limited | 210.00 | - |
| **Dividend Paid** | | |
| Shruti A. Shroff | 92.17 | 27.52 |
| Kamaljyot Investments Limited | 210.81 | 63.24 |
| Anshul Specialty Molecules Private Limited | 412.93 | 123.89 |
| **Commission Paid** | | |
| Anshul Life Science | 47.07 | 63.93 |
| **Donation Paid** | | |
| Shroffs Foundation Trust | 100.00 | 99.97 |
| Shroff Family Charitable Trust | 64.30 | - |
| **Corporate Social Responsibility Expense** | | |
| Shroffs Foundation Trust | 75.96 | 83.51 |
| **Interest Paid** | | |
| Ashwin C. Shroff | 20.42 | 24.75 |
| Agrocel Industries Private Limited | 0.83 | 10.78 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| Atul G. Shroff | - | 26.43 |
| **Reimbursements charged to the company (expense)** | | |
| TML Industries Limited | 1,094.56 | 476.86 |
| **Remuneration** | | |
| Bimal V.Mehta | 294.85 | 211.34 |
| Pratik P Shah | 43.49 | 33.31 |
| Alak D Vyas | 16.91 | 12.49 |
| **Other Benefit to Directors** | | |
| Atul G. Shroff | 75.16 | 72.68 |
| **Commission Paid to Independent and Non-Executive Directors** | | |
| Ashwin C. Shroff | 10.00 | 6.00 |
| Atul G Shroff | 10.00 | 17.82 |
| Dipesh K. Shroff | 10.00 | 6.00 |
| Ravi A. Shroff | 10.00 | 5.50 |
| Ninad D. Gupte | 10.00 | 7.50 |
| Dr. Bernd Dill | 10.00 | 5.00 |
| Nimish U. Patel | 10.00 | 6.00 |
| Geeta A. Goradia | 10.00 | 6.00 |
| Hemant J. Bhatt | 10.00 | 6.00 |
| **Director Sitting Fees** | | |
| Atul G Shroff | 2.20 | 2.10 |
| Ashwin C. Shroff | 1.00 | 1.00 |
| Ravi A. Shroff | 1.20 | 0.80 |
| Dr. Bernd Dill | 1.20 | 1.20 |
| Geeta A. Goradia | 1.20 | 0.80 |
| Hemant J. Bhatt | 2.80 | 3.10 |
| Nimish U. Patel | 3.60 | 3.30 |
| Ninad D. Gupte | 2.60 | 1.40 |
| Dipesh K. Shroff | 2.20 | 2.40 |
| **CSR Meeting Fees** | | |
| Atul G Shroff | 0.40 | 0.40 |
| Dipesh K. Shroff | - | 0.40 |
| Geeta A. Goradia | 0.40 | 0.20 |
| Nimish U. Patel | 0.40 | 0.40 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| **Legal & Professional Charges** | | |
| Shruti A. Shroff | - | 0.20 |
| **Consumable Items Purchase** | | |
| Agrocel Industries Private Limited | - | 0.37 |
| Excel Industries Limited | 3.42 | - |
| **Capital Advance Given** | | |
| TML Industries Limited | - | 42.00 |
| **Security Deposit Received Back** | | |
| TML Industries Limited | 50.00 | 60.00 |
| **Trade Advance Received** | | |
| TML Industries Limited | - | - |
| **Inter Corporate Deposit Taken** | | |
| Agrocel Industries Private Limited | - | 500.00 |
| **Inter Corporate Deposit Repaid** | | |
| Agrocel Industries Private Limited | 75.00 | 500.00 |
| **Deposit Repaid** | | |
| Bimal V. Mehta | - | 25.00 |
| Atul G. Shroff | - | 1,000.00 |
| Kumud V. Mehta | - | 4.75 |
| Ashwin C. Shroff | 250.00 | - |
| Shruti A. Shroff | 5.00 | - |
| Ninad D. Gupte | 20.00 | - |
| **B) Closing Balance as at end of the year :** | | |
| **Accounts Payable** | | |
| TML Industries Limited | 280.20 | 115.16 |
| Anshul Life Science | 9.76 | 14.11 |
| **Receivables Including Trade Advance** | | |
| TML Industries Limited | 302.82 | 528.69 |
| Transpek Silox Industry Private Limited | 27.36 | 68.09 |
| **Deposits** | | |
| Agrocel Industries Private Limited | - | 75.00 |
| Ashwin C. Shroff | - | 250.00 |
| Ninad D. Gupte | 14.00 | 34.00 |
| Minoti N. Gupte | 17.50 | 17.50 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| Parul Benani | 23.30 | 23.30 |
| **Indenting Agency Deposit** | | |
| Anshul Life Science | 4.00 | 4.00 |
| **Investment in Shares** | | |
| Transpek Silox Industry Private Limited | 290.96 | 290.96 |
| Excel Industries Limited | 226.76 | 226.76 |

