THIRUMALAI CHEMICALS LTD.

2019–2020

47th Annual Report

Board of Directors

Mr. R. Parthasarathy (Chairman & Managing Director)
Mr. N. Subramanian
Mr. Raj Kataria
Mr. R. Ravi Shankar
Mr. Dhruv Moondhra
Mr. Arun Ramanathan
Mr. R. Sampath
Mr. Rajeev M Pandia
Mrs. Bhama Krishnamurthy (Additional Director)
Mrs. Ramya Bharathram (Whole-time Director)
Mr. P. Mohana Chandran Nair (Whole-time Director)

Chief Executive Officer

Mr. C.G. Sethuram

Chief Financial Officer

Mrs. Ramya Bharathram

Company Secretary

Mr. T. Rajagopalan

Bankers

- Bank of India
- Axis Bank Ltd
- IndusInd Bank
- IDFC Bank
- Yes Bank
- Standard Chartered Bank
- HSBC Bank
- Andhra Bank

Auditors

M/s. Walker Chandiok & Co LLP
Chartered Accountants, Chennai

Internal Auditors

M/s M.S.Krishnaswamy & Co.
Chartered Accountants, Chennai

Cost Auditor

M/s. GSVK & Co.
Cost Accountants, Chennai.

Registered Office

Thirumalai House, Road No. 29, Near Sion Hill Fort,
Sion(E), Mumbai - 400 022, India.
Tel. : +91-22-24017841, 43686200,
E-mail : thirumalai@thirumalaichemicals.com
Website : http://www.thirumalaichemicals.com
CIN : L24100MH1972PLC016149

Registrar & Share Transfer Agents

Link Intime India Pvt Ltd
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Tel No : +91 22 49186000
Fax : +91 22 49186060
E-mail : rnt.helpdesk@linkintime.co.in
Web site : www.linkintime.co.in

Factory

i. 25-A, SIPCOT, Ranipet, Ranipet District, Tamilnadu, India
Tel. : +91-4172-244327
Fax : +91-4172-244308
E-mail : mail@thirumalaichemicals.com

ii. Plot No.D-2/CH/171/B, GIDC Estate, Dahej Phase-II, Tal.Vagra, Bharuch, Gujarat 392130, India
Cell : +91-98423-99500 / +91-99526-08935
E-mail: mail@thirumalaichemicals.com

47th Annual General Meeting

Date & Time

Friday, August 7, 2020 at 2.30 p.m.

Venue

The AGM is to be held through Video Conferencing ('VC') or other Audio-Visual Means ('OAVM') as permitted by the Ministry of Corporate Affairs (MCA).

Book closure

Saturday, August 01, 2020 to
Friday, August 7, 2020 (both days inclusive)

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NOTICE

NOTICE is hereby given that the **FORTY SEVENTH ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED** will be held on Friday, 7th August, 2020 at 2.30 p.m. through Video Conferencing ('VC') or other Audio-Visual Means ('OAVM') as permitted by the Ministry of Corporate Affairs (MCA) *vide* their circular No. 20/2020 dated May 05, 2020, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including consolidated Financial Statements) i.e. Balance Sheet as at, and the Statements of Profit & Loss and the Cash Flow Statement for the Financial Year ended on March 31, 2020, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Ramya Bharathram (DIN- 06367352), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. **To appoint Mrs. Bhama Krishnamurthy as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:**

   "**RESOLVED THAT,** pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors in their respective meetings and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Mrs. Bhama Krishnamurthy (DIN: 02196839), Additional Director of the Company, who is retiring at this meeting, pursuant to the provisions of Section 161 of the Companies Act, 2013, is eligible for appointment and meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of five (5) consecutive years from the conclusion of this meeting."

4. **To reappoint Mrs. Ramya Bharathram (DIN 06367352), as a Whole-time Director of the Company and in this regard to consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution.**

   "**RESOLVED THAT,** pursuant to the provision of section 196 of the Companies Act, 2013 (Act) and other applicable provisions of the Act and Articles of Association of the Company, Mrs. Ramya Bharathram (DIN 06367352), be and is hereby reappointed as a Whole-time Director of the Company under section 196 of the Companies Act, 2013 with effect from 03.11.2020 for a period of three years and is liable to retire by rotation, upon remuneration and benefits as detailed below and be designated as "Executive Director".

   Remuneration:

   1) Basic Salary: (Effective from 03-11-2020): ₹500,000 - 50,000 – 700,000 – 100,000 - ₹900,000 with the power to Managing Director to fix the Basic within these limits. The Managing Director may increase the Basic Salary suitably, within this band based on performance.
   2) Company's contributions to PF, Gratuity, Superannuation Fund, Encashment of Leave, and Insurance as per Rules. These shall not be included in the computation of limits/ restrictions for remuneration or perquisites as prescribed aforesaid under section II of part II of the schedule V of the Companies Act, 2013 and Mrs. Ramya Bharathram shall be entitled to the same.
   3) Allowances and Benefits: including HRA, LTA, CCA, medical benefits and allowances, Travel or Car allowances, and other Allowances and Benefits, up to and not to exceed 100% percent of the Annual Basic salary, as above.
   4) Commission up to 2% of net profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013. The actual percentage of commission will be decided by the Board, for each Financial Year on completion.

FURTHER RESOLVED THAT within the overall limits as specified above, the Board has the power to determine individual component(s) of remuneration.

RESOLVED FURTHER THAT in any Financial Year during the currency of the tenure of Mrs. Ramya Bharathram, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, as permissible under Section-II, Part-II of Schedule V to the Companies Act, 2013 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force) or up to such other limits as may be prescribed by the Government from time to time as minimum remuneration; or if required subject to obtaining of Central Government approval as required under sec. 197 or other applicable provisions of the Companies Act, 2013 or any re-enactments thereof.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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

   "RESOLVED THAT, subject to the approval as may be required from the Central Government, the appointment of M/s GSVK & Co., Cost Accountants, having Registration No. 002371 at 8/4 VJ Flats, 30A Valmiki Street, Thiruvanmiyur, Chennai -600 041 as Cost Auditor to issue Compliance Certificate and to audit the Cost Accounts of the Company for the Financial Year 2020-21 for a remuneration of ₹ 30,000/-, in addition to reimbursement of out of pocket expenses, be and is hereby ratified."

I. NOTES:

1. The 47th Annual General Meeting of Thirumalai Chemicals Limited will be held on Friday, 07th August, 2020 at 2.30 p.m. through Video Conferencing ('VC') or other Audio-Visual Means ('OAVM') as permitted by the Ministry of Corporate Affairs (MCA) *vide* their circular No. 20/2020 dated May 05, 2020.
2. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, 01st August, 2020 to Friday, 07th August, 2020 (both days inclusive) for the purpose of Annual General Meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. As the Annual General Meeting of the Company will be held only through Video Conferencing/ OAVM the facility of appointment of proxies by members will not be available for the Meeting.
5. Corporate members whose Authorized Representatives (AR) are intending to participate in the Meeting through Video Conferencing are requested to send to the Company a certified copy of the Board Resolution authorising their representative to participate in the Meeting.
6. Pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividend, if any, up to the Financial Year 2012-2013 to the Investor Education and Protection Fund (The IEPF) established by the Central Government. Likewise, Debentures/Fixed Deposits, Repayment warrants/interest warrants which remain unclaimed /unpaid for a period of 7 years from the dates they first became due for payment have been transferred to the Investor Education and Protection Fund. All the persons are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
7. Details under Reg. 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the Director seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
8. Pursuant to the MCA circular dated 05th May, 2020 and in view of the prevailing situation and the difficulties involved in dispatching physical copies of the Financial Statements (including Board's report, Auditor's report or other documents required to be attached therewith), such statements shall be sent only by email to the members, and to all other persons so entitled. Electronic copy of the Annual Report for 2019-20 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s).
9. Members who have still not registered their E-mail ID can get their E-mail ID registered.
10. Members may also note that the Notice of the 47th Annual General Meeting and the Annual Report for 2019-20 will also be available on the Company's website www. thirumalaichemicals.com for their download.

11. The Equity shares of the Company are mandated for trading in the compulsory Demat mode. The ISIN No. allotted for the Company's shares is INE338A01024.
12. The facility of e-voting system shall also be made available at the AGM. A Member can opt for only one mode of voting i.e. either through remote e-voting or by E-voting system at the meeting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and voting done in the meeting shall be treated as invalid.
13. Instructions for e-voting and joining the AGM are as follows:

A. 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 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 Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's 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 CDSL.

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on August 03, 2020 at 3.00 pm (IST) and ends on August 06, 2020 at 5.00 p.m. (IST). During this period, the shareholders of the Company, holding shares either in Physical Form or in Dematerialized Form, as on the cut-off date of July 31, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. (IST) on August 06, 2020. Those Members, who will be 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.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com

(iii) Click on Shareholders.

(iv) Now Enter your User ID

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 should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in Demat Form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first-time user, follow the steps given below:

	For 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 shareholders as well as Physical shareholders) • Members, who have not updated their PAN with the Company/Depository Participant, are requested to use the sequence number in the PAN field which will be indicated in your mail.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login. • If both the details are not recorded with the Depository or Company, please enter the Member ID / Folio Number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in Physical Form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu, wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in Physical Form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for THIRUMALAI CHEMICALS LIMITED to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii)If Demat account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii)Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

(i) For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Registrar and Share Transfer Agent "Link Intime India Private Limited" on their email ID at rnt.helpdesk@linkintime.co.in.

(ii) For Demat shareholders - please provide Demat account details (CDSL-16-digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Registrar and Share Transfer Agent "Link Intime India Private Limited" on their email ID at rnt.helpdesk@linkintime.co.in.

(iii) RTA shall co-ordinate with CDSL and provide the login credentials to the above-mentioned shareholders.

B. Procedure to participate in the AGM through Video Conferencing/OAVM:

(i) The Members will be provided with a facility to participate in the AGM through VC/OAVM through the CDSL e-Voting system. The Shareholders may access the same at https://www.evotingindia.com under Shareholders/Members login, by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed. The Members, who do not have the User ID and Password for e-voting or have forgotten the User ID and Password, may retrieve the same by following the remote e-voting instructions mentioned in the Notice.

(ii) The Members can join the AGM in the VC/OAVM mode 15 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 for 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

Stakeholder's Relationship Committee, Auditors and Scrutinizer who are allowed to participate in the AGM without restriction on account of first come first served basis.

(iii) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

(iv) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

(v) Please note that Participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspots 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.

(vi) The Members, who need assistance before or during the AGM, can contact CDSL on (helpdesk.evoting@cdslindia.com or call 1800225533.)

(vii) Institutional Shareholders are encouraged to participate at the AGM through VC/OAVM and vote there at.

(viii) The Members participating in the meeting through Video Conferencing/OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.

(ix) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

(x) 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 the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.

(xi) The 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 three days prior to meeting mentioning their Name, Demat account number/Folio number, email ID, Mobile number by email at rajagopalan.t@thirumalaichemicals.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 by email at (company email id: rajagopalan.t@thirumalaichemicals.com). These queries will be replied to by the company suitably by email.

(xii) Those shareholders who have registered themselves as a speaker, will only be allowed to express their views/ask questions during the meeting.

C. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company.

D. The Board of Directors has appointed Mr. Manoj Mimani of M/s. R.M. Mimani & Associates LLP, Company Secretaries (Membership No. ACS 17083) and failing him, Mrs. Ranjana Mimani, Practicing Company Secretary (Membership No. FCS 6271) as the Scrutinizer to scrutinize the e-voting at the AGM and remote e-voting process in a fair and transparent manner.

E. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

F. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.thirumalaichemicals.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges, where the shares are listed.

II. Re-appointment of retiring Director: (Item no. 2)

Mrs. Ramya Bharathram, aged 48, is the Whole time Director/CFO of the Company, liable to retire by rotation. She is also one of the promoters of the Company. As she is retiring at this AGM, it is proposed to re-appoint her as Director of the Company. Her brief profile is given in Item no. 4 of the Explanatory Statement. The Directors recommend the Resolution set out at item No. 2 of the accompanying notice for your approval.

Except Mrs. Ramya Bharathram, and her relatives Mr. R. Sampath, none of the other Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise in the Resolution set out at item No. 2. The other relatives of Mrs. Ramya Bharathram may be deemed to be interested in the Resolution set out at Item No. 2 of the Notice, to the extent of their shareholding interest, if any, in the Company.

III. EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM 3

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Bhama Krishnamurthy aged 64 as an Additional Director on the Board of the Company under Section 161 of the Companies Act, 2013 with effect from 20th March, 2020. Pursuant to the provision of Section 161 of the Companies Act, 2013, being an Additional Director, Mrs. Bhama Krishnamurthy will hold office up to the date of this Annual General Meeting and is eligible to be appointed as an Independent Director of the Company. Mrs. Bhama Krishnamurthy is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director.

Based on the recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, it is proposed to appoint Mrs. Bhama Krishnamurthy as an Independent Director for a term of five consecutive years (5) from the conclusion of this AGM.

The Company has received declaration from her stating that she meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. She has also given her consent to continue to act as Director of the Company, if so appointed by the members. Her brief profile is given below.

Qualification	Mrs. Bhama Krishnamurthy has done her Masters in Science (M.Sc.) from Mumbai University.
Expertise in specific functional areas	She was Country Head and Chief General Manager, SIDBI. She had a career spanning over 35 years in IDBI (now IDBI Bank) and SIDBI, an Apex Development Bank for micro, small and medium enterprises in India covering all areas of development in banking operations both from policy perspectives and relating to implementation aspects. Her key accomplishments over the years have been her association with framing various policy documents for SIDBI and piloting such policy papers in the Board for adoption. She has closely dealt with Multilateral and Bilateral Agencies in close coordination with the Government of India. Her areas of specialisation include, *inter-alia,* handling of Human Resource Development Division covering recruitment, training and promotion aspects; association with drafting of CSR Policy guidelines for the Bank; resource raising and management, integrated treasury operations, credit dispensation and management and risk management.
Relationship with Director	Nil
Directorship in other Companies	i. Reliance Industrial Infrastructure Limited ii. Network18 Media & Investments Limited iii. Cholamandalam Investment and Finance Company Limited iv. Five Star Business Finance Limited v. Muthoot Microfin Limited vi. CSB Bank Limited.
Shareholding in the Company	Nil

The Board recommends the resolution in relation to appointment of Mrs. Bhama Krishnamurthy as an Independent Director, for the approval by the shareholders of the Company. Except Mrs. Bhama Krishnamurthy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3.

ITEM NO. 4

Mrs. Ramya Bharathram, aged 48, was appointed as Whole-time Director of the Company for a period of three years effective November 03, 2017 as per the terms and conditions approved by the Shareholders at the 44th Annual General Meeting held on July 22, 2017. Since the aforesaid appointment for the revised period of three years ends on November 02, 2020, it is proposed to re-appoint her as Whole-time Director of the Company for a period of three years from November 3, 2020 and pay her the remuneration as set out in the Resolution in item 4. Her brief profile is given below:

Qualification	Mrs. Ramya Bharathram, is a Commerce Graduate and has completed her Inter CA.
Expertise in specific functional areas	She has worked with M/s Lakshmikumaran & Sridharan, a leading Law firm, at Delhi, where she specialized in Direct Taxation (Excise & Customs) and in Trade, Antidumping & Safeguard matters & actions, for a period of 5 years, as an Associate. She has worked in M/s Deloitte and Touché Delhi, in Assurance & in consulting services for corporate clients. In 2006/7, she was selected to attend various programs at IMD, Switzerland and at the Kellogg School of Management, Chicago. She has been working in TCL for the last ten years, where she has supported the Managing Director in the company's Re-organization, and in Finance and Regulatory matters; she has supervised the restructuring of TCL's Finance & Banking, at a period of great stress, in 2009 - 2012. In parallel, she turned around the two loss making Fine Chemicals businesses (CMC & FI) of the company to excellent profits and Cash Flows and grew these units by over 6 times in 5 years. Since 2015 she has led Growth Strategy & execution, including Projects. She has completed the 3-year Principals' Executive Management course in Harvard Business School in December 2017. She has over 20 years of experience.
Relationship with Director	Mr. R. Sampath - Director
Directorship in other Companies	i. M/s Jasmine Limited ii. N. R. Swamy Investments Private Limited
Shareholding in the Company	2,94,620 Equity Shares

The Board is of the opinion that the appointment of Mrs. Ramya Bharathram as Whole-time Director of the company would be in the interest of the Company and it is desirable to continue to avail the services of Mrs. Ramya Bharathram as Whole-time Director due to her extensive experience. Accordingly, the Board recommends the Resolution in relation to reappointment of Mrs. Ramya Bharathram as Whole-time Director, for the approval by the shareholders of the Company.

Except Mrs. Ramya Bharathram, and her relative Mr. R. Sampath, none of the other Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise in the Resolution set out at item No. 4. The other relatives of Mrs. Ramya Bharathram may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

ITEM No. 5.

The Board at its meeting held on 17th June, 2020, as recommended by the Audit Committee, appointed M/s.GSVK & Co., Cost Accountants, having Registration No. 002371 at 8/4 VJ Flats, 30A Valmiki Street, Thiruvanmiyur, Chennai -600 041 as Cost Auditors to audit the Cost Accounts of the Company and to issue Compliance Certificate for the Financial Year 2020-21 for a remuneration of ₹30,000/-, in addition to reimbursement of out of pocket expenses. As per Rule 14(a) (ii) of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders. Hence this Resolution is placed for the consideration of the shareholders. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 5. The Directors recommend the Resolution set out at item No. 5 of the accompanying Notice for your approval.

By Order of the Board
For Thirumalai Chemicals Ltd.

T.RAJAGOPALAN
Company Secretary

Registered Office: Thirumalai House,
Road No.29, Sion-East,
Mumbai - 400 022.
17th June, 2020

Board of Directors

Mr. R. PARTHASARATHY *is the Chairman & Managing Director of Thirumalai Chemicals Limited. He has served as Vice-President and President of the Indian Chemical Council from 2007-2011. He has managed Manufacturing, Technology Development, Marketing, and Business start-ups in India, Europe and the US. He is deeply involved in Education & Healthcare projects serving rural communities in South India.*

Mr. R. SAMPATH *is the Chairman of Ultramarine & Pigments Limited. He is a Chemistry graduate from University of Bombay and has a Chemical Engineering degree from the USA. He started his career in a multinational Company and has more than 50 years of experience in operations, and managing businesses.*

Mr. R. RAVI SHANKAR *is the Chairman of the Audit committee of TCL. He has been a Global Sourcing Manager for Unilever PLC in London and the USA and General Manager – M&A in Lever. He was a senior partner heading the M&A Division in Ernst & Young for 10 years from 1997-2007. For the last seven years he has been CEO of an independent consultancy that advises in M&A, Valuation and Investment Banking. He is deeply involved in Governance, Business and Audit / Assurance matters of the company.*

Mr. N. SUBRAMANIAN *has over 45 years of experience in the chemical industry in India and overseas. Mr. Subramanian has been member of the senior management in leading companies in India and East Asia, including Chemplast Sanmar, Atochem- Arkema, and others. He is the Chairman of the Business Review Committee of TCL, and is your company's nominee to the Board of our Subsidiary in Malaysia, Optimistic Organic Sdn Bhd.*

***Mr. RAJ KATARIA** is an experienced Investment Banker with over 25 years in M&A and Capital Markets. He has significant expertise in Company Law and Corporate Structuring matters, including as Managing Director in DSP - Merrill Lynch. He is an Principal and Executive Director of Arpwood Capital Private Limited, where he has been active in several high profile M&A transactions during the last 8 years. He is the Chairman of the Nomination & Remuneration Committee of TCL and is active in Governance and Corporate matters. He is also on the TCL Audit Committee.*

***Mr. DHRUV MOONDHRA** is an entrepreneur and CEO of Ice Steel 1 Pvt Ltd. He is an Independent Director on the Board of TTK Prestige Limited. He has in depth experience in Distribution, Trading and Manufacturing. He has also led business start-ups in the United Kingdom and India. He is an active member of the Business Review and Risk Management Committees.*

***Mr. ARUN RAMANATHAN** (IAS Officer retired) has held assignments in diverse areas in promotion and management of small, medium and heavy industry. His most recent positions were Secretary (Department of Chemicals, Petrochemicals & Pharmaceuticals), Secretary (Financial Services) and Union Finance Secretary (in 2009) in the Government of India. He is currently an Independent Director on several Boards and also member of the Advisory council to several organizations. He brings deep Governmental, Regulatory and Governance expertise to your company. He is a member of the Audit Committee of the Company.*

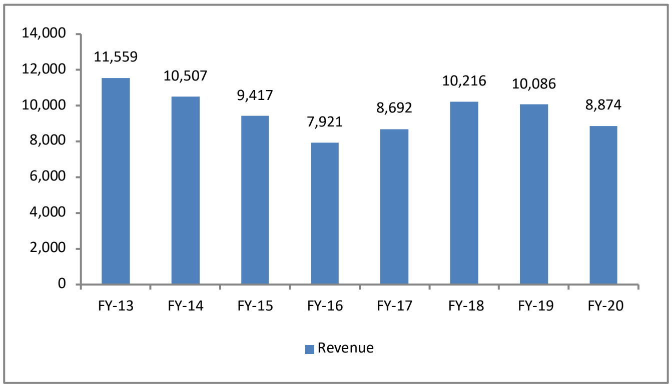
***Mr. RAJEEV M PANDIA** is a Chemical Engineer from IIT, Bombay and holds a Master's degree from Stanford University, USA. During 2000-2002, he was the President of Indian Chemical Council. He headed Herdillia Chemicals Limited (later Schenectady Herdillia Limited and SI Group – India Limited) from 1992 and was its Vice Chairman and Managing Director until December 2008. He was thereafter Group Adviser and Director – Global Markets of SI Group, USA. He has been providing extensive support for several years to the CMD and the Management team at TCL and OOSB.*

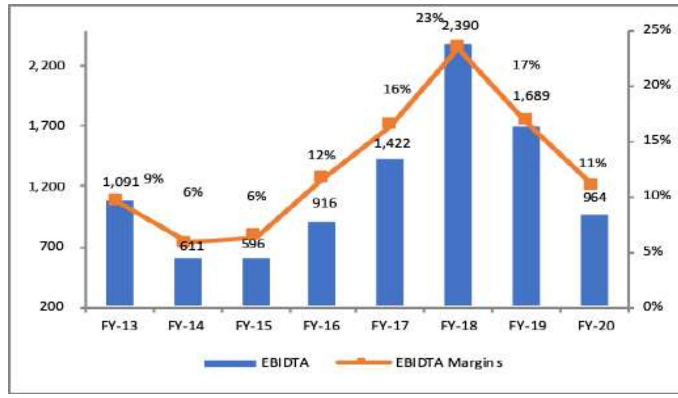
***Mrs. BHAMA KRISHNAMURTHY** has done her Masters in Science (M.Sc.) from Mumbai University. She was Country Head and Chief General Manager, SIDBI. She had a career spanning over 35 years in IDBI (now IDBI Bank) and SIDBI, an Apex Development Bank for micro, small and medium enterprises in India covering all areas of development in banking operations both from policy perspectives and relating to implementation aspects. Her key accomplishments over the years have been her association with framing various policy documents for SIDBI and piloting such policy papers in the Board for adoption. She has closely dealt with Multilateral and Bilateral Agencies in close coordination with the Government of India. Her areas of specialisation include, inter-alia, handling of Human Resource Development Division covering recruitment, training and promotion aspects; association with drafting of CSR Policy guidelines for the Bank; resource raising and management, integrated treasury operations, credit dispensation and management and risk management.*

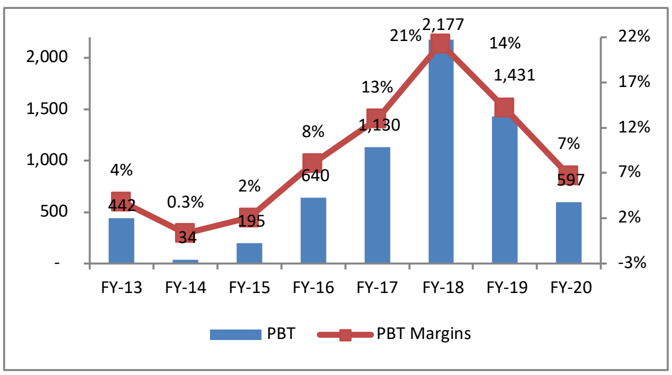
***Mrs. RAMYA BHARATHRAM** is an Executive Director and CFO of TCL. She heads Strategy, and the Specialty Chemicals Businesses. She has over 20 years of experience in marketing, business management, new business development, customs & excise and Trade Policy. She worked for a leading law firm in India where she specialized in Trade policy and Indirect taxation. She worked for Deloitte and Touché.*