**(v) Other Commitment with Related Party:**

For other Commitments with related parties refer note of other commitments mentioned in note no 38(d)

**41 Other Disclosures :**

**(A) Disclosures related to the Micro, Small and Medium Enterprises.**

On the basis of confirmation obtained from the supplier who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the group , the following are the details:

₹ in Lakhs

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| The principle amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | | |
| i) Principal Amount | 511.94 | 295.36 |
| ii) Interest Due thereon | | |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(B) Research and Development costs ( as certified by the management) debited to the statement of profit and loss are as under:**

**₹ in Lakhs**

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|
| a) | Revenue expenses debited to appropriate heads of account | 268.50 | 221.38 |
| b) | Depreciation on Research and Development Assets | 51.12 | 43.44 |
| **Total** | | **319.62** | **264.82** |

(a) Capital Expenditure incurred during the year on Research and Development ₹ 189.39 lakhs ( Previous Year ₹ 150.58 lakhs).

(b) The Holding Company has been granted approval upto 31st March, 2019 for claiming deduction u/s 35 (2AB) of the Income Tax Act,1961.The Holding company had already made application to respective authorities to get further approval for claiming deduction u/s 35 (2AB) of the Income Tax Act,1961for the year ended 31st March 2020, which is awaited . However, the Holding company has considered weighted deduction u/s 35 (2AB) while computing the tax liability under the Income Tax Act, 1961as the holding company is hopeful to get the approval from the respective authorities.

(c) As per section 135 of the Companies Act, 2013 , a CSR committee has been formed by the Holding company. The areas for CSR activities are promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects as specified in Schedule VII of the Companies Act, 2013. The details of amount required to be spent and actual expenses spent during the year is as under:

(a) Gross amount required to be spent by the Holding company during the year: ₹ 128.60 lakhs (Previous Year ₹ 84.44 lakhs)

(b) Amount spent during the year on:

**₹ in Lakhs**

| Sr. No. | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|---|
| 1 | **Construction/Acquisition of Assets** | | |
| | -In cash | - | - |
| | -Yet to be paid in cash | - | - |
| 2 | **On purpose other than (i) above** | | |
| | -In cash | 108.40 | 101.33 |
| | -Yet to be paid in cash | - | - |

(c) Out of the above , ₹ 75.96 lakhs (Previous Year ₹ 83.51 lakhs) has been paid to Shroff Foundation Trust towards Financial Assistance for operating mobile medical units and household sanitation programme.

(D) Donation includes donation made to Political party ₹ 79.00 lakhs (P.Y. : ₹ Nil lakhs)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

## 42. FAIR VALUE MEASUREMENTS

**Financial instruments by category**

₹ in Lakhs

| | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **FVTPL** | **FVOCI** | **Amortized Cost** | FVTPL | FVOCI | Amortized Cost |
| **Financial Assets** | | | | | | |
| Investments | | | | | | |
| - Equity Instruments | - | 11,788.40 | - | - | 14,898.44 | - |
| - Other | - | - | 0.04 | - | - | 0.04 |
| Deposits | - | - | 178.96 | - | - | 208.82 |
| Trade Receivables | - | - | 9,195.65 | - | - | 9,345.79 |
| Cash and Cash Equivalents | - | - | 40.35 | - | - | 25.58 |
| Bank Balances other than above | - | - | 72.90 | - | - | 50.85 |
| Loans and advances to employees and others | - | - | 10.92 | - | - | 53.12 |
| Forward Exchange Contracts | - | - | - | 118.65 | - | - |
| Other Financial Assets | - | - | 140.17 | - | - | 168.35 |
| **Total Financial Assets** | **-** | **11,788.40** | **9,639.00** | **118.65** | **14,898.44** | **9,852.54** |
| **Financial Liabilities** | | | | | | |
| Borrowings | - | - | 7,687.67 | - | - | 12,020.23 |
| Other financial Liabilities | - | - | 5,250.11 | - | - | 2,626.45 |
| Forward Exchange Contracts | 217.76 | - | - | - | - | - |
| Trade payables | - | - | 5,217.79 | - | - | 5,924.64 |
| **Total Financial Liabilities** | **217.76** | **-** | **18,155.56** | **-** | **-** | **20,571.32** |