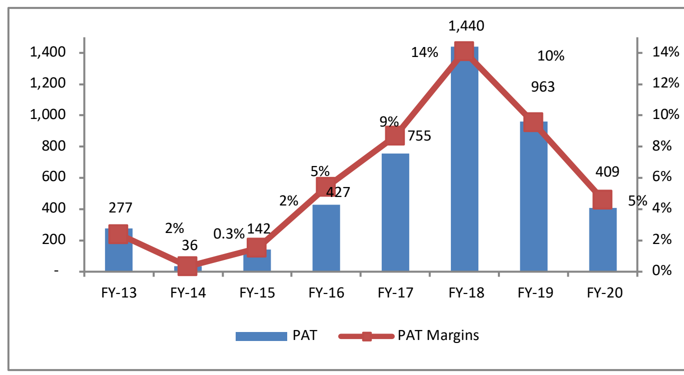
***Mr. P.M.C. NAIR** is an Executive Director and has worked at TCL for 8 years as President (Mfg). Mr. Nair is a Chemical Engineer with over 35 years of experience in various roles at Rashtriya Chemicals and Fertilizers Ltd (RCF). He was the Head of Operations and Profit Centre Head, before he joined TCL.*

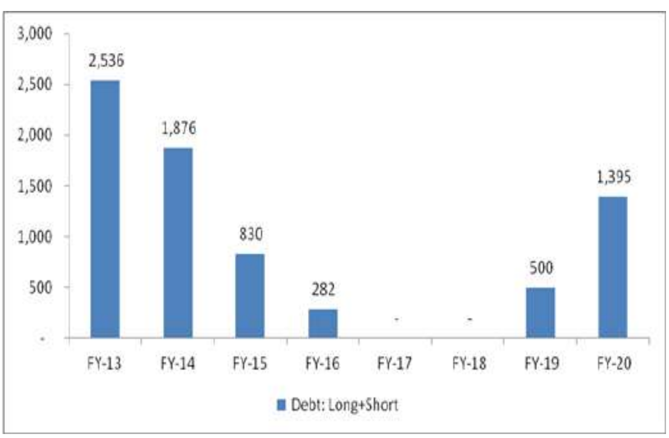
PERFORMANCE INDICATORS – STANDALONE

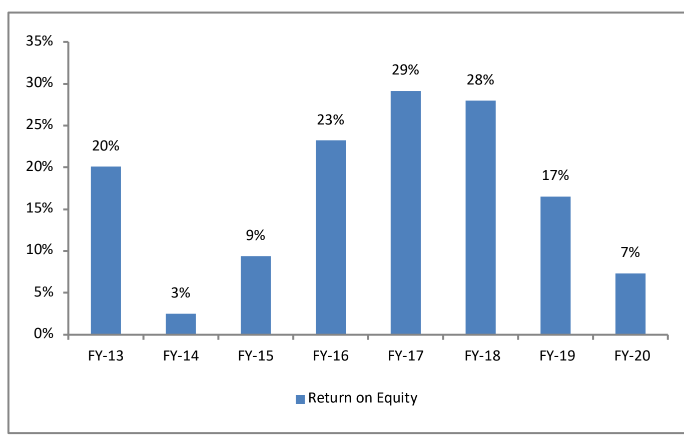


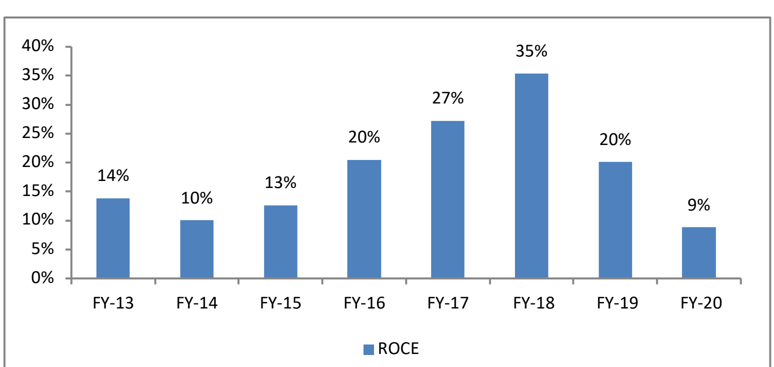




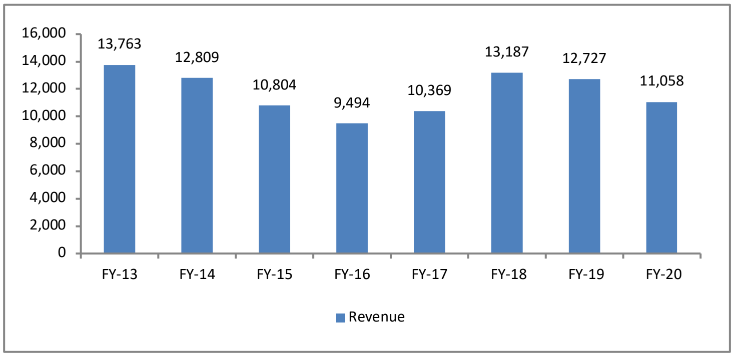


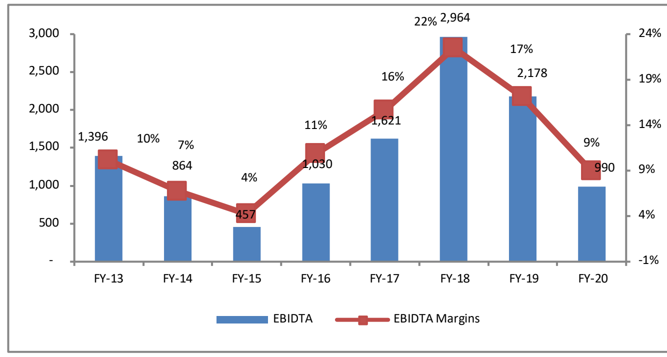


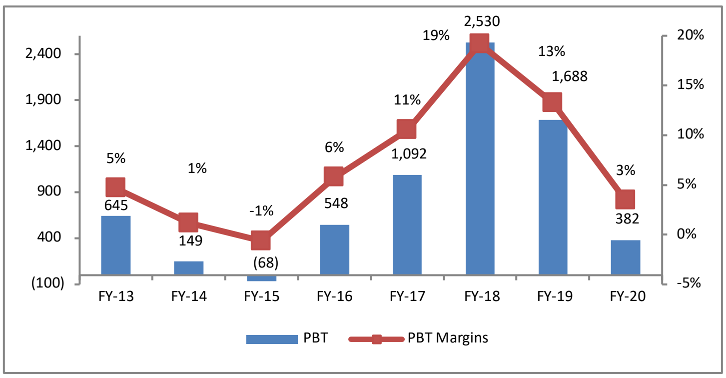


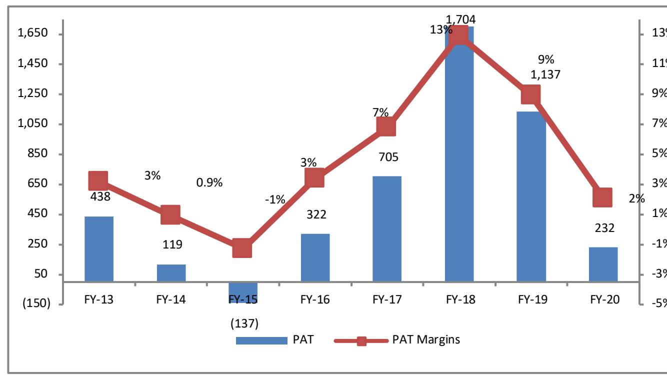


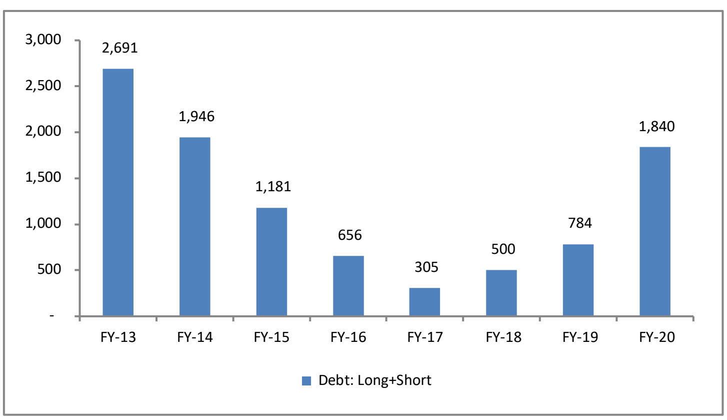
PERFORMANCE INDICATORS – CONSOLIDATED

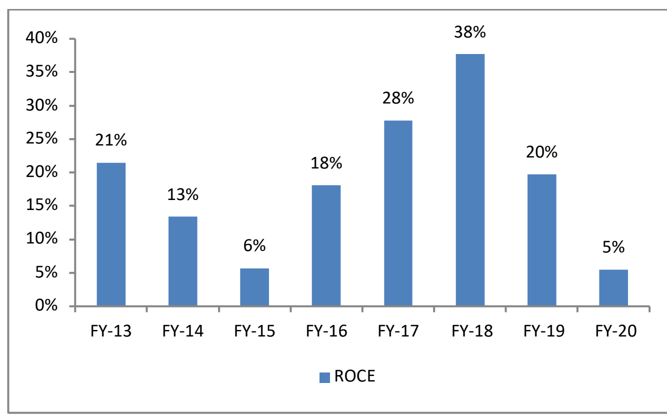


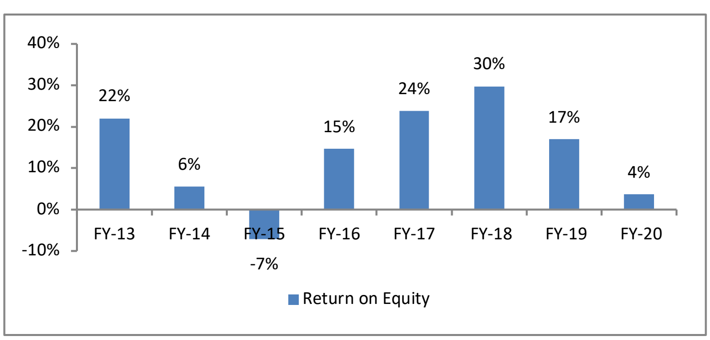












Revamp Project: A new Fired Heater - Utility Section

PA Plant - Ranipet, during revamp

New Food Ingredients - Fine Chemicals Unit

PA Plant Revamp : Oxidation Section - Ranipet

A section of the Fine Chemicals Plant

Overview of our subsidiary in Malaysia - The Maleic anhydride Plant

Maleic - Distillation Unit after Expansion : Malaysia

Butane Processing and Butamer Plant: Malaysia

New Maleic derivatives Plant Malaysia

DIRECTORS' REPORT

With Management Discussion & Analysis

To,

The Members

Thirumalai Chemicals Limited

Your Directors are pleased to present to you the Forty Seventh Annual Report & Audited Statement of Accounts of the Company for the year ended March 31, 2020. The Management Discussion and Analysis has also been incorporated into this report.

STANDALONE FINANCIAL RESULTS – Summary

(₹ In Million)

Particulars	**Year Ended 31 Mar 2020**	**Year Ended 31 Mar 2019**
Revenue from Operations	8,654	9,943
Other Income	220	143
Total Revenue	**8,874**	**10,086**
Gross Profit / (Loss) before Interest, Finance Charges and Depreciation **(EBITDA)**	964	1,689
Interest and Finance Charges	(155)	(107)
Profit / (Loss) before Depreciation and Tax	**809**	**1,582**
Depreciation	(212)	(150)
Profit / (Loss) before Tax (PBT)	**597**	**1,432**
Provision for Tax	(75)	(444)
Profit / (Loss) after Tax	**522**	**988**
Provision for Deferred Tax	(113)	(24)
Profit / (Loss) after Tax (PAT)	**409**	**961**

- The Net Revenue including Export Earning (FOB) during the year was **₹ 846 Million** (Previous Year: ₹ 1000 Million).

CONSOLIDATED FINANCIAL RESULTS

(₹ In Million)

Particulars	**Year Ended 31 Mar 2020**	**Year Ended 31 Mar 2019**
Revenue from Operations	10,848	12,610
Other Income	210	116
Total Revenue	**11,058**	**12,726**
Gross Profit / (Loss) before Interest, Finance Charges and Depreciation (EBITDA)	991	2,175
Interest and Finance Charges	(168)	(122)
Profit / (Loss) before Depreciation and Tax	**823**	**2,053**
Depreciation	(441)	(364)
Profit / (Loss) before Tax (PBT)	**382**	**1,689**
Provision for Tax	(76)	(483)
Profit / (Loss) after Tax	**306**	**1,206**
Provision for Deferred Tax	(74)	(70)
Profit / (Loss) after Tax (PAT)	**232**	**1,136**

Dividend

In order to conserve resources during a period of uncertainty, and in view of the investments that your company is making in growth, your Directors have not recommended any divided for the Financial Year 19-20 (previous year ₹ 2/-per share was paid).

Business Performance

COVID 19 impact

Towards the end of the Financial Year 2019-20, the operations of the company were stopped due to the nationwide lockdown imposed to contain the COVID 19 pandemic. During this time, the company took measures to enable many of its employees from the finance, marketing, projects and admin departments to work from home. The factory operations of the company in Ranipet reopened in the end of April, 2020 after obtaining requisite permissions from the local authorities. Safety and sanitation protocols have been put in place including wearing PPEs, frequent handwashing, physical distancing, thermal screening of all employees and contractors and regular cleaning/ sanitising of the work place. MHA guidelines issued in this regard are being strictly followed. The offices of the company in Chennai, Mumbai and New Delhi continue to be closed and employees have been asked to work from home.

The project operations in Dahej were impacted and delayed because of reduced availability of migrant workforce. COVID 19 has had a significant impact on the company's operations as well as those of its customers. However, the Company is confident of addressing the challenges imposed in this business environment with an optimum and effective utilisation of its various resources.

Phthalic Anhydride / Food Ingredients and Fine Chemicals:

Your company's performance during the year was disappointing. It was below our expectations and plans. However, in all our business areas, the internal problems that contributed to this reduced performance have been largely resolved by the end of FY20 – the year under review. These are the results of the major Investments that your company has made during the last 2 years ; and due to the improving trade scenario.

As the Board reported last year, the main plants and manufacturing technology (for Phthalic Anhydride) had become old - ranging from 25 to 40 years. A major Project to induct the latest technology and to replace these plants & supporting utilities was started in 2018.

Since these large systems are within the complex, alongside existing operating plants, extreme care had to be taken to ensure the safety of people and property. These needed precautionary shut downs and led to reduced production. This Project was completed in July 2019 and the facilities have been have been ramped up. The old plants have been mothballed but are kept available for additional capacity or back-up if necessary.

During July, we had unusual flash storms and floods on our site which resulted in partial inundation of our effluent treatment units, leading to disruptions in all our operations. Your company has taken up this opportunity to revamp the entire effluent treatment plant to satisfy the requirements of both the existing and added facilities. This will enable safe and compliant operations at enhanced levels and during upset conditions. We were the first Zero Liquid Discharge (ZLD) company in India on a voluntary basis, and these investments allow us to guarantee this in the future.

As a good part of our Food Ingredients are recovered from effluents (with our proprietary technologies); this incident in July, resulted in part load operations of the Food Ingredients plants. These are now being steadily ramped up during the current year and the capacity utilization has gone above 70%, during Q1 FY21. But the incident had an impact, especially on our ability to produce and market Food Ingredients and Fine Chemicals during H2 2019, affecting those revenues and contributions.

The impact of the pandemic was felt by the late February 2020 in distribution operations, and there were disruptions in incoming orders from early March 2020.

On the Business and commercial front, during the entire year, there was a steady decline in margins of our main petrochemical product Phthalic Anhydride, as also on the product of our Malaysian subsidiary Maleic Anhydride.

This was mainly due to the following:

a. The impact of the trade war between China and US.
b. The slowdown in Far East and in exports to US in most commodity products and derivatives and therefore a realignment by Far East manufacturers who turned their focus to India. This is actually a continuation of what was already happening from mid-2019 and was further aggravated by the pandemic.

In Phthalic Anhydride as in other products there has also been aggressive dumping, as also imports of off- spec and toxic finished products into India, both from the Far East largely.

Your company and the Industry as a whole, are working with the Government to implement the necessary steps to protect the consumer and create a level platform for fair trade and competition. There has been good progress since year end on these issues. As we have mentioned earlier above, we are hopeful of steady improvements in the current period FY21 and thereafter and this is detailed below.

The present situation in Q1 FY21 and road forward:

In contrast to the many challenges of FY20, we are now seeing steady improvement and look forward to exploiting these for improved performance. These factors are both internal to the company and in the markets.

The new plants at Ranipet are delivering excellent results in terms of steady performance, product quality, efficiencies, safety and reliability: issues in these areas had handicapped us in the last few years. The impact of these improvements were not fully visible during Q4 FY20 due to the pandemic slowdown. The technology upgradation and new equipment and plant represents a major step, which will keep our manufacturing competitive over the next three decades and provide the platform for steady improvements. The capacities available in the plant are also higher than before and allow us to correct an important problem of the last few years – our inability to produce enough quantities to serve our customers and markets. The new plants are also designed for incorporating the future improvements in technology.

In parallel, operating costs (energy and inputs) have reduced significantly, achieving the targets that were the basic premise for the investment. We are starting to see this reflected on our business from late May post the pandemic shutdowns, as we steadily ramp up.

One of the positive results in upgradation of the effluent treatment systems is the improvement of Food Ingredients production from June '20 onwards - thus removing a major constraint which affected these specialty product businesses during H2 of FY20.

On the Market and Business side, the sharp declines that we saw in Q4 FY20 and early Q1 FY21 appear to have been arrested. Across the spectrum of Commodity chemicals, desperate manufacturers in the Far East have for many years been using India as a dumping ground for their excess production and a cure for their depressed market. However, on the brighter side, many of our customers hurt by the sudden collapse of prices and long supply chains of imports, have realized the advantage of procuring locally, at reasonable prices. Volumes have therefore started picking up, though the erosion caused by COVID-19 in many downstream industries persists partly, and will only be corrected as the market opens up.

The Government of India has been supportive, and in the last 6 months we have noticed that the Government of India is taking action against non-compliant and damaging trade behaviour like dumping, predatory pricing , circumvention of duties and off-spec products exported to India. Your company has aggressively moved against these with the support of trade organizations and now is more confident of consistent action from the Government of India. Already, some of our representations have borne fruit in corrections, and we are working towards further suitable protection measures.

Subsidiaries and Division

Cheminvest Pte Ltd., Singapore is a 100 % investment subsidiary of your company and it has step-down subsidiaries viz. Optimistic Organic Sdn. Bhd., Malaysia (OOSB), a manufacturing Company in Malaysia and Lapiz Europe Limited in the United Kingdom.

Lapiz Europe Limited is a subsidiary of our company that presently handles REACH registration and regulatory compliance for the marketing of our products in the EU.

TCL Global BV is a Netherlands based 100% subsidiary of your Company which has been established to facilitate, marketing, regulatory and investment. It has a step-down Subsidiary Viz., TCL Inc which is currently working on setting up a Food Ingredients and Fine Chemicals Plant in the USA.

Your Company has established a Division in the name and style **"TCL Technology and Engineering"** at the Special Economic Zone at Ranipet, Tamil Nadu, India, in March 2020 , which will engage in the business of Technology Development, Design, Engineering, and Construction of Chemical Plants, for Chemical, Petrochemical and Allied Industries in India and overseas.

Subsidiary – Optimistic Organic Sdn Bhd

Our Malaysian subsidiary - OOSB, suffered two major setbacks. These include the breakdown of a very critical turbine which powers the entire plant. This was just before the shutdown in February '20 in Malaysia and they have only been able to restart the plant recently due to the pandemic. The markets for Maleic Anhydride suffered the same problems as in your company, with compressed margins, as did all petrochemicals in the region. This led to a loss; though their cash position continues to be robust. They are now back in operations and are working very hard to reduce their costs, improve margins and spring back to profits this year. Your company has been constantly supporting them with technical advice and delegation of personnel as required.

STANDALONE FINANCIAL RESULTS OF THE SUBSIDIARY (OOSB)

USD in Million

Particulars	**Year Ended 31 Mar 2020**	**Year Ended 31 Mar 2019**
Revenue from Operations	33.65	42.40
Other Income	0.13	0.55
Total Revenue	**33.78**	**42.95**
Gross Profit / (Loss) before Interest, Finance Charges and Depreciation **(EBITDA)**	0.63	6.94
Interest and Finance Charges	(0.09)	(0.08)
Profit / (Loss) before Depreciation and Tax	**0.52**	**6.86**
Depreciation	(3.29)	3.13
Profit / (Loss) before Tax (PBT)	**(2.75)**	**3.73**
Provision for Tax	(0.02)	(0.42)
Profit / (Loss) after Tax	(2.77)	3.31
Provision for Deferred Tax	0.58	0.57
Profit / (Loss) after Tax (PAT)	**(2.19)**	**2.74**

GROWTH AND NEW PROJECTS:

The projects in Ranipet and the new expansion in Dahej were funded from internal resources and accruals/Term Loan. The project in Dahej suffered a delay of a few months due to the heavy rains and floods of in Gujarat, and more recently from the pandemic. The work has now re-started since early July. We hope to start commissioning these units by late Q2 FY21 and expect to see the results by the end of the year. The Capex here is aimed at creating manufacturing unit at a second site in India close to raw materials and our customers, and within the Chemical hub of India; the larger additional expense involved in a greenfield project will serve us well for the next phases of growth in future years.

The Food Ingredients project in the United States – Our subsidiary in the US has initiated early work on this project and design & engineering work started by the end of FY20. The technology will be provided by us, while the design and engineering is being performed by professional engineering consultants with extensive experience in these types of plants, with support from consultants in the US. Major investments towards this project have not started as they are still in the 'soft' phase of design.

To remind our shareholders, this project is for the manufacture of Food Ingredients; Malic and Fumaric acid – from local normal - Butane. This is an integrated plant where energy surpluses are fully employed in the production of Food Ingredients, reducing operating costs significantly.

Their plan is to start construction in mid-2021, and operations in mid-2022. They plan to serve the North American, EU, and Latin American markets which are large and growing

They have chosen a site suitable for significant expansions and to take advantage of excellently priced shale gas feedstock - amongst the lowest in the world.

This project will be executed through the US subsidiary TCL Inc, which is fully owned by your company's Dutch subsidiary in the Netherlands, TCL Global BV.

TCL Global BV was formed during the year for the purpose of:

a) Streamlining all marketing and logistics operations in Europe, for our Company and for our manufacturing subsidiaries, present and future.
b) Holding our groups valuable REACH registrations for our products; these are important prerequisites for exports to Europe.
c) Vehicle for investment in the US.

Funding - for Operations and Investments

Your company's Balance Sheet remains robust. To replace the internal cash reserves that we had spent on the projects in Ranipet and in Gujarat, we decided in mid FY20 to borrow and strengthen our Balance Sheet, so that this provides a sufficient and adequate buffer against uncertainties - a move, in hindsight that has proved its value during the recent pandemic. Our target is to build back these cash reserves from accruals, for future investments and also as a buffer given the uncertainties of the Business environment. We have to thank your Non-Executive Directors for their timely advice to the management in this matter.

Risk Management:

The company had, based on the previous report, implemented risk mitigation actions in many areas that were identified in the earlier evaluation. In the current year's review, these and other prospective risks were evaluated and some more were added to the list for action.

Due to the COVID 19 pandemic, certain areas like the new project in Dahej were not evaluated. These will be covered as soon as travel becomes safe. Additional risks due to the pandemic have also been identified and measures have been put in place to mitigate them, like thermal screening of all employees on a daily basis and detailed safety, health and sanitation protocols at all locations to prevent spread of infection.

At the meeting of the Risk Management subcommittee, the report submitted by the external consultant was reviewed in great detail. Certain Extreme risks and Strategic risks were discussed and ideas for mitigation were presented. Some best practices followed by other companies were deliberated for adoption. The list of all risks identified will be reviewed on a quarterly basis.

OUR PEOPLE

The commitment and drive of the team of people in the company has enabled it to make many improvements over the years. This has resulted in improved performance across the board. Continued investment in training and development programmes across functions has enabled identification of potential leaders. These people can be developed for future strategic roles and participation in the growth of the company.

Succession planning for senior and critical positions has become an area of focus for the company. The senior management, with the help of the Board, will work on identifying key resources internally for some roles and also work on bringing in expertise from outside for others.

Our people are our strength and they have stood with the company through many ups and downs. This has again been evidenced during this current pandemic period, when the company has had to put in place many restrictions and implement protocols for safety. The participation and ownership of our people in working with local governments as also within the company to ensure health and safety has been exemplary. This has enabled us to effectively manage operations under the current restricted conditions.

On behalf of the members of the Board and all shareholders, we would like to recognise and appreciate each and every employee for their contribution to the company.

Our Associates

The operations of the company depend on many external stakeholders for successful execution. We recognise the importance of our Customers, Bankers, Suppliers, Distributors, consultants, and Government agencies in delivering our strategy and strive to develop mutually rewarding long term relationships with them.

BOARD AND MANAGEMENT

The Board of your Company consists of

- The Chairman & Managing Director - Mr. R. Parthasarathy
- Two Executive Directors: -
  - ➢ Mr. P.M.C. Nair
  - ➢ Mrs. Ramya Bharathram
- Six Independent Non-Executive Directors:
  - ➢ Mr. R. Ravi Shankar
  - ➢ Mr. N. Subramanian
  - ➢ Mr. Raj Kataria
  - ➢ Mr. Dhruv Moondhra
  - ➢ Mr. Arun Ramanathan
  - ➢ Mr. Rajeev M Pandia
- A Non-Executive Director:
  - ➢ Mr. R. Sampath – Chairman - Ultramarine and Pigments Ltd.
- An Additional Director:
  - ➢ Mrs. Bhama Krishnamurthy

They are supported closely by

➢ Mr. C.G. Sethuram – Chief Executive Officer
➢ Mr. T. Rajagopalan - Company Secretary

And the Business and Functional Heads

➢ Mr. S. Venkatraghavan	- President – Food Ingredients
➢ Mr. G. Sankara Subramanian	- President – Manufacturing
➢ Ms. J. Radha	- Executive Vice President, Finance
➢ Mr. B. Krishnamurthy	- Sr. General Manager Finance

During the year, your Board has inducted (with effect from March 20, 2020) Mrs. Bhama Krishnamurthy as an Additional Director. As her term of appointment expires on the conclusion of the ensuing Annual General Meeting, the Board recommends her appointment as an Independent Director of the Company under Sec.149 of the Companies Act, 2013.

The term of appointment of the Whole-time Director of the Company, Mrs. Ramya Bharathram will be expiring on November 02, 2020, and the Board recommends her re-appointment as the Whole-time Director of the Company for a further period of three years from November 03, 2020.

Your Directors play a very active role in the Company. They bring in expertise in Business Strategy and Management, Technology, Finance & Accounting, Governance, Project Appraisal & Management, Government Relations.

Their interaction with the Management team is frequent and intense, at the Board and Committees, through reviews, suggestions, criticisms & advice to the Management team over the last 8 years.

The executive management team in turn has been very transparent in presenting and discussing initiatives & plans and failures, issues & responses.

This healthy and open interaction has been of immense value to the governance, health and growth of the company.

The Committees in the Board, especially the Business Review Committee and the Audit Committee met often and participated in depth by setting goals, reviewing performance, correcting slippages and monitoring execution.

The Nomination & Remuneration Committee, Stakeholders Relationship Committee and the Corporate Social Responsibility Committee have been active in their respective roles.

Further details of these are given in the Corporate Governance Report.

SOCIAL RESPONSIBILITY

Your Company continues to play an active and important role in the welfare of the local communities.

The Founders of your Company, Mr N.S. Iyengar and Mr N.R. Swamy had set up the Thirumalai Charity Trust (TCT) in 1970, and The Akshaya Vidya Trust (AVT) in 1994.

We support them financially and through management reviews and in their infrastructure planning & development process.

The TCT works in Ranipet District where our main Indian manufacturing site is located, since 1983, providing services in Community Healthcare, Women's Empowerment, Disability, De-addiction, and Village development.

The TCT founded and operates the Thirumalai Mission Hospital, which provides primary healthcare in 315 villages, covering over 160,000 people. The Hospital provides both out-patient and in-patient services through departments of General Medicine, Emergency services, Intensive Medical Care, General Surgery, Paediatrics, Obstetrics, Gynaecology, Orthopaedics, ENT, Dentistry, Physiotherapy, De-addiction & Rehabilitation.

With our company's support, the Thirumalai Mission Hospital has set up a separate centre for Non-Communicable Diseases such as Diabetes, Thyroid disorders, Endocrinology, Obesity, Osteoporosis, etc. The dialysis service started at TMH last year is expanding to serve more people.

This addresses a critical need of the community.

The Vedavalli Vidyalaya Schools (with 3 schools at 2 campuses), managed by The Akshaya Vidya Trust, have around 2,600 students, out of whom 70% are from rural families.

Their performance is reviewed periodically by the Company's CSR Committee.

Industrial Relations:

Industrial Relations during the year under review continued to be very cordial.

Finance

All taxes and statutory dues have been paid on time. Payment of interest and instalments to the Financial Institutions and Banks are being made as per schedule. Your Company has not collected any Fixed Deposits during the Financial Year.

Contribution to the Exchequer:

The amounts paid to the Central and State Exchequer by way of GST, Customs duties (incl. paid to supplier), Income Tax and other taxes, is about **₹ 2,015** Million on Gross Sales of about **₹ 8,470** Million (Previous Year **₹ 1,828** Million on Gross Sales of about **₹ 9,943** Million).

Contribution to the Exchequer is about **24%** of your Company's Sales.

Exports:

Calculated on FOB basis, Exports amounted to **₹846** Million (previous year **₹ 1,000** Million)

Particulars of loans, guarantees or investments

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

Related Party Transactions

All transactions entered into with Related Parties (as defined under the Companies Act, 2013) during the Financial Year were in the ordinary course of business and on an Arm's length pricing basis, and do not attract the provisions of Section 188 of the Companies Act, 2013 and were within the ambit of Reg. 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There were no materially significant transactions with related parties during the Financial Year which were in conflict with the interests of the Company. Suitable disclosure as required by the Indian Accounting Standards (Ind AS24) has been made in the notes to the Financial Statements.

The Board has approved of a policy for Related Party Transactions which has been uploaded on the Company's website.

Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

i) In preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
ii) We have selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.
iii) We have taken proper and sufficient care to maintain adequate Accounting Records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
iv) We have prepared the Annual Accounts on a going concern basis.
v) Proper Internal Financial Controls were in place and that the Financial controls were adequate and were operating effectively.
vi) Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Business Risk Management

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks. The Company has constituted a Business Risk Management Committee and the details of the Committee are as under:

Sr. No.	Name of member	Category
1.	Mr. Rajeev M. Pandia	Independent Director
2.	Mr. Dhruv Moondhra	Independent Director
3.	Mr. P.M.C. Nair	Executive Director
4.	Mr. C.G.Sethuram	Chief Executive Officer
5.	Mr. B. Krishnamurthy	Sr. General Manager-Finance
6.	Mr. N.R.Vijayakumar	Site Head

Committee reconstituted on 06.05.2019

Vigil Mechanism / Whistle Blower Mechanism

The Company has a vigil mechanism to deal with instances of fraud and mismanagement, if any. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

Corporate Social Responsibility (CSR) Committee

The Committee recommended continuing support for the Thirumalai Charity Trust's Health and Rural Development Projects and for the Akshaya Vidya Trust's Educational Programmes.

The composition of the Corporate Social Responsibility Committee is given below:

Sr. No.	Name of member	Category
1.	*Mr. Arun Ramanathan	Independent Director & Chairman
2.	Mr. N. Subramanian	Independent Director
3.	Mr. R. Sampath	Director (Promoter)
4.	#Mr. Raj Kataria	Independent Director

*inducted on 06.05.2019
#till 06.05.2019

A detailed note is given in the Corporate Governance report.

Total Expenditure on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

The Company's total spending on CSR is 2.75 % of the average profit after taxes in the previous three Financial Years towards Health and Sanitation Programmes.

Statement pursuant to Listing Agreement:

Your Company's shares are listed with the National Stock Exchange of India Ltd. and the BSE Ltd. We have paid the annual listing fees and there are no arrears.

Business Responsibility Report:

Regulation 34(2) of the SEBI Listing Regulations, 2015, as amended, inter alia, provides that the Annual Report of the top 1000 listed entities based on market capitalization (calculated as on 31st March of every Financial Year), shall include a Business Responsibility Report (BR Report).

Your Company is in the top 1000 listed entities as on 31st March, 2020. The Company, has presented its BR Report for the Financial Year 2019-20, which is part of this Annual Report.

Report on Corporate Governance

The Report on Corporate governance is annexed herewith.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and under obligations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carries out the annual performance evaluation of its own performance, of the Directors individually as well as the evaluation of working of its various Committees. A structured questionnaire is prepared after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, Execution and Performance of specific duties, obligations and governance.

A separate exercise is carried out to evaluate the performance of individual Directors including the Chairman of the Board, who are evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interests of the Company and of its minority shareholders, etc.

The performance evaluation of the Independent Directors is carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors is carried out by the Independent Directors who also review the performance of the Secretarial Department.

The Directors expressed their satisfaction with the evaluation process.

Appraisal of Board's performance

It includes setting individual and collective roles and responsibilities of its Directors, creating awareness among Directors about their expected level of performance and thereby improving the effectiveness of the Board.

Board evaluation contributes significantly to improved performance and aims at,

- Improving the performance of Board in line with the corporate goals and objectives.
- Assessing the balance of skills, knowledge and experience on the Board.
- Identifying the areas of concern and issues to be focused on for improvement.
- Identifying and creating awareness about the role of Directors individually and collectively as Board.
- Fostering Team work among the members of the Board.
- Effective Coordination between the Board and Management.
- Overall growth of the organization

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up by the Company to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Since the number of complaints filed during the year was Nil, the Committee prepared a Nil complaints report.

Statutory Auditors

M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. AAC-2085) were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting (AGM) of the Company held on July 29, 2016, to hold office from the conclusion of the Forty Third AGM till conclusion of the Forty Eighth AGM to be held in the year 2021.

Internal Auditors

The Internal Auditors M/s. M.S. Krishnaswamy & Co, Chartered Accountants, have played an important role in strengthening the internal controls within the Company.

Cost Auditors

M/s GSVK & Co., Cost Accountants, were appointed as Cost Auditor to conduct cost audit of the cost records maintained by our Company in respect of products manufactured during the Financial Year 2019-20. The Cost Audit Report was filed with the MCA, Government of India, by the Company on July 30, 2019, well before September 30, 2019, the due date of filing for the Financial Year 2018-19.

Secretarial Audit

The Board appointed M/s. R.M. Mimani & Associates LLP, Company Secretaries, to conduct Secretarial Audit for the Financial Year 2019-20. The Secretarial Audit Report for the Financial Year ended March 31, 2020 is attached to this Report. The Secretarial Audit Report does not contain any qualification, or reservations or adverse remark.

Web link of Annual Return

Pursuant to the provisions of section 92(3) and Section 134 (3) (a) of the Companies Act, 2013 a copy of Annual Return of the Company for the year ended March 31, 2020 will be placed on the website of the company at http://www.thirumalaichemicals.com.

Personnel

In terms of the provisions of section 197(12) of the of the Companies Act, 2013 read with the rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the names and other particulars of employees are set out in the *Annexure B to the Directors' report.*

PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES OF THE COMPANIES ACT, 2013:

a) The ratio of the remuneration of each Director to the median employee's remuneration for the Financial Year and such other details as prescribed is as given below:

Name of Director Ratio

1. Mr. R. Parthasarathy (Managing Director) **53.48**: **1**
2. Mrs. Ramya Bharathram (Executive Director and CFO*) **28.63: 1**
3. Mr. P. Mohana Chandran Nair (Executive Director) **12.08: 1**
For this purpose, sitting fees paid to the Directors have not been considered as remuneration.

b) The percentage increase in remuneration of Managing Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Mr. R. Parthasarathy – (Managing Director): **(38.12) %**

Mr. T. Rajagopalan – (Company Secretary): **3.72 %**

*Mrs. Ramya Bharathram, Whole time Director, was appointed as the Chief Financial Officer of the Company on July 24, 2018. No additional remuneration was paid to her for functioning as the CFO.

c) The percentage increase in the median remuneration of employees in the Financial Year: **10.76 %**

d) The number of permanent employees on the rolls of the Company: **457**

e) The explanation on the relationship between average increase in remuneration and Company performance:

The Company's PAT has declined from **₹961** Million to **₹409 Million**, a decrease of **57 %** against which the average increase in remuneration is **2.58%;**

f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Name	Designation	Remuneration ₹ In Mn*	% Increase in Remuneration	PAT ₹ in Mn*	% decrease in PAT
Mr. R. Parthasarathy	Managing Director	20.32	(37.87)	409	57
Mrs. Ramya Bharathram	Whole Time Director and CFO	10.83	(22.80)		
Mr. T.Rajagopalan	Company Secretary	3.24	3.72		

* It consists of Salary/Allowances & Benefits.

The remuneration of the Managing Director Mr. R. Parthasarathy includes the commission of **₹ Nil** Mn, which works out to approximately **Nil %** to the net profit for the Financial Year ended March 31, 2020.

As per the Compensation Policy, the compensation of the key managerial personnel is based on various parameters including Internal Benchmarks, External Benchmarks, and Financial Performance of the Company.

g) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current Financial Year and the previous Financial Year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Date	Issued Capital (No. of Shares)	Closing Market Price per share ₹	EPS in ₹	PE Ratio	Market Capitalization (₹ in Cr)
31.03.2019	**102388120**	**88.30**	**9.38**	**9.41**	**904.09**
31.03.2020	**102388120**	**35.40**	**3.99**	**8.87**	**362.45**
Increase /(Decrease)	**NA**	**(52.90)**			
% of Increase/(Decrease)	**NA**	**(59.91)**			
Issue Price of the share at the last Pubic Offer (IPO)		**1**			
Increase in market price as on 31.03.2020 as compared to Issue Price of IPO		**34.40**			
Increase in %		**3440**			

h) Average percentile increase already made in the salaries of Employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the Managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration is **16.94%** for Employees other than Managerial Personnel & 0.92% for Managerial Personnel (KMP and Senior Management)

i) The key parameters for any variable component of remuneration availed by the Directors:

Except Mr. R. Parthasarathy *(Managing Director)*, Mrs. Ramya Bharathram (*Executive Director)* and Mr. P. Mohana Chandran Nair, *(Executive Director),* no Directors have been paid any remuneration, as only sitting fees have been paid to them. The said Directors have not been paid any variable remuneration. The Directors are eligible for a commission on Net Profits as per the provision of sec.197 of the Companies Act, 2013.

j) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid director during the year: **Not Applicable**

k) If remuneration is as per the remuneration policy of the Company: **Yes**

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars required to be included in terms of Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure C.

Cautionary Statement

Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation, plant breakdowns, industrial relations, etc.

Acknowledgements

The Directors would like to place on record our sincere appreciation for the continued support given by the Banks, Internal Auditors, Government Authorities, Customers, Vendors, Shareholders and Depositors during the period under review.

The Directors also appreciate and value the contributions made by the employees of our Company at all levels.

For and on behalf of the Board of Directors

Ranipet
17th June, 2020

R. Parthasarathy
Managing Director
(DIN:00092172)

R. Ravi Shankar
Director
(DIN:01224361)

ANNEXURE TO DIRECTORS' REPORT

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ In Million)

S. No	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserve	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit/ (Loss) Before Taxation	Profit / (Loss) After Taxation	Proposed Dividend
1.	Cheminvest Pte Ltd	USD	75.39	452.34	15.08	150.78	-	-	(13.57)	(13.57)	-
2.	OOSB	USD	75.39	957.45	729.77	1358.60	-	2533.10	(203.55)	(158.32)	-
3.	Lapiz Europe Ltd	GBP	93.08	-	2.79	-	-	10.15	0.53	0.53	-
4.	TCL Global BV	EURO	83.05	5.93	-	-	-	-	-	-	-
5.	TCL INC	USD	75.39	3.84	-	-	-	-	-	-	-

Annexure-A

Reporting of Corporate Social Responsibility (CSR)

1. Period for which CSR is being reported: **From 01/04/2019 to 31/03/2020.**

2. a) Whether information includes information about subsidiary Company(s): **No**
   b) If yes, then indicate number of such subsidiary Company(s): **NA**
3. a) Whether information includes information about any other entity(s): **No** (eg. Supplies, value chain, etc)
   b) If yes, then indicate number of such entity(s): **NA**
4. a) Does the Company have a written CSR Policy: **Yes**
   b) Brief contents of the CSR Policy: The areas of principal support of the CSR Policy are towards Education, Health, Women Empowerment and Community development services. The full policy is available in the Company's website http://www.thirumalaichemicals.com
5. The Composition of the CSR Committee: -

Sr.No.	Name of the Director	Category
1.	*Mr. Arun Ramanathan	Independent Director
2.	Mr. N. Subramanian	Independent Director
3.	Mr. R. Sampath	Director (Promoter)
4.	#Mr. Raj Kataria	Independent Director

*inducted on 06.05.2019
#till 06.05.2019

6. Average net profit of the Company for the last three years: ₹16,193 lakhs.
7. Prescribed CSR Expenditure (min. two percent of the amount as in item 6 above): ₹ 324 lakhs.
8. Details of CSR spent during the Financial Year: - 2019-20
   a) Total amount spent for the Financial Year: ₹ 290lakhs
   b) Amount unspent, if any: ₹ 34 lakhs (Due to insufficient cash flow)
   c) Manner in which the amount spent during the Financial Year is detailed below:-

No	CSR Project or Activity Identified	Sector in which the Project is covered	Project or Program 1) Local Area or Other 2) Specify the State and district where project or program was undertaken	Amount of Outlay(Budget) Project or Program-wise (₹ in Lakhs)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs 2) Overheads (₹ in Lakhs)	Cumulative Expenditure up to the reporting period i.e. FY 2019-2020 (₹ in lakhs)	Amount Spent Direct or through Implementing Agency
1.	Health	Primary and Secondary Healthcare	Ranipet District, Tamil Nadu	237	237	839	Thirumalai Charity Trust
2.	Education	Primary and Secondary Schools	Tamil Nadu	20	20	20	Worth Trust
3.	Education	Primary and Secondary Schools	Tamil Nadu	2	2	2	Bhuvana Foundation
4.	Health	Primary and Secondary Healthcare	Tamil Nadu	2	2	2	South Central India Network for Development Alternatives (SCINDeA)
5.	Education	Primary and Secondary Schools	Tamil Nadu	2	2	2	OM Charitable Trust
6.	Education	Primary and Secondary Schools	Tamil Nadu	3	3	3	The National Boys' and Girls' Education Society
7.	Health	Primary and Secondary Healthcare	Tamil Nadu	23	23	23	Christian Medical College & Hospital
8.	Education	Primary and Secondary Schools	Tamil Nadu	1	1	9	Direct

9. RESPONSIBILITY STATEMENT: The CSR Committee confirmed that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Sd/-
R. Sampath
Director
(DIN:00092144)

Sd/-
N. Subramanian
Director
(DIN:00336468)

Annexure B

Statement of particulars under section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2020 and forming part of the Directors' Report.

Sr. No.	Name $	Designation	Qualification(s)	Age	Date of Commencement of Employment	Total Experience	Nature of Employment, Whether Contractual or Otherwise	Nature of Duties of The Employee	Gross Remuneration ₹ in Million	Previous Employment / Designation
1.	Mr. C. G. Sethuram	Chief Executive Officer	B.Tech., (Chemical Engineering), PGDM (IIMA)	64Yrs	12th August 2013	40 years	Contractual	General Management	23.69	ED (emerging business), Archean Group
2.	Mr. S. Venkatraghavan	Executive Vice President	M.Sc, M.Tech , MBA,	54Yrs	14th July 2014	29 years	Contractual	General management	7.76	Executive Vice President – Sales & Marketing Cabot Sanmar Ltd.
3.	Mr.Vijay Seth	Vice President (Projects)	MBA, IIT, Mumbai	68Yrs	28th February 2018	40+years	Contractual	General Management	8.34	Sr.Vice President Reliance Industries Ltd
4.	Mr. G. Sankara Subramanian	President – Manufacturing	B.Tech – Chemical, Karnataka	47Yrs	20th June 2019	20+years	Contractual	General Management	5.06	President-Chemplast
5.	Ms. J. Radha	Executive Vice President, Finance	B.Com, CA	54Yrs	28th November 2019	28 years	Contractual	General Management	1.94	Rane (Madras) Ltd., Chennai – Vice President – Finance and Chief Financial Officer

$ No shares are held by them and are not relatives of any Director or Manager or KMP.

Annexure C

INFORMATION AS PER Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 and forming part of the Directors' Report.

I. CONSERVATION OF ENERGY:

Your Company continues to focus on Conservation of Energy and considers it very important for efficient use of energy.

	Fuel Consumption	Units	Year Ending 2019 – 2020	Year Ending 2018 – 2019
1	**Electricity**			
	a) Purchased Units	KWHR	3,125,550	3,782,290
	Total Amount Paid	RS.	28,814,762	32,729,247
	Rate per Unit	RS.	9.22	8.65
	b) Own Generation	KWHR	1,936,889	3,151,955
	Unit / Ltr of HSD	KWHR/LTR	2.90	3.89
	Cost per Unit	RS	17.84	25.73

2	Coal : Not consumed in the process	KWHR	Nil	Nil
3	**Furnace Oil**			
	Total Quantity	KL	9,412	8,699
	Total Amount	RS	292,414,595	313,881,850
	Average Rate	RS	31,069	36,084
4	**Other Internal Generations**	KWHR	30,296,210	24,993,523
5	Consumption Per Tonne of Production			
	Electricity	KWHR	26.85	32.65
	Furnace Oil	Ltr	80.84	75.08
	Others (Diesel)	Ltr	5.73	7

II. Technology Absorption, Adaptation and Innovation.
Research and Development

1) Specific Areas in which R & D activities carried out by our Company.
   a. Reduction in Input use including Raw Materials, Chemicals, Energy and Water.
   b. Reduction in effluent generation from each production plant.
   c. Improving the quality of our products viz., developing process improvements for implementation in the Plant towards the above.
2) Benefits derived as a result of above effects.
   a. Improvement of yield in the plants.
   b. Improvement in quality of products.
   c. Significant Energy, Water, Chemicals Reduction in our Derivatives Plants.
3) Future plan of action.
   a. Technology development to enable higher capacity utilization, debottlenecking and lower Input use.
4) Research and Development Expenditure

	Particulars	2019-20	2018-19
a)	Capital	**₹NIL**	₹ 28.60 Million
b)	Recurring	**₹32.50 Million**	₹ 33.60 Million
c)	Total	**₹32.50 Million**	₹ 62.20 Million
	Total R&D expenditure as a % of sales	**0.38%**	0.65%

5) Technology Absorption, Adaptation and Innovation:
   a. Efforts in brief towards absorption, adaptation and innovation. The technologies required for better products applications and better quality have been adapted and are being developed / improved indigenously.
   b. Benefits derived as a result of the above efforts.
   c. Improvement in the quality of the products, increase productivity and reduced cost of production in all products.
   d. Particulars of Technology imported during the last 5 Years: None.
   e. Techno-commercial studies of fine chemicals
   f. Food acidulants- awareness to customers, technical services to users of our products.

III. Foreign Exchange Earning and Outgo

	2019-20	2018-19
Export earnings	**₹846 Million**	₹ 1000 Million
Outgo	**₹380 Million**	₹ 843 Million

For and on behalf of the Board of Directors

Ranipet,
17th June, 2020

R. Parthasarathy
Managing Director
(DIN :00092172)

R. Ravi Shankar
Director
(DIN:01224361)

ANNEXURE D
BUSINESS RESPONSIBILITY REPORT
[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY			
1.	Corporate Identity Number (CIN) of the Company	:	L24100MH1972PLC016149
2.	Name of the Company	:	Thirumalai Chemicals Limited
3.	Registered Address	:	Thirumalai House, Road No.29, Sion-East, Mumbai-400 022
4.	Website	:	www.thirumalaichemicals.com
5.	E-mail id	:	thirumalai@thirumalaichemicals.com
6.	Financial Year reported	:	2019-2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	20119
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	:	1. Phthalic Anhydride (PA) 2. Food ingredients and fine products 3. Fine and personal care ingredients. (Please refer to Company's website for complete list of its products)
9.	Total number of locations where business activity is undertaken by the Company:	:	
	a. Number of International Locations –	:	TCL has overseas subsidiaries in Malaysia, Singapore, USA, Netherlands & UK.
	b. Number of National Locations	:	TCL has its: i. Registered office in Mumbai ii. Factories at Ranipet, Ranipet District, Tamilnadu and Dahej, Gujarat iii. Tank Farm at Royapuram, Chennai iv. Marketing offices at Chennai & Delhi
10.	Markets served by the Company – Local/State/National/International:	:	Over the past four decades, TCL has expanded to 15 products that are exported to over 34 countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY		
1.	Paid up Capital (INR):	**₹ 102,388,120**
2.	Total Turnover (INR):	**₹ 86,542 lakhs**
3.	Total profit after taxes (INR):	**₹ 4,117 lakhs**
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	**7.09% (290/4,087)**
5.	List of activities in which expenditure in 4 above has been incurred:-	**a. Healthcare** **b. Education**

SECTION C: OTHER DETAILS		
1.	Does the Company have any Subsidiary Company/ Companies?	Yes. The Company has 5 subsidiaries abroad as on 31.03.2020 and there is no Indian Subsidiary.
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)	Not applicable since there is no Indian Subsidiary.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The suppliers and vendors are provided awareness on environmental and social issues. The Company also communicates its business responsibility policies and approaches to the concerned stakeholders from time to time. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR
   a. Details of the Director/Directors responsible for implementation of the BR policy/policies

Name	Mrs. Ramya Bharathram
DIN No.	06367352
Designation	Whole-time Director
e-mail id	mail@thirumalaichemicals.com

   b. Details of the BR head

Name	Mr. C. G. Sethuram
DIN No.	N.A.
Designation	Chief Executive Officer
Telephone	+91-4172-244441/6/8
e-mail id	sethuram.cg@thirumalaichemicals.com

   c. Principle-wise (as per NVGs) BR Policy/policies:

   i. Details of compliance (Reply in Y/N): Yes

No.	Questions	Business Ethics	Product Responsibility	Well-being of employee	Stakeholders Engagement	Human Rights	Environment	Policy Advocacy	CSR	Customer relations
		P 1	**P 2**	**P 3**	**P 4**	**P 5**	**P 6**	**P 7**	**P 8**	**P 9**
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 the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All the policies of the Company are in compliance with national /international standards wherever applicable. TCL is a FSSC 22000 (equivalent to GFSI), HACCP, Halal & Kosher Certified, ISO 9001, ISO 9004, ISO 14001 & ISO 50001 compliant, and a Responsible Care Company.								