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Financial Assets and Liabilities measured at fair value - recurring fair value measurements**

₹ in Lakhs

| As at March 31, 2020 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets at FVOCI** | | | | | |
| Equity Instruments | 7 | 700.30 | 11,088.10 | - | 11,788.40 |
| **Financial Assets at amortized cost** | | | | | |
| Deposits | 8 | - | 178.96 | - | 178.96 |
| **Total Financial Assets** | | **700.30** | **11,267.06** | **-** | **11,967.36** |
| **Financial Liabilities at FVTPL** | | | | | |
| Forward Exchange Contracts | 26 | - | 217.76 | - | 217.76 |
| **Financial Liabilities at amortized cost** | | | | | |
| Borrowings (Non Current) | 20 | - | 4,461.08 | - | 4,461.08 |
| **Total Financial Liabilities** | | **-** | **4,678.84** | **-** | **4,678.84** |

**Financial Assets and Liabilities measured at fair value - recurring fair value measurements**

₹ in Lakhs

| As at March 31, 2019 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Assets at FVOCI** | | | | | |
| Equity Instruments | 7 | 1,797.79 | 13,100.65 | - | 14,898.44 |
| **Financial Assets at amortized cost** | | | | | |
| Deposits | 8 | - | 208.82 | - | 208.82 |
| **Financial Assets at FVTPL** | | | | | |
| Forward Exchange Contracts | 16 | - | 118.65 | - | 118.65 |
| **Total Financial Assets** | | **1,797.79** | **13,428.12** | **-** | **15,225.91** |
| **Financial Liabilities at amortized cost** | | | | | |
| Borrowings (Non Current) | 20 | - | 6,878.11 | - | 6,878.11 |
| **Total Financial Liabilities** | **-** | **-** | **6,878.11** | **-** | **6,878.11** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels 1 and 2 during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of the remaining financial instruments is determined using discounted analysis

All of the resulting fair value estimates are included in level 1 or 2 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counter party or own credit risk.

The carrying amounts of trade receivables, electricity deposit, employee advances, cash and cash equivalents and other short term receivables, trade payables, unclaimed dividend, borrowings, capital creditors and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

**43 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to market risk, liquidity risk and credit risk. .

This note explains the sources of risk which the entity is exposed to and how the Group manages the risk.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Group's activities. The Group, through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**(A) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**(i) Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group also has credit insurance and ECGC for export supplier. In addition to above, there are no major delays in receipt of payment from the trade receivables.

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognized from initial recognition of the receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and relevant information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward looking information.

Following table represent allowance for doubtful debts with the trade receivables over the years:

**(ii) Reconciliation of loss allowance provision – Trade receivables** **₹ In lakhs**

| Particular | **As at 31st March,2020** | As at 31st March,2019 |
|---|---|---|
| **Opening Balance** | **18.18** | **11.72** |
| Changes in loss allowance | 8.41 | 6.46 |
| **Closing Balance** | **26.59** | **18.18** |

**(iii) Cash and cash equivalents**

As at the year end, the Group held cash and cash equivalents of ₹ 40.36 lakhs (31.03.2019 ₹ 25.58 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

**(iv) Loans and advances**

In the case of loans to employees, the same is managed by establishing limits. (Which in turn is based on the employees salaries and number of years of service put in by the concerned employee)

**(v) Derivatives**

The derivatives are entered into with scheduled banks which have good credit ratings.

**(vi) Other Financials Assets**

Others Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

**(B) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**Maturities of financial liabilities**

The tables herewith analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

**Contractual maturities of financial liabilities**

₹ in Lakhs

| | Less than 1 year | More than 1 year | Total |
|---|---|---|---|
| **As at 31st March, 2020** | | | |
| **Non-derivatives** | | | |
| Borrowings | 3,226.59 | 4,461.08 | 7,687.67 |
| Other financial liabilities | 4,508.71 | 959.15 | 5,467.86 |
| Trade payables | 5,217.79 | - | 5,217.79 |
| **Total Non-derivative liabilities** | **12,953.09** | **5,420.23** | **18,373.34** |
| **As at 31st March, 2019** | | | |
| **Non-derivatives** | | | |
| Borrowings | 5,142.12 | 6,878.11 | 12,020.23 |
| Other financial liabilities | 2,626.45 | - | 2,626.45 |
| Trade payables | 5,924.64 | - | 5,924.64 |
| **Total Non-derivative liabilities** | **13,693.21** | **6,878.11** | **20,571.32** |

**(C) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Group is exposed to market risk primarily related to foreign exchange rate risk. Thus, Group's exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in foreign currency revenues and costs. The Group uses derivative to manage market risk. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

**Currency risk**

The Group is exposed to currency risk on account of its operations in other countries. The functional currency of the Group is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses both derivative instruments, i.e., foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

The Group enters into foreign currency forward contracts which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables.

Following is the derivative financial instruments to hedge the foreign exchange rate risk:

| Currency | As at 31st March, 2020 | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|
| | Trade receivable and other Receivable | Hedges available | Net exposure to foreign currency risk | Trade receivable and other Receivable | Hedges available | Net exposure to foreign currency risk |
| USD (in lakhs) | 89.02 | 66.86 | 22.17 | 103.36 | 96.70 | 6.66 |
| Equivalent INR (In lakhs) - USD | 6,711.53 | 5,040.45 | 1,671.08 | 7,149.41 | 6,688.74 | 460.67 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

| Currency | As at 31st March, 2020 | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|
| | Trade Payable | Hedges available | Net exposure to foreign currency risk | Trade Payable | Hedges available | Net exposure to foreign currency risk |
| USD (in lakhs) | 17.37 | - | 17.37 | 14.23 | - | 14.23 |
| Equivalent INR (In lakhs) - USD | 1,309.69 | - | 1,309.69 | 984.29 | - | 984.29 |

The sensitivity of profit or loss to changes in the exchange rates arises mainly from unhedged foreign currency denominated financial instruments.

| | Impact on profit after tax | |
|---|---|---|
| | **31st March, 2020** | 31st March, 2019 |
| USD sensitivity | | |
| INR/USD increases by 5% | 18.07 | (26.18) |
| INR/USD decreases by 5% | (18.07) | 26.18 |

**(D) CAPITAL MANAGEMENT**

For the purpose of Groups Capital Management, equity includes equity share capital and all other equity reserves attributable to the equity holders of the group. The group manages its capital to optimise returns to the share holders and make adjustments to it in the light of changes in economic conditions or its business requirements. The group objective is to safe guard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to share holders through continuing growth and maximise the share holders value. The Group funds its operations through internal accruals and long term borrowings competitive rate. The Management and Board of Directors monitor the return of capital as well as the level of dividend to share holders.

**44 Events after the reporting period**

**(ii) Proposed dividend on Equity Shares:** **₹ in Lakhs**

| Particulars | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|---|---|---|
| Proposed dividend on Equity Shares : | | |
| Proposed dividend for the year ended on 31st March, 2020 : | 139.64 | 1,117.11 |
| (Current Year :₹ 2.50/- per share Previous year : ₹ 20.00 /- per share) | | |
| Dividend Distribution Tax ( DDT )on Proposed Dividend | - | 229.63 |
| | **139.64** | **1,346.74** |

This proposed dividend are subject to the approval of shareholders in the ensuing annual general meeting and therefore are not recognised as liability as year end.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020...

45 The group has evaluated the impact of COVID-19 on its Consolidated financial statements based on the internal and external information up to the date of approval of these consolidated financial statements and expects to recover the carrying amount of inventories, receivables and other assets. The Group does not foresee any material impact on liquidity and assumption of going concern.

46 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements.

**₹ in Lakhs**

| Name of entity | Net assets i.e total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated Profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Transpek Industry Limited | 100 | 33,844.74 | 100 | 7,294.36 | 100.00 | (2,569.80) | 100.00 | 4,724.57 |
| (Previous Year) | (100.00) | (31,140.28) | (100.00) | (6,573.70) | 100.00 | (479.07) | (100.00) | (7052.77) |
| **Foreign Subsidiary** | | | | | | | | |
| Transpek Industry (Europe) Limited | - | - | - | - | - | - | - | - |
| Transpek Creative Chemistry Private Limited | (0.00) | (0.21) | | (0.21) | - | - | - | (0.21) |
| **Total** | | **33,844.53** | **100.00** | **7,294.15** | **100.00** | **(2,569.80)** | **100.00** | **4,724.36** |
| (Previous Year) | (100.00) | (31,140.28) | (100.00) | (6,573.70) | (100.00) | (479.07) | (100.00) | (7,052.77) |

47 The Consolidated financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 24th June, 2020. The consolidated financial statements as approved by the Board of Directors are subject to final approval by its Shareholders.