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 Mandatory policies viz., The Code of Conduct and Ethics, Policy on Vigil Mechanism, CSR Policy, Code of Conduct for Prevention of Insider Trading etc. have been adopted by the board and other operational internal policies are approved by the management.
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 The implementation and adherence to the code of conduct for employees is administered by the HR/Personnel Department. The CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013. The CEO and Senior Management review the BR performances of the Company through their monthly review meetings and report the same to the Board every Quarter.
6	Indicate the link for the policy to be viewed online?	Mandatory policies are available on the Company's website at the following link http://www.thirumalaichemicals.com/Policies.html
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The internal policies have been communicated to all stakeholders and the same are available on the Company's intranet.
8	Does the company have in-house structure to implement the policy/ policies?	The Company has established in-house structures to implement these policies.
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Stakeholders can report any grievance against the company at the companies email ID and the same will be addressed by the Management of the Company.
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments.

ii. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – **N.A**

d. Governance related to BR

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

The CEO and Senior Management review the BR performances of the Company through their monthly review meetings and report the same to the Board every Quarter.

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

The Sustainability Report and BR report is available as part of the Annual Report.
Link to View the report: www.thirumalaichemicals.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

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

   Yes. It extends to the entire group, JVs, Subsidiaries and NGOs. The Company acts with integrity in accordance with its core principles of Trust, Value and Service. TCL has adopted a separate Code of Conduct and Ethics which specifically pertains to the Company's Directors and the senior management personnel one level below the Board, including all the functional heads. The Code of Conduct and Ethics is devised to enable the Directors and the senior management personnel to strive to perform their duties with highest standards of integrity, accountability, confidentiality and independence. A declaration of the Directors and the senior management personnel towards annual affirmation to the Code of Conduct and Ethics is communicated to all stakeholders by the Chairman and Managing Director, through the Annual Report.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**
   During the period under review, the Company has not received any complaints regarding, violation of the Code of Conduct.

Principle 2: Product Life Cycle Sustainability

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**
   a. Phthalic Anhydride (PA)
   b. Food ingredients
   c. Fine and personal care ingredients

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

   (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**
   Our manufacturing process is one of the most efficient in the industry. Our Specific Energy (power and heat) consumption in the last three decades has reduced by 78%. This is largely as a result of two initiatives: benchmarking and improving the efficiencies of all power and heat consuming equipment in manufacture; and recovering waste heat from every possible source, converting it into steam and power and recycling these.

   TCL has a three-pronged energy savings approach. We recover energy from waste heat, we use energy efficiently, and we encourage innovation by employees. 95% of our total power requirements are met from waste heat and steam. We have modified the exothermic process in our plants to extract energy and heat to use in our operations, thus making our energy footprint near zero. We have also discovered ways to create value from the byproducts produced. We have also implemented over 1,000 small energy saving measures, such as replacing old equipment, installing efficient technology, and ensuring maintenance of the plant is regularly monitored.

   (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**
   TCL has a dedicated Research & Development Team that is focused on creating innovative products for its customers that meet global standards and are environmentally sustainable, reflecting its commitment to environmental sustainability.

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

   (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words orso.**
   The Company endeavors to embed the principles of sustainability, as far as practicable, into the various stages of product life-cycle, including procurement of raw material / service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Responsible Care Guidelines and Sedex Members Ethical Trade Audit (SMETA) Best Practice Guidance have been adopted by the company to ensure for sustainable sourcing.

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

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, local sourcing is an important facet of sustainable procurement and we take efforts to encourage and enable our suppliers to meet quality norms and standards. Many inputs like raw materials, packing materials and consumables are sourced from local vendors.

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.

Yes. We remain a Zero Liquid Discharge (ZLD) company, in spite of operating a large complex with many plants and products. Water consumption is constantly reduced, and all waste waters are recycled after recovering valuable chemicals which are then converted to fine–chemical products It is further being modernized to handle with contemporary Technology to provide better efficiencies in recycling of waste streams.

Principle 3: Employee Wellbeing

<table>
<tr><td>1.</td><td>Total number of employees.</td><td>454</td></tr>
<tr><td>2.</td><td>Total number of employees hired on temporary/contractual/casual basis.</td><td>220</td></tr>
<tr><td>3.</td><td>Number of permanent women employees.</td><td>31</td></tr>
<tr><td>4.</td><td>Number of permanent employees with disabilities</td><td>NIL</td></tr>
<tr><td>5.</td><td>Employee association that is recognized by management?</td><td>5 Men works committee</td></tr>
<tr><td>6.</td><td>Percentage of permanent employees who are members of this recognised employee association?</td><td>8.75%</td></tr>
<tr><td>7.</td><td>Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.</td><td>
<table>
<tr><th>No.</th><th>Category</th><th>No of complaints filed during the financial year</th><th>No of complaints pending as on end of the financial year</th></tr>
<tr><td>1</td><td>Child labour/forced labour/involuntary labour</td><td>NIL</td><td>NIL</td></tr>
<tr><td>2</td><td>Sexual harassment</td><td>NIL</td><td>NIL</td></tr>
<tr><td>3</td><td>Discriminatory employment</td><td>NIL</td><td>NIL</td></tr>
</table>
</td></tr>
<tr><td>8.</td><td>What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
a. Permanent Employees
b. Permanent Women Employees
c. Casual/Temporary/Contractual Employees
d. Employees with Disabilities</td><td>

100%
100%
100% (Safety Training)
N/A</td></tr>
</table>

Principle 4: Stakeholder Engagement

1. **Has the company mapped its internal and external stakeholders? Yes/No**

Yes. The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, government, regulatory authorities, trade union and local community. The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**
Yes, The Company works alongside the Thirumalai Charity Trust (since 1973), The Akshaya Vidhya Trust (Since 1994) and the Thirumalai Mission Hospital (Since 2010) in their health, education, and community development programs. These programs help in identifying marginalized and disadvantaged groups through need assessment in all the villages where they operate by engaging with the local communities. Such marginalized and disadvantaged communities includes villagers and economically deprived children and women who are in great need of care and protection.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**
As mentioned above the Company continues to work alongside various charitable organizations to fulfill its corporate social responsibility. These Organizations provide affordable and quality healthcare and education in the communities we operate in. The Corporate Social Report describes these initiatives in further detail.

In addition to the above, the training and development programmes of the Company for young persons from rural communities and towns, started 30 years ago, have been well recognized. A majority of the employees of the company at all levels, including in R&D and Management, joined the Company as young trainees. This programme is now being further extended to training local youth to become good craftsmen and technicians in an effort to generate more employment in these communities. We plan to extend these to our new site in Gujarat.

Principle 5: Human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**
The Company policies support, respect and protect the human rights of its direct as well as indirect Stakeholders. Human rights cover a host of aspects including non-discrimination, gender equality, freedom of association, collective bargaining, avoidance of child and forced labour among others. The Company is compliant with national regulations pertaining to human rights.

TCL has put in place a Code of Conduct which is applicable to all the employees to adhere and uphold the standards contained therein.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
During the year under review, TCL has not received any complaint from any stakeholders.

Principle 6: Environmental

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**
TCL is a FSSC 22000 (equivalent to GFSI), HACCP, Halal & Kosher Certified, ISO 9001, ISO 14001 & ISO 50001 compliant, and a Responsible Care Company. TCL is promoting the certification of all its key stakeholders- suppliers, dealers and contractors.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**
As per our EQHS Policy, we commit ourselves to operate our Plants and facilities with the utmost care to minimize our impact on the Environment and on the Health and Safety of our employees, the community and our customers.

We have committed to combat climate change by improving energy efficiency and use of renewable energy. The strategies, the activities carried out and the results achieved are explained on the company's website at
http://www.thirumalaichemicals.com/environment.html

3. **Does the company identify and assess potential environmental risks?Y/N**
Yes. TCL is certified under ISO 14001: 2015 standards and has laid down procedure for Risk identification, assessment and mitigation.

TCL has an excellent safety culture and a robust reporting system built on involvement at all levels. We encourage self-audits and ask employees to report failures immediately. A safety park was built onsite in 2012 to demonstrate many of our onsite safety features. The risk management measures of the company are also reviewed by the Risk Management Committee of the Board.

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?**
   Our emissions are fully treated and clean. They are continuously monitored and reported to the state regulator and the public in real time. Our dramatic reductions in energy and input-use have resulted in exceptional air emission performance.

   We have reduced our carbon dioxide emissions by reducing our need for energy in our production process and transportation. For example by using steam to raise the temperatures in the production process, we have reduced the need for furnace oil, a petroleum product.

   TCL was one of the earliest RCC signatories in India, and one of the few to be audited and certified. In 2008 the Indian Chemical Council recognized us as 'Best Responsible Care Committed Company' in India.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web pages etc.**
   Yes. http://www.thirumalaichemicals.com/environment.html

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 are within the permissible limits given by the relevant SPCB

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

Principle 7: Policy Advocacy

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business dealswith:**
   a. Indian Chemical Council (ICC).
   b. Confederation of Indian Industry (CII)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; 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):**
   NA

Principle 8: Inclusive Growth

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**
   TCL works alongside the Thirumalai Charity Trust (since 1973), the Akshaya Vidhya Trust (since 1994), and the Thirumalai Mission Hospital (since 2010), Charitable organizations which provide affordable and quality healthcare and education in the communities we operate in. The CSR Committee recommended continuing support for the Thirumalai Charity Trust's Health and Rural development projects and for the Akshaya Vidya Trust's Educational programmes in lines with the CSR policy of the company.
   The areas of principal support of the CSR Policy are towards Education, Health, Women Empowerment and Community development services. The full policy is available in the Company's website http://www.thirumalaichemicals.com.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**
   The Founders of TCL actively supported Health and Educational Institutions in Bombay and Madras (now called Mumbai and Chennai) from the early Sixties; they were active in building, managing and growing the SIWS (South India Welfare Society) Schools and Colleges, which in its early days focused mainly on weaker sections of the community. They set up the Thirumalai

Charity Trust (TCT) in 1970, to channel and manage these philanthropic activities in an organised and professional manner. From 1976 when it started business, TCL has been supporting these activities and ensuring effective delivery through the professional social service organisation of the TCT, with a special emphasis on activities in North Arcot District, now called the Ranipet District.

By 1994 when the need for good Schools became critical to serve the professional and the rural communities here, including our employees, the TCT with our assistance, set up the Akshaya Vidya Trust (AVT) as a daughter trust to focus on education: the AVT now has 3 excellent schools serving over 2500 children, and over 65% of the children are from rural communities.

3. **Have you done any impact assessment of your initiative?**
Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the focus areas viz., Education, Health, Women Empowerment, Community development services. The CSR committee of the Company recommends spending on the approved CSR activities and monitors the spending and performance of such activities.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**
The Corporate Social Report describes these initiatives supported by the company in detail.

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. TCL enables communities to take ownership of the development effort. For this their participation is essential. They participate both physically and financially. TCL involves the community in all its efforts and make people reaching the desirable levels of economic development, health, education and environment. By making them reach the desirable development status, the community is confident and is ready to take the responsibility of continuing with their effort.

Principle 9: Customer value

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

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(additionalinformation)**
Yes

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
NO

4. **Did your company carry out any consumer survey/ consumer satisfactiontrends?**
Yes

For and on behalf of the Board of Directors

Ranipet,
17th June, 2020

R. Parthasarathy
Managing Director
(DIN :00092172)

Corporate Governance Report 2019-2020

[as required under schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that to succeed and grow, our policies and practices have to be ethical, compliant with laws & regulations and sustainable, while being competitive.

We as a team have a responsibility to be fair and transparent in our interactions with employees, customers, suppliers, partners, shareholders and with the communities we live and operate in.

Compliance with progressive social norms and with regulatory requirements is the necessary cost for doing business and essential for our sustainability. These are our values and we constantly work with our employees so that the individuals and teams in the company internalize them and work within this framework.

This has given us a good reputation as an employer, business partner and a member of the community. The Board of the company and the Management team remain committed to this culture of integrity and transparency in the conduct of our business.

BOARD OF DIRECTORS

Your Company's Board of Directors ("Board") decides the policies and strategy of the Company and has the overall superintendence and control over the management of the Company. The Board and its committees review implementation of these, and assists the executive management team as needed. They also ensure that good governance and risk management policies and practices, and efficient business processes are implemented rigorously. In the course of discharging their duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. The Board is ever conscious of its responsibility as a Trustee of the shareholder's interests.

a) Board Composition:

1) The Board of Directors of your Company presently comprises of a Chairman & Managing Director, two Executive Directors and Eight Non-Executive Directors.

2) All Directors other than Mr. R. Sampath, Mrs. Ramya Bharathram, Mr. R. Parthasarathy and P. Mohana Chandran Nair are Independent Directors. Mr. R. Sampath is the brother of Mr. R. Parthasarathy (CMD) and the father of Mrs. Ramya Bharathram (ED).

b) Matrix setting out skills of Board of Directors:

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board are summarized below. The lack of a mark does not mean the director does not possess that qualification or skill; rather a mark indicates a specific area of focus or expertise on which the Board relies most heavily.

Name of Board Members	Years of Experience	Core Skill/ expertise identified by the Board as required for the Company.																			
		Technical skills - Chemical Industry	Business operations and Mgmt.	Quality & Performance Mgmt.	Reach & Development	Project Mgmt.	Risk Management	Strategic Planning	Board & Governance	Global business	Sales and marketing	Finance, Accounting, Audit	Corporate Laws and Compliances	Mergers & acquisitions	Safety Mgmt	Stakeholder Engagement	Continuous learning	Government & Gov Relations	Ethics	Human Resources Mgmt & Labour Relations
		Skill/ expertise/ competencies possessed by the Directors of the Company.																		
[1]Mr. R. PARTHASARATHY	40+	√	√	√	√	√	√	√	√	√					√		√	√	√	
Mr. R. SAMPATH	50+	√	√	√	√	√	√	√	√	√					√		√	√	√	
Mr. R. RAVISHANKAR	40+		√				√	√	√	√	√	√	√	√		√	√		√	
Mr. N. SUBRAMANIAN	40+	√	√	√	√	√	√	√	√	√							√		√	
Mr. RAJ KATARIA	20+		√					√	√	√		√	√	√		√	√		√	√
Mr. DHRUV MOONDHRA	10+		√			√	√	√	√	√	√						√		√	
Mr. ARUN RAMANATHAN	40+		√			√	√	√	√	√	√	√	√			√	√	√	√	√
Mrs. RAMYA BHARATHRAM	20+		√			√	√	√	√	√	√	√	√	√			√		√	√
Mr. P.M.C. NAIR	35+	√	√	√	√	√	√	√	√	√	√				√		√		√	
Mr. RAJEEV PANDIA	40+	√	√	√	√	√	√	√	√	√	√				√		√	√	√	
[2]Mrs.Bhama Krishnamurthy	35+		√			√	√	√	√	√		√	√	√		√	√	√	√	

[1] Chairman & Managing Director
[2] Inducted as Additional Director on March 20, 2020
*As per the provisions of Companies Act, 2013 the Independent Directors of the Company have registered themselves on Independent Director database and will complete the online proficiency self-assessment test conducted by the institute within the prescribed time.

c) Confirmation from the Board of Directors as per Schedule V Part C (2) (i):
Pursuant to the provisions of the SEBI (Listing Obligation and Disclosure Requirements) read with Schedule V Part C (2) (i) the Board of Directors of the Company hereby confirm that in the opinion of the Board, the Independent Directors fulfill the conditions specified under Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are independent of the management.

d) Certificate from the Practicing Company secretary as per Schedule V Part C (10) (i):
A certificate from a Company Secretary in practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been obtained by the Company.

e) Board Meetings:
The Board meets regularly at quarterly intervals and holds additional meetings as and when appropriate and needed. Four meetings of the Board of Directors were held during FY 2019–20 on **06th May, 2019, 25th July, 2019, 31st October, 2019 and 28th January, 2020.** All operational and statutorily required information was placed before and significant events reported to the Board.

The Company Secretary, in consultation with the Managing Director, drafted the agenda of the meeting(s). Agenda papers along with relevant details were circulated to all Directors, well in advance of the date of each Board meetings.

Minutes of the Board meetings were prepared by the Company Secretary with details of decisions reached, any concerns raised and dissenting views expressed. The draft minutes were sent to all Directors within a reasonable time after each meeting for their comments before being formally signed by the Chairman of the meeting. Copies of the final version of minutes of the Board meetings were sent to the Directors for information and record.

f) Directors Attendance Record and Directorships held:

The details of attendance of each Director at the four Board Meetings held during the financial year 2019-2020, at the last AGM and other particulars of Directorships are given below:-

Name of the Director	Attendance at		No. of Directorships in Other Companies	Name of the other Companies in which Directorship is held	Category	Board Sub-Committees (Audit Committee and Stakeholders Relationship Committee)	
	BODM	Last AGM				Membership	Chairmanship
Mr. R. Parthasarathy[1]	3	Yes	2	**Listed:**		-	-
				-	-		
				Others:			
				1. Jasmine Limited	Non-Executive		
				2. N. R. Swamy Investments Private Limited	Executive		
Mr. N. Subramanian	4	Yes	1	**Listed:**		1	-
				-	-		
				Others:			
				1. Endeka Ceramics India Private Limited	Non –Executive		
Mr. Raj Kataria	3	Yes	3	**Listed:**		2	-
				1. KEMP and company limited	Independent		
				Others:			
				1. Mumtaz Hotels Limited	Independent		
				2. Arpwood Capital Private Limited	Executive		
Mr. R. Ravi Shankar	4	Yes	2	**Listed:**		1	1
				-	-		
				Others:			
				1. Acsys Investments Private Limited	Non –Executive		
				2. Connect2expert Consultants Private Limited	Executive		
Mr.Dhruv Moondhra	4	Yes	4	**Listed:**		-	-
				1. TTK Prestige Limited	Independent		
				Others:			
				1. Ice Steel 1 Private Limited	Executive		
				2. Steel Mart India Private Limited	Executive		
				3. Steel Endeavours Private Limited	Executive		
Mr. R. Sampath	3	Yes	2	**Listed:**		2	-
				1. Ultramarine & Pigments Limited	Non-Executive		
				Others:			
				1. Ultramarine Specialty Chemicals Limited	Non-Executive		
Mrs.Ramya Bharathram	4	Yes	2	**Listed:**		-	-
				-	-		
				Others:			
				1. Jasmine Limited	Non-Executive		
				2. N. R. Swamy Investments Private Limited	Non-Executive		
Mr. P. Mohana Chandran Nair	4	Yes	NIL	NIL	NIL	-	-

Mr.Arun Ramanathan	4	Yes	2	**Listed:**		3	2
				1. Equitas Holdings Limited	Independent		
				Others:			
				1. Equitas Small Finance Bank Limited	Independent		
Mr. Rajeev Pandia	4	NA	6	**Listed:**		7	2
				1. GRP Limited	Independent		
				2. The Supreme Industries Limited	Independent		
				3. Ultramarine & Pigments Limited	Independent		
				4. Excel Industries Limited	Independent		
				5. Supreme Petrochem Limited	Independent		
				Others:			
				1. Deepak Phenolics Limited	Non – Executive		
Mrs. Bhama Krishnamurthy[2]	Nil	NA	7	**Listed:**		5	1
				1.Reliance Industrial Infrastructure Limited	Independent		
				2.Network18 Media & Investments Limited	Independent		
				3.Cholamandalam Investment and Finance Company Limited	Independent		
				4. CSB Bank Limited	Independent		
				Others:			
				1. Five Star Business Finance Limited	Non – Executive		
				2. Muthoot Microfin Limited	Non – Executive		

[1] Chairman & Managing Director
[2] Inducted as Additional Director on March 20, 2020

g) Remuneration of Directors:

The remuneration paid to the Managing Director and the Whole-time Directors is within the ceilings as per the resolutions approved by the shareholders and prescribed under the Schedule V to the Companies Act, 2013.

Details of remuneration paid to the Managing Director and the Whole-time Directors during the year ended March 31, 2020 are:

Name	Position	Salary ₹	Commission ₹	Contribution to P.F. and other Fund ₹	Perquisites & others ₹	TOTAL
Mr. R. Parthasarathy	Managing Director	1,86,00,000	NIL	16,38,000	81,307	2,03,19,307
Mrs. Ramya Bharathram	Whole-time Director	1,00,80,000	NIL	7,54,800	--	1,08,34,800
Mr. P. Mohana Chandran Nair	Whole-time Director	50,79,597	NIL	6,68,250	--	57,47,847

Sitting fees payable to the Non-Executive Directors for attending the Board and eligible Committee meetings. The Non-Executive Directors are also paid commission on an annual basis, in such proportion as decided by the Board, and the total commission payable to such Directors did not exceed 1% of the net profits of the Company.

The sitting fees paid to the Non-Executive Directors are as under:

Sitting fees paid to the Non-Executive Directors (Financial Year 2019-20)

Name of the Director	Sitting fees paid (₹)
Mr. N. Subramanian	880,000
Mr. Raj Kataria	480,000
Mr. R.Ravishankar	840,000
Mr. Dhruv Moondhra	560,000
Mr. Arun Ramanathan	560,000
Mr. R.Sampath	720,000
Mr. Rajeev Pandia	620,000

h) Details of the Shares held by Non-Executive Directors as on March 31, 2020

Name of the Director	No. of Shares held*
Mr. R.Sampath	29,44,655
Mr. Raj Kataria	500
Mr. N. Subramanian	600
Mr. Dhruv Moondhra	1,000
Mr. Rajeev Pandia	2,400

* Incl. Trust holdings

BOARD COMMITTEES

The Board delegates its powers and authorities from time to time to committees in order to ensure that the management and operations of the Company are handled efficiently and as per policies and relevant expertise.

Currently, the Board has six Committees: the Audit Committee, the Stakeholder Relationship Committee, the Business Review Committee, the Nomination & Remuneration Committee, the Corporate Social Responsibility Committee and the Investment, Finance and Banking Committee.

Two Third of the Members of each Committee are Independent Directors.

A) <u>AUDIT COMMITTEE:</u>

The Composition of the Audit Committee of the Company meets with the requirements of Section 187 of the Companies Act, 2013 and as required under Reg. 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

<u>Members:</u>

S.No	Name of the Director	Category	No. of Meetings Attended
1.	Mr. R. Ravi Shankar	Independent Director & Chairman	4
2.	Mr. N. Subramanian	Independent Director	4
3.	Mr. Raj Kataria	Independent Director	3
4.	Mr. Arun Ramanathan	Independent Director	4
5.	Mr. R. Sampath	Director	3

Four Meetings of the Audit Committee of the Board of Directors were held during the year 2019-20 on **6th May 2019, 25th July 2019, 31st October, 2019 and 28th January, 2020.**

The Objectives of the Audit Committee are as follows:

- Assisting the Board in its responsibility for overseeing the processes related to the financial accounting, auditing and reporting practices of the Company and its compliances with legal and regulatory requirements, the audits of the Company's financial statements and shall, *inter alia,* include, the recommendation for appointment, remuneration and terms of appointment of auditors of the Company; review and monitor the auditor's 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; 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.
- Reviewing the Company's financial reporting process.
- Reviewing the Quarterly and Annual results before it is considered by the Board of Directors, the Group Company transactions, Internal Auditors Report and the Action Taken Report thereon.

Besides its regular responsibilities, your Company's Audit Committee also carried out the following specific tasks:

- Reviewing the :
  - Internal Audit plan of the Company for FY20, the Internal Audit reports prepared by the Group Audit and Risk Assurance Department of the Company ("GARA"), reviewing the Audit plans of external Auditors and their remuneration.
  - Performance, Constitution and Terms of Reference of the Audit Committee.
  - Company's programs on Bank Charges / Commitment charges and helped to review the system to streamline and speed up collection of relevant Forms.
  - Plans for Improvement of ERP system.

- Compliance with IND AS Programme
- Implementation of Forex Policy in the Company
- Making recommendation on the re-appointment of the external auditor as and when due

B) STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee constitutes of the following members:

S.No	Name of the Director	Category	No. of Meetings Attended
1.	Mr.Arun Ramanathan	Independent Director & Chairman	1
2.	Mr. Raj Kataria	Independent Director	1
3.	Mr. R. Sampath	Director	1

One Meeting of the Stakeholders Relationship Committee of the Board of Directors was held during the year 2019-20 **on 25th July, 2019.**

The Stakeholders Relationship Committee deals with the following matters:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Mr. T. Rajagopalan has been the Company Secretary and Compliance Officer from 15th May, 2012.

During FY-19-20, the work carried out by Stakeholders Relationship Committee includes:

- Prompt resolution of all queries/complaints from Shareholders and Investors.
- The process of share transfer was delegated to an R&T and is carried out in compliance with the Listing Agreement which will be confirmed and ratified by the Board at each subsequent meeting.
- It may be noted that that the shareholding in dematerialized mode as on 31st March, 2020 was 97.70 %.