48 The figures of previous year have been re-arranged and regrouped wherever necessary to make them comparable with those of the current year.

The accompanying notes (1 to 48) are an integral part of the Consolidated financial statements.

**As per our report of even date**

**For CNK & Associates LLP**
**Chartered Accountants**
**FRN : 101961W/W-100036**

**Pareen Shah**
**Partner**
**Mem. No. : 125011**

**Place : Vadodara**
**Date : 24th June, 2020**

**For and on behalf of the Board of Directors**

**Ashwin C. Shroff (Chairman) DIN : 00019952**
**Bimal V. Mehta (Managing Director) DIN : 00081171**
**Ninad D. Gupte (Director) DIN : 00027523**
**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**
**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

**Place : Vadodara**
**Date : 24th June, 2020**

Transpek
Creative Chemistry

# FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sr. No. | Particulars | Details | Details |
|---|---|---|---|
| 1. | Name of the subsidiary | Transpek Creative Chemistry Private Limited | Transpek Industry (Europe) Limited |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 06.01.2020 to 31.03.2020 | 01.04.2019 to 31.03.2020 |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR | GBP 93.076 |
| 4 | Share capital | 100000.00 | 1631.00 |
| 5 | Reserves & surplus | 78454.00 | 230.00 |
| 6 | Total assets | 100000.00 | 1057261.45 |
| 7 | Total Liabilities | 100000.00 | 1057261.45 |
| 8 | Investments | NIL | NIL |
| 9 | Turnover | NIL | NIL |
| 10 | Profit ( Loss ) before taxation | (21,546.00) | NIL |
| 11 | Provision for taxation | 0.00 | NIL |
| 12 | Profit after taxation | (21,546.00) | NIL |
| 13 | Proposed Dividend | NIL | NIL |
| 14 | % of shareholding | 99 | 100 |

**For and on behalf of the Company:**

**Ashwin C. Shroff (Chairman) DIN : 00019952**

**Bimal V. Mehta (Managing Director) DIN : 00081171**

**Ninad D. Gupte (Director) DIN : 00027523**

**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**

**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

# FORM AOC - 1

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| | | | | |
|---|---|---|---|---|
| Name of associates / Joint Ventures | | NIL | NIL | NIL |
| 1. | Latest audited Balance Sheet Date | NIL | NIL | NIL |
| 2. | Shares of Associate/Joint Ventures held by the company on the year end | NIL | NIL | NIL |
| | No. | NIL | NIL | NIL |
| | Amount of Investment in Associates/Joint Venture | NIL | NIL | NIL |
| | Extend of Holding% | NIL | NIL | NIL |
| 3. | Description of how there is significant influence | NIL | NIL | NIL |
| 4. | Reason why the associate/joint venture is not consolidated | NIL | NIL | NIL |
| 5. | Net worth attributable to shareholding as per latest audited Balance Sheet | NIL | NIL | NIL |
| 6. | Profit/Loss for the year | NIL | NIL | NIL |
| | i. Considered in Consolidation | NIL | NIL | NIL |
| | ii. Not Considered in Consolidation | NIL | NIL | NIL |

**For and on behalf of the Company:**

**Ashwin C. Shroff (Chairman) DIN : 00019952**

**Bimal V. Mehta (Managing Director) DIN : 00081171**

**Ninad D. Gupte (Director) DIN : 00027523**

**Alak D. Vyas (Company Secretary & Compliance Officer) ACS : 31731**

**Pratik P. Shah (Chief Financial Officer) ACA: 118400**

# NOTES

Carpentry Course at Vadodara Central Jail. Total Participants- 32 Jail Inmates.

Vocation Training for Plumbing at Dediapada by Shroffs Foundation Trust.

Anaemia Prevention Program by Sahaj. Total 400 Girls & Women were benefitted.

**TRANSPEK INDUSTRY LIMITED**

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