C) BUSINESS REVIEW COMMITTEE:

The Business Review Committee constitutes of the following members:

S.No	Name of the Director	Category	No. of Meetings Attended
1.	Mr. N. Subramanian	Independent Director & Chairman	5
2.	Mr. Ravi Shankar	Independent Director	5
3.	Mr. Dhruv Moondhra	Independent Director	4
4.	Mr. R. Sampath	Director	5
5	Mr. Rajeev Pandia	Independent Director	5

Five meetings were conducted during 2019-20 on **22th April, 2019, 14th June 2019, 17th July, 2019, 23rd October, 2019 and 20th January, 2020.**

The objectives of the Business Review Committee are:

- Setting and approving performance goals & important details for each business unit, and overall for the Company.
- Reviewing, discussing and critiquing the Performance of all Business Units with the Management team of the Company; Reviewing performance with respect to the Budgets and Plans.
- Discussing and reviewing market & product development, working capital management, supply chain, business volatility and forecasts; reviewing the growth strategy and implementation.
- Advising and guiding the Management team on implementation, especially relating to specific issues and midterm corrections.

Besides the above matters, during FY-20, the Business Review Committee specifically:

- Reviewed and recommended the upgradation of Plants and the Capex involved.
- Reviewed the execution plans of the ongoing projects.
- Reviewed logistics cost initiatives by the Company
- Fixed various Operational and Financial Targets for the Company for the Financial Year 2020-21.

D) NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee constitutes of the following members:

S.No	Name of the Director	Category	No. of Meetings Attended
1.	Mr. Raj Kataria	Independent Director & Chairman	1
2.	Mr. N. Subramanian	Independent Director	1
3.	Mr. R. Sampath	Director	1

One meeting was conducted during 2019-20, on **23rd April, 2019**.

The function of the Nomination and Remuneration Committee includes:

- Identifications of persons who are qualified to become Directors and who may be appointed to Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and also recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Review and make recommendations to the Board a Company's policy and structure for remuneration of Directors and towards establishment of a formal and transparent procedure to determine such remuneration.
- Make recommendations to the Board on the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual Executive Directors

During FY-20, the work carried out by the Nomination and Remuneration Committee was:

- Reviewed the structure of the Board , and the independence of independent Non-Executive Directors.
- Made recommendations in relation to the re-appointment of the retiring Directors, Independent Directors and appointment of the Chief Financial Officer.
- Reviewed the remuneration policy & structure for the Directors and the Senior Management.
- Made recommendations to the Board regarding the Directors' fee and other allowances for FY 2020-21
- Determining the remuneration of Senior Management.
- Made recommendation in relation to the remuneration for the Chief Executive Officer & Executive Directors.

Criteria for evaluation of performance of Independent Directors and the Board of Directors

Specific Criteria for evaluation of performance of Independent Directors

- Participation and contribution by a Director;
- Commitment, including guidance provided to the Senior Management outside of Board/ Committee Meetings;
- Effective deployment of knowledge and expertise;
- Effective management of relationship with various stakeholders;
- Independence of behavior and judgment.
- Maintenance of confidentiality of critical issue

E) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee comprises of the following members:

S.No	Name of the Director	Category	No. of Meetings Attended
1.	#Mr. Raj Kataria	Independent Director & Chairman	1
2.	Mr. N. Subramanian	Independent Director	1
3.	Mr. R. Sampath	Director	1
4.	*Mr. Arun Ramanathan	Independent Director	-

#till 06.05.2019
*inducted on 06.05.2019
One meeting was conducted during 2019-20 on **23rd April, 2019.**

The Committee formulates the CSR policy to undertake social activities as specified under Schedule VII of the Companies Act, 2013 for approval of the Board. The Committee recommends spending on the approved CSR activities and monitors the spending and performance of such activities.

During FY-20, based on the recommendation of the CSR Committee, your Company made a donation of ₹ 290 lakhs to CSR activities.

F) INVESTMENT, FINANCE AND BANKING COMMITTEE:

The Investment, Finance and Banking Committee comprises of the following members

S.No	Name of the Director	Category
1.	Mr. R. Parthasarathy	Managing Director & Chairman
2.	Mr. R Ravishankar	Independent Director
3.	Mr. Raj Kataria	Independent Director
4.	Mr. Arun Ramanathan	Independent Director

* Committee reconstituted on 06.05.2019

The Investment, Finance and Banking Committee is being constituted to invest in securities listed in any Indian Stock Exchange or in any other suitable investments as deemed fit and to avail/change credit facilities/limits from any bank/ of consortium banks. The committee meets occasionally when investment decisions are to be made.

Familiarization programmes for Directors

Details of the programmes have been disclosed on the Company's website http://www.thirumalaichemicals.com

Policy on Material Subsidiary

The details of the policy have been disclosed on the Company's website http://www.thirumalaichemicals.com

Policy on Related Party Transactions

The details of the policy have been disclosed on the Company's website http://www.thirumalaichemicals.com

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non-Executive Directors

a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 174 of the Companies Act, 2013.
d. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
    i) Qualification, expertise and experience of the Directors in their respective fields;
    ii) Personal, Professional or business standing;
    iii) Diversity of the Board.

Remuneration

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
ii. A Non-Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
iii. In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;

Managing Director/Whole-time Directors - Criteria for selection / appointment

For the purpose of selection of the Managing Director/Whole-time Directors**,** the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the Managing Director/Whole-time Directors

At the time of appointment or re-appointment, the Managing Director/Whole-time Directors shall be paid such remuneration as may be mutually agreed between them and the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.

In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:

a. the relationship of remuneration and performance benchmarks is clear;
b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
c. responsibility required to be shouldered by the Managing Director/Whole-time Directors, the industry benchmarks and the current trends;

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Senior Management executives) the N&R Committee shall ensure / consider the following:

i. the relationship of remuneration and performance benchmark is clear;
ii. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis Key Performance Indicator (KPI) and Key Responsibility Areas (KRA), industry benchmark and current compensation trends in the market.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above.

VIGIL MECHANISM / WHISTLE BLOWER MECHANISM

Employees are asked to report any practices or actions believed to be inappropriate and against the interest of Company or its code of conduct adopted or any other illegal acts to their immediate Manager. Report of violation can also be made directly to the Chief Executive Officer. Where appropriate, complaints may be made on a confidential basis to the Chairman of the Audit Committee / Board. The contact details are made available at the Company's website / Notice Board. All complaints received are properly investigated by the recipients and report the outcome to the Audit Committee in sealed cover for appropriate action. The Company prohibits retaliation against any employee for such complaints made in good faith, while it also protects the rights of the incriminated person.

No complaint had been registered during 2019-20. No personnel have been denied access to the Committee/Mechanism.

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

The details have been Disclosed in the Directors Report forming part of the Annual Report.

Statutory Auditor's remuneration:

Disclosure of total fees for all services paid by the company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, as required by the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 is ₹38 Lakhs.

GENERAL BODY MEETINGS

The Forty Seventh Annual General Meeting of the Company for the Financial Year 2019-2020 has been scheduled to be held on **Friday, 07th August, 2020 at 2.30 p.m.** through Video Conferencing ('VC') or other Audio-Visual Means ('OAVM') to avoid physical presence of the members at a common venue and to maintain social distancing.

I. The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2018 -2019	25/07/2019	2.30 p.m.	Mysore Association Auditorium, Bhaudaji Road, Matunga –(C.Rly) Mumbai.

Special resolution was passed for:

1. Re-appointment of Mr. R. Parthasarathy as Chairman & Managing Director for a period of three years from August 01, 2019.
2. Continuation of Directorship of Mr. R. Sampath, Non-Executive Director who will attain the age of Seventy-five (75).
3. Re-appointment of Mr. N. Subramanian as an Independent Director for a period of 2 consecutive years.
4. Re-appointment of Mr. R. Ravi Shankar as an Independent Director for a period of 5 consecutive years
5. Re-appointment of Mr. Raj Kataria as an Independent Director for a period of 5 consecutive years
6. Re-appointment of Mr. Dhruv Moondhra as an Independent Director for a period of 5 consecutive years

Financial Year	Date	Time	Location
2017-2018	24/07/2018	2.30 p.m.	Mysore Association Auditorium, Bhaudaji Road, Matunga –(C.Rly) Mumbai.

Special resolutions were passed for the Alteration of the Memorandum and Articles of Association of the Company in order to give effect to Splitting of Shares and to modify the terms of appointment of Mrs. Ramya Bharatharam, Whole-time Director.

Financial Year	Date	Time	Location
2016-2017	22/07/2017	3.00 p.m.	Mysore Association Auditorium, Bhaudaji Road, Matunga –(C.Rly) Mumbai.

Special resolution was passed for the appointment of Mr. R. Parthasarathy as Chairman & Managing Director for a period of three years from August 01, 2016.

II. No resolution was passed through postal ballot during the year under review.

III. No resolution is proposed to be conducted through postal ballot.

DISCLOSURES:

The Company's internal Audit was done by a firm of Chartered Accountants. The reports submitted by the Internal Auditors on the operations and financial transactions and the Action Taken Report on the same were placed before the Audit Committee, apart from the Statutory Auditors and the Senior Management of the Company.

For every quarter, the Executive Director (Manufacturing) and Manager (Accounts) at Ranipet, made a detailed report of all statutory compliances which were placed before the Audit Committee. At the Board meeting following the Audit Committee meeting, the Company Secretary made a report confirming the statutory compliances for the said quarter.

There were no material significant transactions with the Directors or their relatives or the Management that had any potential conflict with the interest of the Company. All details relating to the financial and commercial transactions where the Directors had a potential interest were provided to the Board, and the interested Directors neither participated in the discussion, nor did they vote on such matters.

There were no case of non-compliances by the Company, nor any cases of penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.

CODE OF CONDUCT:

The Company has laid down the Code of Conduct for all the Board members and the Senior Management of the Company and it is available on the Company's Website.

All the Board members and the Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2020. The Managing Director has also confirmed and certified the same. The certification is annexed at the end of this Report.

RISK MANAGEMENT:

The Company has well laid down procedures to inform Board members about the risk assessment. The Company has a suitable Forex Policy including hedging to contain foreign exchange risk.

CEO /CFO CERTIFICATION:

Appropriate certification as required under Reg. 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Mr. R. Parthasarathy, Managing Director and Mrs. Ramya Bharathram, Chief Financial Officer have certified to the Board regarding the Financial Statements for the year ended 31st March, 2020.

MEANS OF COMMUNICATION:

The Company has promptly reported all material information including quarterly results and press releases to the Stock Exchanges where the Company's securities are listed. The quarterly results were communicated to the shareholders by way of advertisement in an English National newspaper, normally The Economic Times, Mumbai edition and in a vernacular language newspaper, normally Maharashtra Times, Mumbai edition. The results and other updates are displayed on the Company's website http://www.thirumalaichemicals.com

Disclosures with respect to demat suspense account/ unclaimed suspense account under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 : Not applicable

AFFIRMATION:

The provisions of Reg. 18 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable to the Company, are fully complied with. All the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are disclosed in this report.

Further the Company adopted the following discretionary requirements under Reg. 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

A. The Board

Mr. R. Parthasarathy, Managing Director is the Chairman of the Company.

B. Shareholder Rights

The Company has not circulated a half-yearly declaration of financial performance/summary of significant events in the last six-months.

C. Modified opinion(s) in audit report

Not applicable since there is no qualification in the audit reports.

D. Separate posts of Chairperson and Chief executive officer

Same person occupied the position of Chairperson and Managing Director during the financial year.

E. Reporting of internal auditor

The Internal Auditors directly reported to the Audit Committee.

GENERAL SHAREHOLDERS INFORMATION:

1) Date, time and venue of 47th AGM	:	07th August 2020, 2.30 pm through Video Conferencing
2) Date of Book Closure	:	01/08/2020 To 07/08/2020 (both days inclusive)
3) Listing on Stock Exchanges	:	BSE Ltd. (BSE) and National Stock Exchange Ltd. (NSE).
4) Listing fees	:	Paid as per the listing agreement.
5) ISIN No	:	INE 338A01024.
6) BSE Stock code	:	500412
NSE Stock code	:	TIRUMALCHM
7) Registered office	:	Thirumalai House, Road No.29, Sion-East, Mumbai-400 022, India Tel: +91-22- 24018841/7861/7853/7869/7834 E-mail- rajagopalan.t@thirumalaichemicals.com
8) Registrar & Share Transfer Agent	:	Link Intime India Pvt Ltd C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060 E-mail- rnt.helpdesk@linkintime.co.in Web site : www.linkintime.co.in
9) Compliance Officer	:	Mr. T. Rajagopalan, Company Secretary Thirumalai Chemicals Limited Thirumalai House, Road No.29, Sion (East), Mumbai- 400 022. India Tel: +91-22-24018841/61/53. Fax: +91-22-24011799. E-mail- rajagopalan.t@thirumalaichemicals.com
10) Share Transfer system	:	The Company's shares are traded in the Stock Exchanges which are compulsorily in Demat mode. Shares sent for physical transfer are registered promptly within 15 days from the date of receipt of completed and validly executed documents.
11) Financial Calendar	:	Annual Result - 17th June, 2020 E-Mailing of Annual Reports - By 13th July, 2020 Results for the Quarter ending: June 30, 2020 - By 14th August, 2020 September 30, 2020 - By 15th Nov, 2020 December 31, 2020 - By 14th Feb, 2021 March 31, 2021 - By 31st May, 2021
12) Dematerializations of shares	:	As on 31/03/2020, 97.70% of the Company's Shares representing 10,00,31,270 shares were held in the dematerialized form.

13) Plant Location : i. 25-A, SIPCOT, Ranipet,
Ranipet District, Tamil Nadu, India
Tel: +91-4172-244441. Fax: +91-4172-244308.
E-Mail: mail@thirumalaichemicals.com

ii. Plot No.D-2/CH/171/B, GIDC Estate, Dahej
Phase-II, Tal.Vagra, Bharuch, Gujarat 392130, India
Cell : +91-98423-99500 / +91-99526-08935
E-mail: mail@thirumalaichemicals.com

14) Categories of Shareholders (as on 31.03.2020):

Category	**No. of shares**	**% of shareholding**
Promoters, Directors & their Relatives	1,56,55,001	15.30
Group companies	2,72,05,820	26.57
Financial Institutions / Banks/ Mutual Funds/ Foreign Portfolio Investors	11,76,052	1.15
Insurance companies	6,000	0.01
NRIs	31,67,799	3.09
Companies / Bodies corporates	63,30,386	6.18
General Public	4,62,82,681	45.2
Clearing members	4,33,911	0.42
Trusts	19,080	0.02
HUFs	21,11,390	2.06
TOTAL	**10,23,88,120**	**100.00**

15) Distribution of Shareholding as on 31.03.2020:

No. of shares	**No. of shareholders /Folios**	**% of shareholders**	**Shareholding**	**% of shareholding**
Up to 500	37,893	71.39	64,13,915	6.26
501- 1000	6,726	12.67	55,65,032	5.44
1001-2000	3,901	7.35	61,08,466	5.96
2001 to 3000	1,589	2.99	40,80,293	3.98
3001 to 4000	742	1.40	26,80,094	2.62
4001 to 5000	614	1.15	29,06,277	2.84
5001-10000	900	1.70	66,73,645	6.52
Above 10000	716	1.35	6,79,60,398	66.38
Total	**53,081**	**100.00**	**10,23,88,120**	**100.00**

16) Stock market price data for the year 2019-2020:

The details of month wise high/low price of the Company's share in the Stock Exchanges, where it is listed, along with the comparable indices of the Stock Exchanges for the financial year are tabled below:

Indices : S&P BSE SENSEX opening 38,858.88. closing 29,468.49

Indices : NIFTY 50 opening 11,665.20. closing 8597.75

	BSE			NSE		
Month	**High (₹)**	**Low (₹)**	**No. of Shares**	**High (₹)**	**Low (₹)**	**No. of Shares**
April, 2019	103.20	85.30	23,75,474	103.35	85.30	1,36,44,083
May, 2019	94.70	73.00	12,57,183	94.90	72.95	72,88,313
June, 2019	91.50	72.05	5,69,187	91.30	72.25	32,46,189
July, 2019	82.00	58.70	7,02,484	81.90	58.75	45,30,635
August, 2019	66.90	51.00	5,63,289	64.15	51.05	28,03,219
September, 2019	83.40	53.00	14,79,794	83.40	57.20	75,80,181
October, 2019	86.95	59.35	13,88,746	87.90	59.05	1,07,70,417
November, 2019	74.00	61.00	11,20,695	73.70	61.00	71,62,706
December, 2019	76.25	57.10	13,05,430	76.25	57.05	1,16,26,857
January, 2020	82.35	63.75	28,11,030	82.40	63.50	2,10,86,323
February, 2020	69.25	59.40	17,71,229	69.70	59.15	1,16,44,620
March, 2020	69.80	31.50	17,83,927	70.00	31.50	1,35,54,603

For Thirumalai Chemicals Limited

R.Parthasarathy
Managing Director
(DIN: 00092172)

R. Ravi Shankar
Director
(DIN: 01224361)

Ranipet, 17th June, 2020

DECLARATION BY THE CEO UNDER CLAUSE 34(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with under clause 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2020.

For Thirumalai Chemicals Limited

R.Parthasarathy
Managing Director
(DIN: 00092172)

Ranipet, 17th June, 2020

SUSTAINABILITY REPORT

As we have stated in the Directors' Report, we continue to be compliant with all aspects of safety, environmental performance and operations. Nearly 80% of the energy we use for our manufacturing complex comes from recovery and recycle of waste heat. With the new investments, the quantity of energy recovery has improved, driving down the purchase of fuel, and significantly reducing emissions.

Our consumption of raw material has also reduced as our yields improve, which has helped us improve our emission targets for the year. Our effluent treatment systems have been revamped fully and will be capable to handle all upsets, and the treatment capacity has been enhanced significantly to handle both current and future growth, with enough margins. Thus, our Zero Liquid Discharge performance, achieved 2 decades ago, will continue.

As shareholders know, from our Petrochem plant effluents we recover and synthesize about `5,000 tons of Food Ingredients – by processes which were developed in house and are proprietary to your company. These are sold domestically and exported for food and technical applications.

During the year in review, our excellent Training and Development programs have strengthened, developing many young operators, executives & managers at different levels in the organization; over 90% of our organisation is composed of persons who joined the company as trainees.

Independent Auditor's Certificate on Corporate Governance

To the Members of Thirumalai Chemicals Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 05 June 2020
2. We have examined the compliance of conditions of corporate governance by Thirumalai Chemicals Limited('the Company') for the year ended on 31 March 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and 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 the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2020.

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

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N / N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 20206931AAAACR7862

Place: Chennai
Date: 17 June 2020

Form No. MR.3

Secretarial Audit Report for the financial year ended on March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule 9 of the companies (Appointment and remuneration of managerial personnel) Rule, 2014]

To,
The Members
Thirumalai Chemicals Limited
[CIN; L24100MH1972PLC016149]
Thirumalai House,
Road No. 29, Near Sion Hill Fort,
Sion (East), Mumbai – 400022

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records 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 there-under;
II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there-under;
III. The Depositories Act, 1996 and the Regulations and bye-laws framed there-under;
IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there-under to the extent applicable.
V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act')** to the extent applicable to the Company;
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
VI. The Management has Identified and confirmed the following laws as specifically applicable to the Company;
    a. Explosive Act, 1974
    b. Hazardous Wastes (Management and Handling) Rules 2016
    c. The Chemical Weapons Convention Act, 2000
    d. Food Safety and Standards Act, 2006 and Rules 2011 with allied rules and regulations.
    e. The Prevention of Food Adulteration Act, 1954 and rules
    f. Legal Metrology Act, 2009
    g. Legal Metrology (Packaged Commodities) Rules, 2011.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India related to the meetings of Board of Directors and General Meetings;
(ii) The SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and listing agreement entered into by the Company with Stock Exchanges in India.

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company and test verification on random basis carried out for compliances under other applicable Acts, Laws and Regulations to the Company.

The compliance by the Company of the applicable direct tax laws, indirect tax laws and other financial laws has not been reviewed in this Audit, since the same have been subject to review by the other designated professionals and being relied on the reports given by such designated professionals.

During the financial year under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. as mentioned above.

During the financial year under review, provisions of the following regulations were not applicable to the Company;

a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
c) The Securities and Exchange Board of India (Issue of Debt Securities) Regulations, 2008
d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999
e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the 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 for meaningful participation at the meeting.
- Decisions at the meetings of Board of Directors of the Company and Committee thereof were carried out with requisite majority.

We further report that based on the information provided and representation made by the Company and also on the review of compliance reports of the respective department duly signed by the department head and Compliance Certificate(s) of the Managing Director/Company Secretary/CFO taken on record by the Board of Directors of the Company, in our opinion adequate system and process exists in the company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report during the financial year under review, no specific events/actions having a major bearing on the affairs of the Company in pursuance of any of the above referred laws, rules, regulations, guidelines standards etc.

For **R M MIMANI & ASSOCIATES LLP**
[COMPANY SECRETARIES]
[Firm Registration No. I2001MH250300]

RANJANA MIMANI
(PARTNER)
FCS No: 6271
CP No. : 4234
UDIN: F006271B000351473

Place: Mumbai
Dated: 17th June, 2020

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

Annexure – "A"

To,
The Members
Thirumalai Chemicals Limited
[CIN; L24100MH1972PLC016149]
Thirumalai House,
Road No. 29, Near Sion Hill Fort,
Sion (East), Mumbai-400022

Our Secretarial Audit Report of even date is to be read along with this letter;

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.;
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **R M MIMANI & ASSOCIATES LLP**
[COMPANY SECRETARIES]
[Firm Registration No. I2001MH250300]

RANJANA MIMANI
(PARTNER)
FCS No: 6271
CP No. : 4234
UDIN: F006271B000351473

Place: Mumbai
Dated: 17th June, 2020

Independent Auditor's Report

Independent Auditor's Report

To the Members of Thirumalai Chemicals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Thirumalai Chemicals Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flows statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matter

4. 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue for the Company consists primarily of sale of manufactured goods recognized as per the accounting policy described in Note 2.7 to the accompanying standalone financial statements. Refer Note 21 for details of revenue recognized during the year. The Company recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, adopted by the Company from the current year, by transferring the control of goods to its customers through delivery evidenced by acknowledgement of receipt of goods by such customers. Considering the large volume of revenue transactions near period- end, there may be a risk of revenue recognition occurring before the satisfaction of the performance obligations by the company in accordance with the applicable Incoterms. Under Standards on Auditing 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk that revenue may be misstated owing to the improper recognition of revenue. Considering the above factors, revenue recognition (cut-off) was identified as a key audit matter for the current year audit.	Our audit work included, but was not limited to, the following procedures: - Obtained an understanding of the revenue and receivable business process, and assessed the appropriateness of the accounting policy adopted by the company for revenue recognition. - Evaluated design and implementation of the key controls around revenue recognition including controls around contract approvals, invoice verification, transporter confirmations and customer acknowledgements. - Tested operating effectiveness of the above identified key controls over revenue recognition near period end. - For samples selected from revenue recorded during specific period, before and after year end: • verified the customer contracts for delivery terms • verified the customer acknowledgements to evidence proof of delivery for domestic sales at or near period end and • tracked shipments through bill of lading for export sales - Tested the appropriateness of the disclosures made in the financial statements for revenue recorded during the year.

Information other than the Financial Statements and Auditor's Report thereon

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

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information 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.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those changed with governance.

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the 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.

9. Those Board of Directors is also responsible for overseeing the Companies' Reporting Process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing 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 financial statements.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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.

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

15. As required by section 197(16) of the Act, based on our audit we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, 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 purpose of our audit of the accompanying standalone financial statements;

    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 standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

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

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 17 June 2020 as per Annexure B expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the standalone financial statements, disclose the impact of pending litigations on the standalone financial position of the Company as at 31 March 2020, as detailed in Note 33 to the standalone financial statements;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020; and

        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 31 March 2020;

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 20206931AAAACN5062

Place: Chennai
Date: 17 June 2020

Annexure A to the Independent Auditor's Report of even date to the members of Thirumalai Chemicals Limited, on the standalone financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

(b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.

(b) the schedule of repayment of principal and payment of interest has not been stipulated and hence we are unable to comment as to whether repayments/ receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such companies.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid including Interest (₹)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Tax dues	8,448,007	Nil	2000-01 to 2005-06	High Court, Chennai
Tamil Nadu General Sales Tax Act, 1959	Tax dues	1,673,318	418,329	2006-07	Appellate Deputy Commissioner (CT), Vellore
Tamil Nadu Value Added Tax, 2006	Tax dues	3,565,859	486,453	2006-07 to 2008- 09; 2013-14 to 2014-15	Appellate Deputy Commissioner (CT), Vellore
Central Sales Tax Act, 1956	Tax dues	1,384,482	346,120	2006-07;	Appellate Deputy Commissioner (CT), Vellore
Income Tax Act, 1961	Tax dues	86,212,845	49,457,564	2011-13 to 2014-15; 2016-17 to 2017-18	CIT(A), Mumbai

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix). In our opinion, the Company has applied moneys raised by way of term loans for the purpose for which they were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm’s Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 20206931AAAACN5062

Place: Chennai
Date: 17 June 2020

Annexure B to the Independent Auditor's Report of even date to the members of Thirumalai Chemicals Limited on the standalone financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Thirumalai Chemicals Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibility of Management and Those Changes with Governance for Internal Financial Control

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on IFCoFR criteria established by the company considering the essential components of internal financial controls stated in the Guidance Note on Audit of IFCoFR issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with reference to the Financial Statements

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 20206931AAAACN5062

Place: Chennai
Date: 17 June 2020

BALANCE SHEET

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	30,581	17,065
Capital work-in-progress		7,079	15,933
Intangible assets	3	32	58
Right of use assets	3	2,256	-
Financial assets	20		
(i) Investments	4	11,868	16,060
(ii) Loans	5	1,508	1,383
(iii) Other financial assets	6	323	159
Income tax assets (net)	7	962	970
Other non-current assets	8	561	2,764
		55,170	**54,392**
Current assets			
Inventories	9	13,267	17,481
Financial assets	20		
(i) Investments	4	-	5,834
(ii) Trade receivables	10	6,421	7,814
(iii) Cash and cash equivalents	11	17,421	3,193
(iv) Bank balances other than those mentioned in cash and cash equivalents	11	1,080	310
(v) Other financial assets	6	1,607	328
Other Current assets	8	3,856	2,960
		43,652	**37,920**
Total assets		**98,822**	**92,312**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	12	1,024	1,024
Other equity	14	54,517	57,172
Total equity		**55,541**	**58,196**
Non-current liabilities			
Financial liabilities	20		
(i) Borrowings	15	12,628	3,321
Deferred tax liabilities (net)	7	4,460	3,339
Provisions	16	828	735
		17,916	**7,395**
Current liabilities			
Financial Liabilities	20		
(i) Trade payables	17		
(A) Total outstanding dues of micro enterprises and small enterprises		18	30
(B) Total outstanding dues other than micro enterprises and small enterprises		21,796	22,270
(ii) Other financial liabilities	18	2,826	3,339
Provisions	16	202	192
Other current liabilities	19	523	890
Total liabilities		**25,365**	**26,721**
Total equity and liabilities		**98,822**	**92,312**

Notes 1 to 37 form an integral part of these standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date : 17 June 2020

For and on behalf of the Board of Directors of
Thirumalai Chemicals Limited

R Parthasarathy
Managing Director
(DIN : 00092172)

R Ravi Shankar
Independent Director
(DIN : 01224361)

CG Sethuram
Chief Executive Officer

Ramya Bharathram
Whole Time Director and Chief Financial Officer
(DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Ranipet
Date : 17 June 2020

STATEMENT OF PROFIT AND LOSS

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	21	86,542	99,425
Other income	22	2,202	1,422
Total income		**88,744**	**1,00,847**
EXPENSES			
Cost of materials consumed	23	62,167	67,704
Purchase of stock-in-trade	23	1,219	1,027
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	46	(1,494)
Employee benefit expenses	25	3,339	3,283
Finance costs	26	1,554	1,071
Depreciation and amortisation expenses	3	2,118	1,517
Other expenses	27	12,336	13,431
Total expenses		**82,779**	**86,539**
Profit before tax		**5,965**	**14,308**
Tax expense	7		
-Current tax		745	4,449
-Deferred tax		1,133	250
Total tax expense		**1,878**	**4,699**
Profit for the year		**4,087**	**9,609**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
-Re-measurements of defined benefit plans	16	(35)	29
-Equity instruments through other comprehensive income, net		(4,250)	(411)
-Income tax relating to items that will not be reclassified to profit or loss	7	12	(10)
Other comprehensive income for the year, net of tax		**(4,273)**	**(392)**
Total comprehensive income for the year		**(186)**	**9,217**
Earnings per equity share on profit for the year	28		
Basic and diluted (in ₹)		3.99	9.38
Earnings per equity on total comprehensive income for the year	28		
Basic and diluted (in ₹)		(0.18)	9.00
Notes 1 to 37 form an integral part of these standalone financial statements			

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Place : Ranipet
Date : 17 June 2020

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Equity share capital	Other equity				
		Reserves and Surplus			Other reserves	Total other equity
		General reserve	Securities Premium	Retained earnings	Accumulated other comprehensive income	
Balances at 31 March 2018	**1,024**	**4,283**	**1,971**	**31,384**	**12,786**	**50,424**
Profit for the year	-	-	-	9,609	-	9,609
Dividend declared (relating to 2017-18)	-	-	-	(2,048)	-	(2,048)
Dividend distribution tax (relating to 2017-18)	-	-	-	(421)	-	(421)
Other comprehensive income	-	-	-	-	(392)	(392)
Balances at 31 March 2019	**1,024**	**4,283**	**1,971**	**38,524**	**12,394**	**57,172**
Profit for the year	-	-	-	4,087	-	4,087
Dividend declared (relating to 2018-19)	-	-	-	(2,048)	-	(2,048)
Dividend distribution tax (relating to 2018-19)	-	-	-	(421)	-	(421)
Other comprehensive income	-	-	-	-	(4,273)	(4,273)
Balances at 31 March 2020	**1,024**	**4,283**	**1,971**	**40,142**	**8,121**	**54,517**

Notes 1 to 37 form an integral part of these standalone financial statements

In terms of our report attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

For and on behalf of the Board of Directors of
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T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Chennai
Date : 17 June 2020

Place : Ranipet
Date : 17 June 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2020	Year ended 31 March 2019
A.	**Cash Flow From Operating activities**		
	Profit before tax	**5,965**	**14,308**
	Adjustments for:		
	Depreciation and amortisation expense	2,118	1,517
	Interest expense	1,554	1,071
	Interest income	(735)	(259)
	Dividend income	(404)	(367)
	Provision for employee benefits	168	107
	Expected credit losses	91	4
	Profit on sale of property, plant and equipment, net	(129)	-
	Excess provisions written back	(190)	-
	Lease Rent Charged off	-	22
	Unrealised forex loss / (gain), net	(119)	7
	Loss/(Gain) on fair valuation of derivatives	7	(69)
	Claims receivable	(283)	-
	Operating profit before working capital changes	**8,043**	**16,341**
	Changes in assets and liabilities:		
	(Increase)/Decrease in trade and other receivables	1,512	(614)
	(Increase)/Decrease in inventories	4,214	(6,052)
	(Increase)/Decrease in Other financial assets	(1,167)	(68)
	(Increase)/Decrease in Other assets	1,260	(2,820)
	Increase /(Decrease) in trade and other payables	(511)	15,095
	Increase /(Decrease) in Provision & other current liabilities	(468)	(503)
	Increase /(Decrease) in Other financial liabilities	(220)	(629)
	Cash Generated From Operations	**12,663**	**20,750**
	Direct tax paid (net)	(737)	(4,658)
	Net Cash Inflow From Operations	**11,926**	**16,092**
B.	**Cash Flow From Investing Activities**		
	Proceeds from sale of property, plant and equipment	131	-
	Capital expenditure on property, plant & equipment, capital work in progress and intangible assets including capital advances	(8,670)	(14,003)
	Interest received	735	259
	Sale/ (purchase) of Investments (net)	5,776	(5,039)
	Dividend received	404	367
	Movement in balances with bank other than those mentioned in cash & cash equivalents	(770)	1,868
	Net Cash (Outflow) From Investing Activities	**(2,394)**	**(16,548)**
C.	**Cash flow from finance activities**		
	Proceeds from borrowings (Also refer note no 15)	13,876	4,987
	Repayment of Borrowings (Also refer note no 15)	(4,988)	-
	Payment of lease liabilities	(215)	-
	Interest paid	(1,556)	(1,114)
	Dividend paid (including dividend tax)	(2,421)	(2,469)
	Net Cash From Financing Activities	**4,696**	**1,404**
D	**Net cash flows during the year**	**14,228**	**948**
E	Cash and cash equivalents at the beginning of the year	3,193	2,245
F	**Cash and cash equivalents at the end of the year**	**17,421**	**3,193**
	Cash and cash equivalents comprise of:		
	Cash on hand	4	3
	Balances with banks - in current accounts	3,117	1,078
	Deposit accounts (with original maturity less than 3 months)	14,300	2,112
	Cash and cash equivalents as per note 11	**17,421**	**3,193**

Notes 1 to 37 form an integral part of these standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date : 17 June 2020

For and on behalf of the Board of Directors of
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(DIN : 00092172)

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(DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Ranipet
Date : 17 June 2020

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

1 General Information

Thirumalai Chemicals Limited ('the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company's principal activities are manufacturing and selling chemicals. The shares of the Company are listed on stock exchanges in India.

These financial statements were authorized for issue by the Company's Board of Directors on 17 June 2020

2 Summary of significant accounting policies

2.1 Basis of preparation of Financial Statements

The standalone financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

These financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial assets and financial liabilities (including derivative instruments), which are measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle up to twelve months for the purpose of current – non-current classification of assets and liabilities.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the financial statements. These reclassifications were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Company.

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. All amounts have been rounded off to the nearest lakhs, except share data and as otherwise stated.

2.3 Critical accounting estimates, assumptions and judgements

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods reported.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

(i) Deferred income tax assets and liabilities

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The amount of total deferred tax assets could change if management estimates of projected future taxable income or if tax regulations undergo a change.

(ii) Useful lives of property, plant and equipment ('PPE') and intangible assets

Management reviews the estimated useful lives and residual value of PPE and Intangibles at the end of each reporting period. Factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and may have an impact on the profit of the future years.

(iii) Employee benefit obligations

Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments. These include the estimation of the appropriate discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) Provisions and contingencies

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being subject to uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount can be reasonably estimated. Significant judgement is required when evaluating the provision including, the probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances. Contingent liabilities are disclosed in the notes forming part of the financial statements. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

(v) Estimation of uncertainty relating to COVID-19 pandemic

The Company has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the Company's performance, management does not anticipate any challenge in the Company's ability to continue as a going concern or meeting its financial obligations. The Company expects to fully recover the carrying amount of trade receivables, and other assets. The Company has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment and investments at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

2.4 New accounting standards adopted by the Company

(i) Ind AS 116 Leases

Effective 01 April 2019, the company adopted Ind AS 116 "Leases" and applied to all lease contracts existing on 01 April 2019 using the modified retrospective method. Accordingly, comparatives for the previous year ended 31 March 2019 have not been retrospectively adjusted. The leases which are classified as Right-of-Use (RoU) assets are in the nature of prepaid lease rentals. Therefore, the cumulative effect of applying the standard in the retained earnings is not material.

The Company does not recognize RoU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

(ii) Appendix C to Ind AS 12 - Uncertainty over income tax treatments

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

(iii) Amendment to Ind AS 12 – Income Taxes

The Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity

according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

(iv) Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the standalone financial statements of the Company.

2.5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April,2020.

2.6 Foreign currency translation

On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and the resultant exchange gains or losses are recognised in the Statement of Profit and Loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

2.7 Revenue from contracts with customers

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when / as performance obligation(s) are satisfied.

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are 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. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 60-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

(i) Sale of chemicals

Revenue from sale of chemicals is recognised when control of the product is transferred to the customer, being when the products are delivered, accepted and acknowledged by customers and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue from the sale is recognised based on the price specified in the contract, net of rebates and discounts.

(ii) Income from wind operated generators

Revenue from sale of power is recognised on the basis of electrical units generated and transmitted to the grid of Electricity Board which coincides with completion of performance obligation as per the agreement. Revenue is recognised using the transaction price as stipulated in the agreement with the customer.

(iii) Income from operating lease

Rental income from operating leases is recognised on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(iv) Sale of scrap

Revenue from sale of scrap is recognised as and when the control over the goods is transferred.

(v) Dividend and interest income

Dividend income is recognised when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method taking in to account the amount outstanding and the rate applicable.

(vi) Export benefit

Income from duty drawback and export benefit under duty free credit entitlements is recognised in the Statement of profit and loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is certainty that the consideration is unconditional because only the passage of time is required before the payment is due.

2.8 Property, plant and equipment

(i) Plant and equipment

Plant and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Plant and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. Cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset.

The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. The cost of property, plant and equipment includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Property, plant and equipment which are retired from active use and are held for disposal are stated at the lower of their net book value or net realizable value. Cost of property, plant and equipment not ready for the intended use as at balance sheet date are disclosed as "capital work-in-progress".

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

(ii) *Land*

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

(iii) *Intangible assets*

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The amortization of an intangible asset with a finite useful life reflects the manner in which the economic *benefit is expected to be generated*

(iv) *Impairment testing of intangible assets and property, plant and equipment*

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

(v) *Depreciation and amortisation*

Depreciation on property, plant and equipment is provided on straight line method and in the manner prescribed in Schedule II to the Companies Act, 2013, over its useful life specified in the Act, or based on the useful life of the assets as estimated by management based on technical evaluation and advice. The residual value is generally assessed as 5% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financialyear end.

The management's estimates of the useful life of various categories of fixed assets where estimates of useful life are lower than the useful life specified in Part C of Schedule II to the Companies Act, 2013 are as under:

Specific laboratory equipments	5 years
Office equipments (mobile phones)	2 years
Catalyst	2 years and 4 months

2.9 Research and development expenses

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as expense in the statement of profit and loss when incurred.

Expenditure incurred on property, plant and equipment used for research and development is capitalized and depreciated in accordance with the depreciation policy of the Company.

2.10 Leases

(a) **Company as a lessee**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. The Company determines the lease term as the non cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any.

The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below.

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in statement of profit and loss.

Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

(b) **Company as a lessor**

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

2.11 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 other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss or amortised cost.

Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortised cost

b. Fair Value Through Other Comprehensive Income (FVOCI) or

c. Fair Value Through Profit and Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

a. Financial assets at amortised Cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortised cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

b. Financial assets at fair Value through other comprehensive Income (FVOCI)

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These selections are made on an instrument- by-instrument (i.e., share-by-share) basis. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in other comprehensive income. There is no recycling of the amounts from OCI to

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

profit or loss, even on sale of investment. The dividends from such instruments are recognised in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

c. Financial assets at Fair Value Through Profit and Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in profit and loss.

d. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss:

This category are primarily derivative financial assets or liabilities which are not designated as hedges. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

2.12 Inventories

(i) Raw materials

Raw materials are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First in First out basis.

(ii) Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes the combined cost of material, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty, wherever applicable. Cost is determined on a First in First out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(iii) Stores and Spares

Stores and spares consists of packing materials, engineering spares and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process, has been valued using weighted average cost method.

The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

2.13 Post-employment benefits and short-term employee benefits

(a) Defined contribution plan

Contribution to Provident Fund in India are in the nature of defined contribution plan and are made to a recognised fund. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance company in accordance with the scheme framed by the Corporation. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

(i) Provident fund

The Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognised as an expense in the period in which it falls due.

(ii) Other funds

The Company's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

(iii) Superannuation fund

Contribution made towards Superannuation Fund (funded by payments to an insurance company) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

(b) Defined benefit Plan

Under the Company's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary.

The defined benefit plans are as below

(i) Gratuity

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Company estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

(ii) Leave salary - compensated absences

The Company also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

2.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

2.15 Earnings per equity share

Basic earnings per equity share is calculated by dividing the total comprehensive income for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

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.

2.16 Income Taxation

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

(i) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. While determining the tax provisions, the Company assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending the nature and circumstances of each uncertain tax position.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

(ii) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent 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.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences that is expected to reverse within the tax holiday period.

The carrying amount of deferred income 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 income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.17 Contingent liabilities and provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Company does not recognise contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

2.18 Segment reporting

In accordance with Ind AS 108, Operating Segments, the Company has identified manufacture and sale of organic chemicals as the only reportable segment. Power Generation (previously reported segment), Engineering services (new segment established during the current year), has been assessed to be very insignificant resulting in its operations and results are not being actively reviewed by decision makers of Company. Accordingly, the company has a single reportable segment. Per Para 4 of Ind AS 108 Operating Segments, when entity's financial report contains both the consolidated financial statements of a parent that is within the scope of this Ind AS well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Hence segment information is disclosed as part of consolidated financial statements for the year ended 31 March 2020.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

3 Property, plant and equipment, intangible assets and Right to Use assets

Particulars	Property, Plant and Equipment									Right of Use assets	Intangible assets
	Freehold land	Buildings and Roads	Plant and equipment	Wind operated generators	Furniture and fixtures	Vehicles	Office equipment	Computer equipments	Total	Lease hold assets	Computer software
Gross block											
Balance as at 1 April 2018	**7,074**	**670**	**8,351**	**571**	**123**	**98**	**90**	**74**	**17,051**	-	**66**
Re-classification of asset held for sale	-	-	128	-	-	-	-	-	128	-	-
Additions	-	293	3,387	-	-	16	24	42	3,762	-	28
Disposals	-	-	(910)	-	-	(3)	-	-	(913)	-	-
Balance as at 31 March 2019	**7,074**	**963**	**10,956**	**571**	**123**	**111**	**114**	**116**	**20,028**	**-**	**94**
Re-classification of prepaid lease rentals	-	-	-	-	-	-	-	-	-	2,063	-
Additions	-	30	15,515	-	-	-	17	19	15,581	215	7
Disposals	-	(5)	-	-	-	-	(2)	-	(7)	-	-
Balance as at 31 March 2020	**7,074**	**988**	**26,471**	**571**	**123**	**111**	**129**	**135**	**35,602**	**2,278**	**101**
Accumulated depreciation /amortisation	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	-	**76**	**2,156**	**70**	**21**	**6**	**27**	**27**	**2,383**	-	**12**
Depreciation on re-classification of asset held for sale	-	-	21	-	-	-	-	-	21	-	-
Depreciation / amortisation for the year	-	43	1,327	35	12	16	16	23	1,472	-	24
Reversal on disposal of assets	-	-	(910)	-	-	(3)	-	-	(913)	-	-
Balance as at 31 March 2019	-	**119**	**2,594**	**105**	**33**	**19**	**43**	**50**	**2,963**	-	**36**
Depreciation / amortisaion for the year	-	45	1,904	35	13	17	22	27	2,063	22	33
Reversal on disposal of assets	-	(4)	-	-	(0)	-	(1)	-	(5)	-	-
Balance as at 31 March 2020	-	**160**	**4,498**	**140**	**46**	**36**	**64**	**77**	**5,021**	**22**	**69**
Net block											
Balance as at 31 March 2019	7,074	844	8,362	466	90	92	71	66	17,065	-	58
Balance as at 31 March 2020	**7,074**	**828**	**21,973**	**431**	**77**	**75**	**65**	**58**	**30,581**	**2,256**	**32**

Notes

(i) Of the above, movable property, plant and equipment of the Company has been pledged as collateral for the Company's term loan (Refer note 15).

(ii) For contractual commitment with respect & property, plant and equipment refer note 33 (b).

(iii) Details of capital expenditure incurred towards research and development is disclosed in note 31.

(iv) Effective 01 April 2019, the company adopted Ind AS 116 "Leases" and applied to all lease contracts existing on 01 April 2019 using the modified retrospective method. Accordingly, comparatives for the previous year ended 31 March 2019 have not been retrospectively adjusted. The leases which are classified as ROU are in the nature of prepaid lease rentals. Therefore, the cumulative effect of applying the standard in the retained earnings is not material. Also the lease liabilities arising out of addition to ROU has been fully paid at the inception of the respective leases.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
4. Investments			
I. Non-current investments			
a) **Investments at cost**			
Investments in equity instruments of subsidiaries - unquoted			
Cheminvest Pte Limited, Singapore		3,786	3,786
(Representing 100% equity share capital of subsidiary)			
6,000,000 equity shares of US$ 1 each fully paid up			
Optimistic Organic Sdn Bhd, Malaysia			
(Representing 15.80% equity share capital of step down subsidiary) (refer note (i) below)		3,083	3,083
2,302,814 equity shares of US$ 2.09 each fully paid up			
TCL-Global BV, The Netherlands			
(Representing 100% equity share capital of subsidiary)(refer note (ii) below)		58	-
250,000 equity shares of Euro 0.10 each fully paid up			
	A	**6,927**	**6,869**

(i) 84.20 % Equity share capital of Optimistic Organic Sdn Bhd, Malaysia (Step down subsidiary) is held by Cheminvest Pte Limited (wholly owned subsidiary), resulting in 100% beneficial ownership by the Holding Company.
(ii) During the financial year ended 31 March 2020, the Company has invested EURO 71,445 (INR 58 Lakhs) in TCL Global BV, a wholly owned subsidiarity located in Amsterdam, The Netherlands.

		As at 31 March 2020	As at 31 March 2019
b) **Investments designated at FVOCI**			
Investments in equity instruments			
Quoted			
5,000 (31 March 2019: 5,000) equity shares of Neyveli Lignite Corporation Limited at ₹ 10 each fully paid up		2	3
1,410 (31 March 2019: 1,409) equity shares of Piramal Enterprises Limited at ₹ 2 each fully paid up		13	39
3,482,557 (31 March 2019: 3,482,557) equity shares of Ultramarine and Pigments Limited at ₹ 2 each fully paid up		4,926	9,149
	B	**4,941**	**9,191**
Total non-current investments.	**A + B**	**11,868**	**16,060**
Aggregate amount of:			
-Quoted investments and market value thereof;		4,941	9,191
-Unquoted investments		6,927	6,869
Extent of investment in subsidiaries			
Cheminvest Pte Limited, Singapore		100%	100%
Optimistic Organic Sdn Bhd, Malaysia		15.80%	15.80%
TCL Global BV, The Netherlands		100%	Not applicable
II. Current investments			
a) **Investments in mutual funds designated at FVTPL**			
Unquoted			
Reliance Liquid Fund (Current year Nil ; Previous year 118,225 units)		-	1,808
Kotak Liquid Fund (Current year Nil; Previous year 98,519 units)		-	1,205
HDFC Liquid Fund (Current year Nil; Previous year 99,350 units)		-	1,013
Aditya Birla Sunlife Liquid Fund (Current year Nil; Previous year 1,803,594 units)		-	1,808
Total current investments		-	**5,834**
Aggregate amount of:			
-Unquoted investments		-	5,834

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
5	**Loans**		
	Non - Current		
	Unsecured, considered good		
	Loans and advances to subsidiary companies (Refer note 32 (c))	1,508	1,383
		1,508	1,383

6 Other financial assets	As at 31 March 2020		As at 31 March 2019	
(Unsecured, considered good unless and otherwise stated)	Non-current	Current	Non-current	Current
Security deposits				
- Unsecured, considered good	323	-	159	-
- Deposits which have significant increase in credit risk	1	-	3	-
Less: Allowances for expected credit loss	(1)	-	(3)	-
Staff advances	-	24	-	59
Receivable from subsidiary and step down subsidiary (Refer note 32 (c))	-	2	-	64
Foreign currency options contracts	-	5	-	151
Receivable from supplier	-	1,224	-	-
Claims receivable	-	283	-	-
Others	-	69	-	54
	323	**1,607**	**159**	**328**

Notes:

(a) There are no financial assets due from directors or other officers of the Company.

(b) The carrying amount of cumulative other financial assets are considered as a reasonable approximation of fair value and adequate allowance for loss is provided.

(c) A description of the Company's financial instrument risks, including risk management objectives and policies are given in note 20.

		As at 31 March 2020	As at 31 March 2019
7	**Income tax**		
I.	**Income tax assets (net)**		
	Taxes paid in advance [Net of provision for tax ₹ 19,195 lakhs (31 March 2019: ₹19,434 lakhs)]	962	970
		962	**970**

		Year ended 31 March 2020	Year ended 31 March 2019
II.	**Amounts recognised in profit or loss**		
	Current tax		
	Current period	745	4,449
	Total current tax expense	**745**	**4,449**
	Deferred tax attributable to		
	Origination and reversal of temporary differences	555	241
	Unused tax credits	578	-
	Increase in tax rate	-	9
	Total deferred tax expense / (benefit)	**1,133**	**250**
	Income tax expense	**1,878**	**4,699**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

	Year ended 31 March 2020			Year ended 31 March 2019		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
III. Amounts recognised in other comprehensive income						
- Re-measurements of defined benefit plans	(35)	12	(23)	29	(10)	19
- Equity instruments through other comprehensive income, net	(4,250)	-	(4,250)	(411)	-	(411)
	(4,285)	**12**	**(4,273)**	**(382)**	**(10)**	**(392)**

IV. Reconciliation of effective tax rate

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.94% (2019-20: 34.94%) and the reported tax expense in the statement of profit and loss are as follows:

	Year ended 31 March 2020		Year ended 31 March 2019	
Profit before tax		5,965		14,308
Tax using the Company's domestic tax rate	34.94%	2,084	34.94%	5,000
Effect of:				
Weighted deduction for research and development expenses	-0.96%	(57)	-1.45%	(208)
Income exempt from tax	-3.70%	(221)	-0.84%	(120)
Expenses disallowed for tax purpose	1.17%	7 0	0.20%	28
Others	0.02%	2	-0.01%	(1)
Effective tax rate	**31.48%**	**1,878**	**32.84%**	**4,699**

V. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax (assets)		Deferred tax liabilities		Net deferred tax (assets) / liability	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Unused Tax Credit	(578)	-	-	-	(578)	-
Provisions - employee benefits	(360)	(324)	-	-	(360)	(324)
Provisions - others	(49)	(77)	-	-	(49)	(77)
Property, plant and equipment	-	-	4,814	3,072	4,814	3,072
Restatement of financial assets	-	-	635	635	635	635
Other items	-	-	(2)	33	(2)	33
Deferred tax (assets) liabilities	**(987)**	**(401)**	**5,447**	**3,740**	**4,460**	**3,339**

In assessing the recoverability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. All deferred tax assets have been recognized in the balance sheet.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

8 Other assets	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
Balance with Government authorities	-	2,447	-	2,703
Supplier advances				
-Considered good	-	419	-	103
-Considered doubtful	-	9	-	9
Less : Allowances for bad and doubtful advances	-	(9)	-	(9)
Project Cost	-	905	-	-
Capital advances	339	-	386	-
Prepaid expenses	174	45	132	117
Prepaid lease rentals (Also, refer note 32(b)	-	-	2,041	22
Others	48	40	205	15
	561	**3,856**	**2,764**	**2,960**

All of the Company's other current and non-current assets have been reviewed for indicators of impairment, and adequate allowances for losses has been provided.

	As at 31 March 2020	As at 31 March 2019
9 Inventories		
(valued at lower of cost and net realisable value)		
Raw materials	9,460	13,690
Work in progress	477	731
Finished goods	2,566	2,464
Stock-in-trade	178	72
Stores and spares	432	337
Fuel	84	89
Packing materials	70	98
	13,267	**17,481**
Note		
(i) Goods in transit included above are as below :		
a. Raw material	-	6,668
b. Finished goods	921	2,083
10 Trade receivables		
Current		
Unsecured		
(a) Considered good	6,421	7,814
(b) Receivables which have significant increase in credit risk	130	216
	6,551	**8,030**
Allowance for expected credit loss:		
(a) Receivables which have significant increase in credit risk	(130)	(216)
	(130)	**(216)**
Net trade receivables	**6,421**	**7,814**
Notes:		
(i) Of the above, trade receivables from related parties are as below:		
Total trade receivables from related parties (Also, refer note 32)	91	14
Expected credit loss	-	-
Net trade receivables from related parties	**91**	**14**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
(ii) Movement in allowance for expected creditloss		
Balance at the beginning of the year	**216**	**155**
Amounts written off	-	(46)
Allowance during the year	91	151
Reversal during the year	(177)	(44)
Balance at the end of the year	**130**	**216**

(iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as it is expected to be collected within twelve months.

(iv)The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 20.

(v) The Company has also considered credit information of its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, is adequate.

		Year ended 31 March 2020	Year ended 31 March 2019
11	**Cash and bank balances**		
	Cash and cash equivalents		
	Balance with banks in current accounts	3,117	1,078
	Cash on hand	4	3
	Deposit accounts (with original maturity less than 3 months)	14,300	2,112
	Cash and cash equivalents as per statement of cash flows	**17,421**	**3,193**
	Bank balances other than mentioned in cash and cash equivalents		
	Unpaid dividend (Also, refer note (i) below)	85	37
	Deposit accounts (with original maturity greater than 3 months upto 12 months)	683	-
	Balances with bank held as margin money	312	273
		1,080	**310**
		18,501	**3,503**

(i) Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investor education and protection fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

(ii) Unpaid interest on matured deposits included Cash and cash equivalents is ₹ 10 lakhs (31 March 2019: ₹ 13 lakhs).

		As at 31 March 2020		As at 31 March 2019	
		Number	₹ in lakhs	Number	₹ in lakhs
12	**Equiety Share capital**				
	Authorised				
	Equity shares of ₹ 1 each (Also refer note g)	15,00,00,000	1,500	15,00,00,000	1,500
	Unclassified shares of ₹ 10 each	1,00,00,000	1,000	1,00,00,000	1,000
		16,00,00,000	**2,500**	**16,00,00,000**	**2,500**
	Issued				
	Equity shares of ₹ 1 each (Also refer note g)	10,24,28,120	1,024	10,24,28,120	1,024
		10,24,28,120	**1,024**	**10,24,28,120**	**1,024**
	Subscribed and fully paid-up				
	Equity shares of ₹ 1 each (Also, refer note g)	10,23,88,120	1,024	10,23,88,120	1,024
	Add: Amount paid up on forfeited shares (Also refer note d)	40,000	-	40,000	-
		10,24,28,120	**1,024**	**10,24,28,120**	**1,024**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

a) There is no change in issued and subscribed share capital during the year.

b) Terms / rights attached to equity shares

The Company has equity shares having a par value of ₹ 1. The Company declares and pays dividends in Indian Rupees (₹). The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which is approved by the Board of Directors. 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 of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

c) Shareholders holding more than 5% of the aggregate shares in the company

	As at 31 March 2020		As at 31 March 2019	
	Number	**% holding**	**Number**	**% holding**
Equity shares of ₹ 1 each				
Ultramarine and Pigments Limited	2,04,51,770	19.97%	2,04,51,770	19.97%
Jasmine Limited	67,54,050	6.59%	65,50,050	6.39%
	2,72,05,820	**26.56%**	**2,70,01,820**	**26.36%**

d) The Company had forfeited 40,000 equity shares of ₹ 1 each (31 March 2019: 40,000 equity shares of ₹ 1 each) on which amount originally paid up was ₹ 22,500.

e) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last 5 years immediately preceding 31 March 2020.

	Year ended 31 March 2020	Year ended 31 March 2019
f) Details of dividend declared:		
Date of meeting of board of directors	06 May 2019	03 May 2018
Dividend per share	₹2	₹20
Cash outflow (including dividend distribution tax) *in lakhs*	2,469	2,469

g. In the annual general meeting held on 24 July 2018, the shareholders of the Company approved for splitting the authorized share capital of 15,000,000 equity shares of ₹ 10 into 150,000,000 equity shares of ₹ 1 each.

13 Capital management policies and procedures

The Company's capital management objectives are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company maintains a mixture of cash and cash equivalents, long-term debt and short-term committed facilities that are designed to ensure the Company has sufficient available funds for business requirements. There are no imposed capital requirements on the Company, whether statutory or otherwise.

The Company monitors capital using a ratio of 'net debt' to 'equity'. Net Debt is calculated as total borrowings (shown in note 15), less cash and cash equivalents.

The Company's net debt to equity ratio as at 31 March 2020 is as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Total borrowings	13,876	4,988
Less: Cash and cash equivalents	(17,421)	(3,193)
Net Debt/(Cash position)	**(3,545)**	**1,795**
Total equity	**55,541**	**58,196**
Net Debt to equity ratio	**-6%**	**3%**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
14	**Other Equity**		
	I. Reservs and Surplus		
	(a) Securities premium	1,971	1,971
	(b) General reserve	4,283	4,283
	(c) Retained earnings	40,142	38,524
	Total Surplus	**46,396**	**44,778**
	II. Other reserves		
	(d) Accumulated other comprehensive income	8,121	12,394
		8,121	**12,394**
	III. Total other equity (I+II)	**54,517**	**57,172**
	(a) Securities premium		
	Balance at the beginning of the year	1,971	1,971
	Add : Additions made during the year	-	-
	Balance at the end of the year	**1,971**	**1,971**
	Securities premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Act.		
	(b) General reserve		
	Balance at the beginning of the year	4,283	4,283
	Add : Additions made during the year	-	-
	Balance at the end of the year	**4,283**	**4,283**
	General reserve represents an appropriation of profits by the Company, which can be utilised for purposes such as dividend payout etc.		
	(c) Retained earnings		
	Balance at the beginning of the year	38,524	31,384
	Add : Transfer from statement of profit and loss	4,087	9,609
	Less : Final dividend	(2,048)	(2,048)
	Tax on equity dividend declared	(421)	(421)
	Balance at the end of the year	**40,142**	**38,524**
	Retained earnings comprises of prior years' undistributed earnings after taxes, which can be utilised for purposes such as dividend payout etc.		
	(d) Accumulated other comprehensive income		
	Balance at the beginning of the year	12,394	12,786
	Add / (less) : Movement during the year	(4,273)	(392)
	Balance at the end of the year	**8,121**	**12,394**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

	As at 31 March 2020	As at 31 March 2019
15 Borrowings		
Secured – measured at amortised cost		
Term loan from bank (refer note (i) below)	13,876	4,988
Total non-current borrowings	**13,876**	**4,988**
Less: Current maturities of long-term loan from bank (included in note 18)	1,248	1,667
Non-current borrowings (as per balance sheet)	**12,628**	**3,321**

Notes:

As on 31 March 2020

(i) (a) The term loan of ₹6015 lakhs drawn from IDFC First Bank is repayable in 24 equal quarterly instalments of ₹ 251 lakhs, and the first instalment is due on 31 October 2020. The term loan bears interest of 0.65 spread + 12 month marginal cost of fund based lending rate, payable monthly under the terms of the loan.

(b) The term loan of ₹1005 lakhs drawn from IDFC First Bank is repayable in 20 equal quarterly instalments of ₹ 50 lakhs, and the first instalment is due on 31 October 2021. The term loan bears interest of 0.65 spread + 12 month marginal cost of fund based lending rate, payable monthly under the terms of the loan.

(c) The term loan of ₹6930 lakhs drawn from Axis Bank is repayable in 20 equal quarterly instalments of ₹ 347 lakhs, and the first instalment is due on 30 November 2020. The term loan bears interest of 0.35 spread + 12 month marginal cost of fund based lending rate, payable monthly under the terms of the loan.

(d)Current portion due for repayment within one year is ₹ 1,248 lakhs. This has been disclosed in note 18 within the heading current maturity of long-term loan from bank under other financial liabilities (current).

(ii) The above borrowing is secured by way of first charge on the movable & immovable property, plant and equipment of the Company.

As at 31 March 2019

(iii) Term loan from bank is repayable in 6 equal quarterly instalments of ₹833 lakhs, and the first instalment is due on 27 November 2019.The term loan bears interest of 0.65 spread + 12 month marginal cost of fund based lending rate, payable quarterly under the terms of the loan.

(iv) The above borrowings is secured by way of first charge on the movable property, plant and equipment of the Company.

(v) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	4,988	-
A) Changes from financing cash flows		
(i) Proceeds from borrowings	13,950	5000
(ii) Transaction costs related to borrowings	(74)	(13)
(ii) Repayment of borrowings	(4,988)	-
Total changes from financing cash flows	**8,888**	**4,987**
B) Other Changes		
(i) Interest expense paid	(1,105)	(43)
(ii) Interest expense accrued	1,105	44
Total other changes	**-**	**1**
Balance at the end of the year	**13,876**	**4,988**

	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
16 Provisions				
Provisions for employee benefits				
(i) Gratuity	649	110	571	94
(ii) Compensated absences	179	92	164	98
	828	**202**	**735**	**192**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

Provision for employee benefits

i) Gratuity

Gratuity is payable to all the employee's at the rate of 15 days salary for each year of service. In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The following table sets out the status of the Gratuity Plan and the amounts recognized in the financial statement :

	As at 31 March 2020	As at 31 March 2019
Change in present value of projected benefit obligation		
Present value of benefit obligation at the beginning of the year	665	654
Interest cost	49	50
Current service cost	60	57
Benefits paid	(50)	(67)
Actuarial (gain) / loss	35	(29)
Projected benefit obligation at the end of the year	**759**	**665**
Thereof		
Unfunded	**759**	**665**
Components of net gratuity costs are:		
Current service cost	60	57
Interest cost	49	50
Net gratuity costs recognised in the income statement	**109**	**107**
Actuarial (gain) / loss recognised in other comprehensive income	35	(29)
Principal actuarial assumptions used:		
a) Discount rate	6.59%	7.41%
b) Long-term rate of compensation increase	10.00%	10.00%
c) Average future service	7 years	7 years
d) Attrition rate	10.00%	10.50%
e) Mortality table	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2020	110	71	241	337	**759**
31 March 2019	94	64	250	257	**665**

Sensitivity Analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

	Attrition rate		Discount rate		Future salary	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 March 2020						
Sensitivity Level	0.50%	-0.50%	0.50%	-0.50%	0.50%	0.50%
Impact on defined benefit obligation	(6)	6	(24)	26	25	(24)
31 March 2019						
Sensitivity Level	0.50%	-0.50%	0.50%	-0.50%	0.50%	0.50%
Impact on defined benefit obligation	(8)	8	(39)	45	44	(39)

ii) Compensated absences

The Company permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences.

Principal actuarial assumptions used :	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Discount rate	6.59%	7.41%
Long-term rate of compensation increase	10.00%	10.00%
Average remaining life	7 years	7 years
Attrition rate	10.00%	10.50%

	As at 31 March 2020	**As at 31 March 2019**
17 Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Also, refer note (a) below)	18	30
Total outstanding dues other than micro enterprises and small enterprises *	21,796	22,270
	21,814	**22,300**

* Of the above, ₹ 219 lakhs pertains to payable to related parties (31 March 2019 ₹ 613 lakhs) (Also, refer note 32 (c)).

a) According to information available with the management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium enterprises Development act, 2006 ('MSMeD act'), the company has amounts due to Micro, Small and Medium enterprises under the said act as follows :

i) Principal amount remaining unpaid	18	30
ii) Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
iv) The amount of interest due accrued and remaining unpaid at the end of each accounting year.	0.07	0.43
v) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	0.07	0.43

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
18	**Other financial liabilities**		
	Current maturities of long-term loan from bank (Also, refer note 15)	1,248	1,667
	Capital creditors	998	920
	Employee related payables	342	283
	Directors remuneration payable (Refer note 32 (c))	73	307
	Unpaid dividend	85	37
	Other payables	80	125
		2,826	**3,339**

Notes:

(i) Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investor education and protection fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

(ii)Unpaid interest on matured deposits included in other payables is ₹ 10 lakhs (31 March 2019: ₹ 13 lakhs).

(iii) The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 20.

		As at 31 March 2020	As at 31 March 2019
19	**Other liabilities**		
	Deposits from service providers (Also, refer note 32 (c))	35	41
	Statutory dues	198	197
	Advances from customers	284	644
	Other payables	6	8
		523	**890**

20 Disclosures on financial instruments

I. Financial instruments by category

	As at 31 March 2020			As at 31 March 2019		
	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI
Financial assets						
Investments						
-Equity instruments*	-	-	4,941	-	-	9,191
-Mutual funds	-	-	-	-	5,834	-
Loans	1,508	-	-	1,383	-	-
Trade receivables	6,421	-	-	7,814	-	-
Cash and bank balances	18,501	-	-	3,503	-	-
Foreign currency options contracts	-	5	-	-	151	-
Other financial assets	1,925	-	-	336	-	-
Total financial assets	**28,355**	**5**	**4,941**	**13,036**	**5,985**	**9,191**
Financial Liabilities						
Borrowings	13,876	-	-	4,988	-	-
Trade payables	21,814			22,300		
Other financial liabilities	1,578	-	-	1,672	-	-
Total financial liabilities	**37,268**	**-**	**-**	**28,960**	**-**	**-**

*Represents the equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Company considers this to be more relevant.

Investments in subsidiaries are recorded at cost and have not been included in the disclosure above.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

II. Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- **level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the levels within the hierarchy of financial assets measured at fair value at 31 March 2020:

	As at 31 March 2020			
		Fair value measurement using		
	Total	**Quoted prices in active markets (level 1)**	**Significant observable inputs (level 2)**	**Significant unobservable inputs (level 3)**
Assets measured at fair value:				
FVOCI financial investments				
Quoted equity instruments	**4,941**	4,941	-	-
FVTPL financial investments				
Mutual funds	**-**	-	-	-
Derivative financial assets				
Options	**5**	-	-	5

	As at 31 March 2019			
		Fair value measurement using		
	Total	**Quoted prices in active markets (level 1)**	**Significant observable inputs (level 2)**	**Significant unobservable inputs (level 3)**
Assets measured at fair value:				
FVOCI financial investments				
Quoted equity instruments	**9,191**	9,191	-	-
FVTPL financial investments				
Mutual funds	**5,834**	**-**	5,834	**-**
Derivative financial assets				
Options	**151**	-	-	151

Notes:

(i) **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 the stock exchanges is valued using the closing price as at the reporting period.

(ii) **level 2:** level 2 hierarchy includes mutual funds. The mutual funds are valued using the closing NAV provided by the fund management company at the end of each reporting year.

(iii) **level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for:

- *Foreign currency options contract* - the fair value of options contracts is determined using the Black Scholes valuation model.

(iv) The Company has not disclosed the fair values for loans, cash and bank balances, trade receivables, other financial assets, trade payables, and other financial liabilities because their carrying amounts are a reasonable approximation to the fair value.

(v) There have been no transfers between levels 1 and 2 during the year.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

III. Financial risk management

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. The Company's senior management which is supported by a Treasury Team manages these risks. The Treasury Team advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by the Treasury Team that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The notes below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	exposure arising from	Measurement	Management
Credit risk	Investments, trade receivables, cash and bank balances, loans, other financial assets	Ageing analysis Credit ratings	Diversification of bank deposits, and credit limits
Liquidity risk	Trade and other payables, other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Long term Borrowings	Sensitivity analysis	*NA*
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian Rupee (₹)	Sensitivity analysis	Forward foreign exchange contracts Foreign currency options
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The carrying amounts of financial assets represent the maximum credit exposure. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

Trade receivables and loans

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure with any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good.

Loss allowance for trade receivables are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Loans represent loans and advances extended to subsidiary Companies.

Cash and bank balances and investments

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets

B. Other financial assets mainly comprises of security deposits which are given to customers or other governmental agencies, receivable form insurance company & suppliers in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

C. Liquidity risk

Liquidity risk is that the Company will not be able to meet its obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required. The treasury team's risk management policy includes an appropriate liquidity risk management framework for the management of the short term, medium-term and long term funding and cash management requirements. The Company manages the liquidity risk by maintaining adequate cash reserves, committed credit facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds in bank fixed deposit and liquid schemes of mutual funds, which carry no / negligible mark to market risks.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within 60 - 90 days based on the credit period.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

The following are the remaining contractual maturities of financial liabilities at the reporting date:

	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
As at 31 March 2020				
Borrowings	723	1,833	13,216	2,647
Trade and other payables	21,814	-	-	-
Other financial liabilities	1,578	-	-	-
Total	**24,115**	**1,833**	**13,216**	**2,647**
As at 31 March 2019				
Borrowings	-	2,099	3,538	-
Trade and other payables	22,300	-	-	-
Other financial liabilities	1,672	-	-	-
Total	**23,972**	**2,099**	**3,538**	**-**

c. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk, and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's main exposure to interest risk arises from long term borrowing with floating rate. The Company does not have any derivatives to hedge its interest rate risk exposure as at 31 March 2020.

Interest rate sensitivity analysis

The table below summarises the impact of increases / decreases of the interest rates at the reporting date, on the Company's equity and profit for the period. The analysis is based on the assumption of +/- 1% change.

	Profit before tax		Equity before tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
As at 31 March 2020				
Term loan from bank	8	(8)	8	(8)
As at 31 March 2019				
Term loan from bank	4	(4)	4	(4)

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenues and purchases are denominated, and the functional currency of the Company. The functional currency of the Company is the Indian Rupee (₹). The currency in which these transactions are primarily denominated are in Indian Rupee (₹). Certain transactions are also denominated in US dollars (USD) and Euro (EUR)

Derivative financial instruments

The Company holds foreign currency options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on black scholes model. Options contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

	31 March 2020			31 March 2019		
	USD	EUR	JPY	USD	EUR	JPY
Financial assets						
Loans	1 ,508	-	-	1,383	-	-
Trade receivables	421	-	-	845	49	-
Cash and bank balances	174	-	-	206	-	-
Other financial assets	2	-	-	25	-	-
Financial liabilities						
Trade and other payables	649	48	-	958	-	71
Other financial liabilities	-	-	-	23	52	-
Net assets / (liabilities)	**1,456**	**(48)**	**-**	**1,478**	**(3)**	**(71)**

The details in respect of outstanding foreign currency options contracts are as follows:

	31 March 2020		31 March 2019	
	USD in Millions	INR in lakhs	USD in Millions	INR in lakhs
Options contract	1.6	1,206	5.2	3,597

The foreign exchange options contracts mature within 12 months. INR figures above have been calculated based on spot rates as at the reporting periods. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the Balance Sheet date *(amount in millions of USD)*:

	As at 31 March 2020	As at 31 March 2019
Not later than one month	0.5	1.1
Later than one month and not later than three months	1.1	2.7
Later than three months and not later than one year	-	1.4

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee (₹) against USD,EUR and JPY at 31 March would have affected the measurement of financial instruments denominated in such foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and also assumes a +/- 1% change of the INR /USD exchange rate, INR/EUR exchange rate and INR/JPY exchange rate at 31 March 2020 (31 March 2019: 1%). If the INR had strengthened against the USD by 1% during the year ended 31 March 2020 (31 March 2019: 1%), EUR by 1% during the year ended 31 March 2020 (31 March 2019: 1%) and JPY by 1% during the year ended 31 March 2020 (31 March 2019: 1%) respectively then this would have had the following impact profit before tax and equity before tax:

	Profit before tax		Equity before tax	
	Strengthening	Weakening	Strengthening	Weakening
As at 31 March 2020				
USD	15	(15)	15	(15)
EUR	(0.48)	0.48	(0.48)	0.48
JPY	-	-	-	-
As at 31 March 2019				
USD	33	(33)	33	(33)
EUR	1	(1)	1	(1)
JPY	1	(1)	1	(1)

Price risk

Equity price risk is related to the change in market price of the investments in quoted equity securities. The Company's exposure to equity security prices arises from investments held by the Company and classified in the balance sheet as FVOCI. In general, these investments are strategic investments and are not held for trading purposes. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

Sensitivity analysis

	Profit before tax		equity before tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
As at 31 March 2020				
Quoted equity securities	49	(49)	49	(49)
As at 31 March 2019				
Quoted equity securities	92	(92)	92	(92)

		Year ended 31 March 2020	Year ended 31 March 2019
21	**Revenue from operations**		
	Sale of products		
	Manufactured goods	84,270	97,106
	Traded goods	1,255	1,200
	Gross sales	**85,525**	**98,306**
	Other operating revenues		
	Sales of power from wind operated generators	133	163
	Income from letting out of storage facility	347	348
	Engineering and technical service income (Also refer note 32(b))	14	-
	Duty drawback benefit	93	107
	Export incentive	237	349
	Sale of scrap (net of taxes recovered)	193	152
		1,017	**1,119**
		86,542	**99,425**
22	**Other income**		
	Interest Income (Gross) (Also, Refer note 32(b))	735	259
	Dividend Income from investments	404	367
	Profit on sale of assets (net of loss on sales / scraping of asset)	129	-
	Rental income	40	44
	Excess provisions / Sundry balances written back (net)	190	73
	Gain on foreign currency transaction / translation (net)	157	124
	Gain on fair valuation of derivatives	-	69
	Expenses and Services recharged (Also, Refer note 32(b))	210	435
	Insurance claims	332	-
	Miscellaneous receipts	5	51
		2,202	**1,422**
23	**Cost of materials consumed and purchase of stock-in-trade**		
	Inventory at the beginning of the year	13,690	8,955
	Add : Purchases during the year	57,937	72,439
		71,627	81,394
	Less: Inventory at the end of the year	9,460	13,690
		62,167	**67,704**
	Purchase of stock-in-trade		
	Purchase of machinery spares and other chemicals	1,219	1,027
		1,219	**1,027**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
24 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
Finished goods	2,464	1,295
Work-in-progress	731	398
Stock-in-trade	72	80
	3,267	**1,773**
Closing stock		
Finished goods	2,566	2,464
Work-in-progress	477	731
Stock-in-trade	178	72
	3,221	**3,267**
Changes in inventories	**46**	**(1,494)**
25 Employee benefit expenses		
Salaries, Wages and Bonus	2,906	2,794
Gratuity expense (Also, Refer note 16)	109	107
Contribution to provident and other funds	170	204
Staff welfare expenses	154	178
	3,339	**3,283**
26 Finance costs		
Interest expense*	1,349	611
Other borrowing costs	205	460
	1,554	**1,071**
*Net of interest Capitalised of ₹ 331 (Previous year ₹43 Lakhs)		
27 Other expenses		
Stores and spares consumed	471	727
Power and fuel	3,646	4,323
Repairs to:		
Machinery	467	600
Buildings	193	310
Others	23	19
Packing expenses and materials consumed	881	944
Freight and forwarding	3,803	3,959
Commission and brokerage	60	100
Rent	149	195
Rates and taxes	263	175
Insurance	185	147
Travelling and conveyance	173	298
Communication expenses	47	52
Research and development expenses (Also, Refer note 31)	325	336
Expenses on wind operated generators	48	56
Legal and professional charges (Also, Refer note 29)	242	376
Commission to Non-Executive Directors (Also, Refer note 32 (b))	47	125
Provision for expected credit losses (Also, Refer note 10)	91	4
Corporate social responsibility expenditure (Also, Refer note 30 and 32 (b))	290	208
Donation	22	35
Loss on fair valuation of derivatives	63	-
Loss of damaged stock	330	-
Miscellaneous expenses	517	442
	12,336	**13,431**

The Company has lease contracts for office premises and these lease contracts are cancellable/renewable for further period on mutually agreeable terms during the tenure of lease contracts. These lease contracts are classified as short term lease contracts under Ind AS 116 which amounts to ₹66 lakhs during the current year ended 31 March 2020.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
28	**Earnings per equity share (EPS)**		
	Basic and diluted earnings per share (₹)		
	On profit for the year	3.99	9.38
	On total comprehensive income	(0.18)	9.00
	Notes:		
	The earnings and weighted average numbers of equity shares used in the calculation of basic and diluted earnings per share are as follows:		
	(a) Earning used in the calculation of basic and diluted earnings per share:		
	Profit for the year	4,087	9,609
	Total comprehensive income	(186)	9,217
	(b)Weighted average number of equity shares used in the calculation of basic and diluted earnings per share:		
	Weighted average number of equity shares outstanding during the year	10,23,88,120	10,23,88,120
29	**Payments to auditor**		
	As auditor		
	Statutory audit	17	23
	Limited review	11	9
	Tax audit	3	3
	Others	7	4
	Total	**38**	**39**
30	**Expenditure on corporate Social Responsibility (CSR)**		
	(a) Gross amount required to be spent by the Company during the year	324	271
	(b) Amount spent during the year on		
	(i) Construction / acquisition of any asset	-	-
	(ii) Purposes other than (i) above	290	208
	(c) Name of the related party with regard to CSR contribution	Thirumalai Charity Trust Worth Trust	Thirumalai Charity Trust
	(d) Whether any provision made based on contractual obligation to undertake CSR activity	No	No
	All the expenditure on CSR have been paid during the year and no provision for expenses are created for the expenditure.		
31	**Research and Development expenses***		
	The amount spent towards Research and Development expenses during the year are as under		
	Capital expenditure	-	285
	Revenue expenditure (Also, refer note 27)	325	336
		325	**621**

*The summary is prepared based on the information available with the Company and is relied upon by the auditors.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

32 Related parties

a) Names of related parties and nature of relationship:

Nature of relationship	Name of related party
Subsidiary companies	Cheminvest Pte Limited (Subsidiary Company) (CPL) Optimistic Organic Sdn Bhd (Step down subsidiary)(OOSB) Lapiz Europe Limited (Step down subsidiary) TCL Global BV, The Netherlands(Subsidiary Company) TCL INC, USA (Step down subsidiary)
Key Management Personnel	Mr. R.Parthasarathy (Managing Director) Mrs. Ramya Bharathram (Executive Director and Chief Financial Officer) Mr. C.G Sethuram (Chief Executive Officer) Mr. P Mohana Chandran Nair (Executive Director) Mr. T Rajagopalan (Company Secretary) Mr. Arun Ramanathan (Independent Director) Mr. Neelakantan Subramanian (Independent Director) Mr. Raj Kataria (Independent Director) Mr. R. Ravi Shankar (Independent Director) Mr. Dhruv Moondhra (Independent Director) Mr. R. Sampath (Non – Executive Director) Mr. Rajeev M Pandia (Independent Director) Mrs. Bhama Krishnamurthy (Additional Director appointed with effect from 20 March 2020)
Enterprise having transaction with the company during the current year over which the Key Managerial Personnel and their relatives are able to exercise significant influence	Ultramarine and Pigments Limited (UPL) Thirumalai Charity Trust (TCT) N R Swamy Investments Worth Trust

b) Transactions with related parties

Transaction	Related Party	Year ended 31 March 2020	Year ended 31 March 2019
Remuneration to Key Managerial Personnel	Mr. R.Parthasarathy	203	327
	Mrs. Ramya Bharathram	108	140
	Mr. P Mohana Chandran Nair	57	57
	Key Managerial Personnel other than directors	269	274
Director sitting fees	Independent Directors	47	39
Commission	Non – Executive Directors	47	125
Leasehold land and related other charges	Ultramarine and Pigments Limited	-	1,194
Purchase of Goods	Optimistic Organic Sdn Bhd	1,447	2,698
Sale of Goods	Optimistic Organic Sdn Bhd	447	569
Rendering of Services	Optimistic Organic Sdn Bhd	169	380
	Ultramarine and Pigments Limited	45	46
Receipt of Services	Ultramarine and Pigments Limited	14	9
	Thirumalai Charity Trust	6	8
Guarantee Commission	Optimistic Organic Sdn Bhd	55	55
Corporate social responsibility expenditure	Thirumalai Charity Trust	237	200
	Worth Trust	20	-
Interest Income on Loan Given	Cheminvest Pte Limited	115	121
Sale of staff Quarters	N R Swamy Investments	131	-

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

c) Balances with related parties

Particulars	Related Party	As at 31 March 2020	As at 31 March 2019
Trade receivables	Optimistic Organic Sdn Bhd	91	14
Other receivables	Optimistic Organic Sdn Bhd	2	38
	Cheminvest Pte. Limited	-	26
Trade payables	Optimistic Organic Sdn Bhd	219	613
Advances from customers	Optimistic Organic Sdn Bhd	-	109
Deposits payable	Ultramarine and Pigments Limited	14	14
Loans	Cheminvest Pte. Limited	1,508	1,383
Directors remuneration payable (including commission to Non-Executive Directors)	Key Managerial Personnel	73	307

d) Details of maximum amount due at any time during the year:

Particulars	Related Party	As at 31 March 2020	As at 31 March 2019
Loans	Cheminvest Pte. Limited	1544	1,594

	As at 31 March 2020	As at 31 March 2019
33 Contingent liabilities, commitments and guarantees		
a) Contingent liabilities		
Indirect tax matters under dispute (Refer note (i) below)	150	176
Income tax demand including interest contested in Appeal (Refer note (ii)below)	862	565
b) Commitments		
Estimated amount of contracts to be executed on capital account and not provided for	1,798	4,504
- Against which advances paid	339	386
Other commitments are cancellable at the option of the Company and hence not disclosed.		
c) Guarantees		
Corporate guarantee issued by the Company on behalf of its subsidiary	5,586	5,433

(i) The Sales-tax authorities have issued notices to the Company whereby the authorities have disputed the method of availment of deferral sales tax on monthly pro-rata basis for the period April 2000 to April 2006 amounting to ₹ 84 Lakhs (Previous year ₹ 84 Lakhs). The Company has filed a writ petition against these notices in the High Court. The Company does not expect any liability to crystallize on this account. Further, no provision has been made in respect of disputed demands from Sales-tax Authorities to the extent of ₹ 66 Lakhs (Previous Year ₹ 91 lakhs) since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the Company has already paid ₹ 13 Lakhs (Previous year ₹ 19 lakhs).

(ii) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ₹ 862 Lakhs (Previous Year ₹ 565 Lakhs) since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the Company has already paid ₹ 495 Lakhs (Previous year ₹ 454 Lakhs).

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

34 Segment reporting

In accordance with Ind AS 108, Operating Segments, the Company has identified manufacture and sale of organic chemicals as the only reportable segment. Power Generation (previously reported segment), Engineering services (new segment established during the current year), has been assessed to be very insignificant resulting in its operations and results are not being actively reviewed by decision makers of Company. Accordingly, the company has a single reportable segment. Within the single reportable segment of sale of organic chemicals, a single customer contributes to 13% of the Company's revenue from operations, amounting to ₹ 10,919 Lakhs (Previous Year ₹ 15,757 Lakhs).

35 Estimation of uncertainty relating to COVID-19 pandemic

The Company has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the Company's performance, management does not anticipate any challenge in the Company's ability to continue as a going concern or meeting its financial obligations. The Company expects to fully recover the carrying amount of trade receivables, and other assets. The Company has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment exist as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

36 Transfer pricing

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31 March 2020 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Company's results.

37 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2020) and the date of approval of these Financial Statements (17 June 2020).

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

For and on behalf of the Board of Directors of
Thirumalai Chemicals Limited

R Parthasarathy
Managing Director
(DIN : 00092172)

R Ravi Shankar
Independent Director
(DIN : 01224361)

CG Sethuram
Chief Executive Officer

Ramya Bharathram
Whole Time Director
and Chief Financial
Officer (DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Chennai
Date : 17 June 2020

Place : Ranipet
Date : 17 June 2020

Independent Auditor's Report

To the Members of Thirumalai Chemicals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Thirumalai Chemicals Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group as at 31 March 2020, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, 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.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How the matter was addressed in the audit
Revenue for the Holding Company consists primarily of sale of manufactured goods recognized as per the accounting policy described in Note 2.8 to the accompanying financial statements. Refer Note 20 for details of revenue recognized during the year. The Holding Company recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, adopted by the Holding Company from the current year, by transferring the control of goods to its customers through delivery evidenced by acknowledgement of receipt of goods by such customers. Considering the large volume of revenue transactions near period-end, there may be a risk of revenue recognition occurring before the satisfaction of the performance obligations by the Holding Company in accordance with the applicable Incoterms. Under Standards on Auditing 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk that revenue may be misstated owing to the improper recognition of revenue. Considering the above factors, revenue recognition (cut-off) was identified as a key audit matter for the current year audit.	Our audit work included, but was not limited to, the following procedures: - Obtained an understanding of the revenue and receivable business process, and assessed the appropriateness of the accounting policy adopted by the Holding Company for revenue recognition. - Evaluated design and implementation of the key controls around revenue recognition including controls around contract approvals, invoice verification, transporter confirmations and customer acknowledgements. - Tested operating effectiveness of the above identified key controls over revenue recognition near period end. - For samples selected from revenue recorded during specific period, before and after year end: • verified the customer contracts for delivery terms • verified the customer acknowledgements to evidence proof of delivery for domestic sales at or near period end and • tracked shipments through bill of lading for export sales - Tested the appropriateness of the disclosures made in the financial statements for revenue recorded during the year.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance .

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding 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 state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

9. Those Board of Directors are responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 36,667 lakhs and net assets of ₹ 21,564 lakhs as at 31 March 2020, total revenues of ₹ 23,850 lakhs and net cash inflows amounting to ₹ 479 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.
16. We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of ₹ 151 lakhs and net assets of ₹ 132 lakhs as at 31 March 2020, total revenues of ₹ 0 and net cash inflows amounting to ₹ 48 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on such unaudited financial statements In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company, paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, 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 purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c) the consolidated financial statements 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 Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company none of the directors of the Group companies covered under the Act, are disqualified as on 31 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 financial statements of the Holding Company, and its subsidiary companies covered under the Act, 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 rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 33 to the consolidated financial statements.;

        ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

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

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 20206931AAAACO2911

Place: Chennai
Date: 17 June 2020

Annexure A

List of subsidiaries included in the Consolidated Financial Statements

1) Optimistic Organic Sdn. Bhd.
2) Cheminvest Pte Ltd
3) Lapiz Europe Limited
4) TCL Global B.V.
5) TCL Inc.

Annexure 'B' to the Independent Auditor's Report

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

1. In conjunction with our audit of the consolidated financial statements of Thirumalai Chemicals Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company, which is a company covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on IFCoFR criteria established by the Holding Company considering the essential components of internal financial controls stated in the Guidance Note on Audit of IFCoFR issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Holding Company has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 20206931AAAACO2911

Place: Chennai
Date: 17 June 2020

CONSOLIDATED BALANCE SHEET

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	51,791	38,209
Capital work-in-progress		8,209	15,933
Intangible assets	3	32	58
Right of use assets	3	3,169	-
Financial assets	19		
(i) Investments	4	4,942	9,191
(ii) Other financial assets	5	323	159
Income tax assets (net)	6	1,064	970
Other non-current assets	7	561	3,618
		70,091	**68,138**
Current assets			
Inventories	8	14,654	19,112
Financial assets	19		
(i) Investments	4	-	5,834
(ii) Trade receivables	9	9,028	11,272
(iii) Cash and cash equivalents	10	20,233	5,262
(iv) Bank balances other than those mentioned in cash and cash equivalents	10	1,172	581
(v) Other financial assets	5	1,652	350
Other current assets	7	3,172	3,535
		49,911	**45,946**
Total assets		**1,20,002**	**1,14,084**
EQUITY AND LIABILITIES			
Shareholders' funds			
Equity Share capital	11	1,024	1,024
Other equity	13	62,790	65,761
Total equity		**63,814**	**66,785**
Non-current liabilities			
Financial liabilities	19		
(i) Borrowings	14	18,395	7,841
Deferred tax liabilities (net)	6	6,866	5,917
Provisions	15	828	735
		26,089	**14,493**
Current liabilities			
Financial Liabilities	19		
(i) Trade payables	16		
(A) Total outstanding dues of micro enterprises and small enterprises		18	30
(B) Total outstanding dues other than micro enterprises and small enterprises		26,219	27,035
(ii) Other financial liabilities	17	2,934	4,703
Provisions	15	203	217
Other liabilities	18	725	821
		30,099	**32,806**
Total liabilities		**56,188**	**47,299**
Total equity and liabilities		**1,20,002**	**1,14,084**

Notes 1 to 37 form an integral part of these Consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date : 17 June 2020

For and on behalf of the Board of Directors of
Thirumalai Chemicals Limited

R Parthasarathy
Managing Director
(DIN : 00092172)

R Ravi Shankar
Independent Director
(DIN : 01224361)

CG Sethuram
Chief Executive Officer

Ramya Bharathram
Whole Time Director and Chief Financial Officer
(DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Ranipet
Date : 17 June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	20	1,08,479	1,26,104
Other income, net	21	2,096	1,151
Total income		**1,10,575**	**1,27,255**
EXPENSES			
Cost of materials consumed	22	76,090	83,471
Purchase of stock-in-trade	22	1,219	1,027
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	416	(1,672)
Employee benefit expenses	24	5,045	4,563
Finance costs	25	1,681	1,217
Depreciation and amortisation expenses	3	4,407	3,635
Other expenses	26	17,901	18,128
Total expenses		**1,06,759**	**1,10,369**
Profit before tax		**3,816**	**16,886**
Income tax expense	6		
-Current tax		757	4,831
-Deferred tax		742	698
Total tax expense		**1,499**	**5,529**
Profit for the year		**2,317**	**11,357**
Other comprehensive income:			
(A) Items that will be reclassified to profit or loss			
-Exchange differences on translation of foreign operations		1,454	993
		1,454	**993**
(B) Items that will not be reclassified to profit or loss			
-Re-measurements of defined benefit plans	15	(35)	29
-Equity instruments through other comprehensive income, net		(4,250)	(411)
-Income tax relating to items that will not be reclassified to profit or loss	6	12	(10)
		(4,273)	**(392)**
Other comprehensive income for the year, net of tax (A + B)		**(2,819)**	**601**
Total comprehensive income for the year		**(502)**	**11,958**
Earnings per equity share on profit for the year	27		
Basic and diluted (in ₹) (Face Value ₹ 1/- each)		2.26	11.09
Earnings per equity on total comprehensive income for the year	27		
Basic and diluted (in ₹) (Face Value ₹ 1/- each)		(0.49)	11.68

Notes 1 to 37 form an integral part of these consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date : 17 June 2020

For and on behalf of the Board of Directors of
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Whole Time Director and Chief Financial Officer
(DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Ranipet
Date : 17 June 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Equity share capital	Other equity					
		Surplus				Other reserves	Total
		General reserve	Capital reserve on acquisition	Securities Premium	Retained earnings	Accumulated other comprehensive income	
Balances at 31 March 2018	**1,024**	**4,283**	**3,282**	**1,971**	**34,105**	**12,631**	**56,272**
Profit for the year	-	-	-	-	11,357	**-**	**11,357**
Dividend declared (relating to 2017-18)	-	-	-	-	(2,048)	-	**(2,048)**
Dividend distribution tax (relating to 2017-18)	-	-	-	-	(421)	-	**(421)**
Other comprehensive income	-	-	-	-	-	601	**601**
Balances at 31 March 2019	**1,024**	**4,283**	**3,282**	**1,971**	**42,993**	**13,232**	**65,761**
Profit for the year	-	-	-	-	2,317	**-**	**2,317**
Dividend declared (relating to 2018-19)	-	-	-	-	(2,048)	-	**(2,048)**
Dividend distribution tax (relating to 2018-19)	-	-	-	-	(421)	-	**(421)**
Other comprehensive income	-	-	-	-	-	(2,819)	**(2,819)**
Balances at 31 March 2020	**1,024**	**4,283**	**3,282**	**1,971**	**42,841**	**10,413**	**62,790**

In terms of our report attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

For and on behalf of the Board of Directors of
Thirumalai Chemicals Limited

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Chief Financial Officer
(DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Chennai
Date : 17 June 2020

Place : Ranipet
Date : 17 June 2020

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2020	Year ended 31 March 2019
A.	**Cash Flow From Operating Activates**		
	Profit before tax	**3,816**	**16,886**
	Adjustments for:		
	Depreciation and amortisation expense	4,407	3,635
	Interest expense	1,681	1,217
	Interest income	(712)	(153)
	Dividend income	(404)	(367)
	Provision for employee benefits	168	107
	Expected credit losses	91	4
	Profit on sale of property, plant and equipment, net	(129)	-
	Excess provisions written back	(190)	-
	Lease rent charged off	-	46
	Unrealised forex loss/ (gain), net	5	7
	Loss/ (gain) on fair valuation of derivatives	7	(69)
	Accrued insurance income	(283)	-
	Operating profit before working capital changes	**8,457**	**21,313**
	Changes in assets and liabilities:		
	(Increase)/Decrease in trade and other receivables	2,682	766
	(Increase) / decrease in inventories	4,582	(6,518)
	(Increase)/ decrease in Other financial assets	(1,156)	(55)
	(Increase)/ decrease in Other assets	2,535	(2,359)
	Increase / (decrease) in trade and other payables	(1,289)	15,786
	Increase / (decrease) in Provision & other current liabilities	(756)	(108)
	Increase / (decrease) in Other financial liabilities	(221)	(551)
	Cash Generated From Operations	**14,834**	**28,274**
	Direct tax paid (net)	(867)	(4,881)
	Net Cash Inflow From Operations	**13,967**	**23,393**
B.	**Cash Flow From Investing Activities**		
	Sale of property, plant and equipment	131	-
	Capital expenditure on property, plant & equipment, capital work in progress and intangible assets including capital advances	(10,280)	(19,321)
	Interest received	712	153
	Sale/ (purchase) of investments (net)	5,832	(5,039)
	Dividend received	404	367
	Movement in balances with bank other than those mentioned in cash & cash equivalents	(580)	1,801
	Net Cash (Outflow) From Investing Activities	**(3,781)**	**(22,039)**
C.	**Cash Flow From Finance Activities (Also, refer note 14)**		
	Proceeds from borrowings	13,876	5,311
	Repayment of borrowings	(4,988)	(37)
	Payment of lease liabilities	(215)	-
	Interest paid	(1,683)	(1,227)
	Dividend paid (including dividend tax)	(2,421)	(2,469)
	Net cash from / (used in) financing activities	**4,569**	**1,578**
D.	**Net cash flows during the year**	14,755	2,932
E.	Cash and cash equivalents at the beginning	5,261	2,352
F.	Effect of exchange rate fluctuations on foreign currency cash and cash equivalents	217	(22)
G.	**Cash and cash equivalents at the end**	**20,233**	**5,262**
	Cash and cash equivalents comprise of:		
	Cash on hand	4	5
	Balances with banks - in current accounts	3,241	1,173
	Deposit accounts (with original maturity less than 3 months)	16,988	4,084
	Cash and cash equivalents as per note 10	**20,233**	**5,262**

Notes 1 to 37 form an integral part of these consolidated financial statements

In terms of our report attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

Place: Chennai
Date: 17 June 2020

For and on behalf of the Board of Directors of
Thirumalai Chemicals Limited

R Parthasarathy
Managing Director
(DIN : 00092172)

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(DIN : 01224361)

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Chief Executive Officer

Ramya Bharathram
Whole Time Director and Chief Financial Officer
(DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place: Chennai
Date: 17 June 2020

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

1 General Information

Thirumalai Chemicals Limited ('the Holding Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company and its subsidiaries (collectively 'the Group') are principally in the activities of manufacturing and selling chemicals. The shares of the Holding Company are listed on stock exchanges in India.

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 17 June 2020.

2 Summary of significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

The consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial assets and financial liabilities (including derivative instruments), which are measured at fair value.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Ind AS 110 - Consolidated Financial Statements, as specified in the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle up to twelve months for the purpose of current – non-current classification of assets and liabilities.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the consolidated financial statements. These reclassifications were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Group.

2.2 Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and all of its subsidiaries as listed below. The financial statements of the subsidiaries forming part of these consolidated financial statements are drawn up to 31 March 2020. All material inter-company transactions and balances are eliminated on consolidation.

Name of the subsidiary	Country of incorporation	% of holding either directly or through subsidiary as at	
		31 March 2020	31 March 2019
Lapiz Europe Ltd. (Lapiz)	United Kingdom	100	100
Cheminvest Pte Ltd. (Cheminvest)	Singapore	100	100
Optimistic Organic Sdn Bhd. (OOSB)	Malaysia	100	100
TCL Global B.V.	Netherlands	100	-
TCL Inc.	USA	100	-

Subsidiaries

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date the control ceases.

The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, equity, income and expenses, after fully eliminating intra-group transactions, intra-group balances, and resulting unrealised profits or losses, unless cost cannot be recovered, as per the applicable accounting standard. Accounting policies of the respective subsidiaries are aligned wherever necessary so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

Profit or loss of subsidiaries acquired or disposed during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Excess of acquisition cost over the carrying amount of the Holding Company's share of equity of the acquiree at the date of acquisition is recognised as goodwill. In cases where the share of the equity in the acquiree as on the date of acquisition is in excess of acquisition cost, such excess of share in equity is recognised as 'Capital reserve on acquisition' and classified under 'Reserves and Surplus'.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (₹), which is also the functional currency of the Holding Company. All amounts have been rounded off to the nearest lakhs, except share data and as otherwise stated.

2.4 Critical accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosures as at the date of the consolidated financial statements and the reported amounts of income and expense for the periods reported.

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

(i) *Deferred income tax assets and liabilities*

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The amount of total deferred tax assets could change if management estimates of projected future taxable income or if tax regulations undergo a change

(ii) *Useful lives of property, plant and equipment ('PPE') and intangible assets*

Management reviews the estimated useful lives and residual value of PPE and Intangibles at the end of each reporting period. Factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and may have an impact on the profit of the future years.

(iii) *Employee benefit obligations*

Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments. These include the estimation of the appropriate discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) *Provisions and contingencies*

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being subject to uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount can be reasonably estimated. Significant judgement is required when evaluating the provision including, the probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances. Contingent liabilities are disclosed in the notes forming part of the financial statements. Contingent assets are not disclosed in the consolidated financial statements unless an inflow of economic benefits is probable.

(v) Estimation of uncertainty relating to COVID-19 pandemic

The Group has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the Group's performance, management does not anticipate any challenge in the Group's ability to continue as a going concern or meeting its financial obligations.

The Group expects to fully recover the carrying amount of trade receivables, and other assets. The Group has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment exist as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these financial statements and the group will continue to closely monitor any material changes to future economic conditions.

2.5 New accounting standards adopted by the Group

(i)* *Ind AS 116 Leases

Effective 01 April 2019, the group adopted Ind AS 116 "Leases" and applied to all lease contracts existing on 01 April 2019 using the modified retrospective method. Accordingly, comparatives for the previous year ended 31 March 2019 have not been retrospectively adjusted. The leases which are classified as Right-of-Use (RoU) assets are in the nature of prepaid lease rentals. Therefore, the cumulative effect of applying the standard in the retained earnings is not material.

The group does not recognize RoU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

(ii) **Appendix C to Ind AS 12 - Uncertainty over income tax treatments**

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the consolidated financial statements of the Company.

(iii) **Amendment to Ind AS 12 – Income Taxes**

The Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any material impact on the conslidated financial statements of the Company

(iv)* *Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the consolidated financial statements of the Company.

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

2.6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

2.7 Foreign currency translation and translation

a) Foreign translation

On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and the resultant exchange gains or losses are recognised in the Statement of Profit and Loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

b) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations that have a functional currency other than Indian rupees are translated into Indian rupees using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non controlling interest. When a foreign operation is disposed of, the relevant amount recognized in FCTR is transferred to the consolidated statement of income as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

2.8 Revenue from contracts with customers

To determine whether to recognise revenue from contracts with customers, the Group follows a 5-step process:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when / as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products 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. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts.

No element of financing is deemed present as the sales are made with a credit term of 60-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

(i) Sale of chemicals

Revenue from sale of chemicals is recognised when control of the product is transferred to the customer, being when the products are delivered, accepted and acknowledged by customers and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue from the sale is recognised based on the price specified in the contract, net of rebates and discounts.

(ii) Income from wind operated generators

Revenue from sale of power is recognised on the basis of electrical units generated and transmitted to the grid of Electricity Board which coincides with completion of performance obligation as per the agreement. Revenue is recognised using the transaction price as stipulated in the agreement with the customer.

(iii) Income from operating lease

Rental income from operating leases is recognised on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(iv) Sale of scrap

Revenue from sale of scrap is recognised as and when the control over the goods is transferred.

(v) Dividend and interest income

Dividend income is recognised when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method taking in to account the amount outstanding and the rate applicable.

(vi) Export benefits

Income from duty drawback and export benefit under duty free credit entitlements is recognised in the Statement of profit and loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is certainty that the consideration is unconditional because only the passage of time is required before the payment is due.

2.9 Property, plant and equipment

(i) Plant and equipment

Plant and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Plant and other equipment are subsequently

Summary of significant accounting policies and other explanatory information

(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

measured at cost less accumulated depreciation and any impairment losses. Cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses.

The components of assets are capitalised only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. The cost of property, plant and equipment includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Property, plant and equipment which are retired from active use and are held for disposal are stated at the lower of their net book value or net realizable value. Cost of property, plant and equipment not ready for the intended use as at balance sheet date are disclosed as "capital work-in-progress".

(ii) Land

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

(iii) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated.

(iv) *Impairment testing of intangible assets and property, plant and equipment*

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

(v) Depreciation and amortization

Depreciation on property, plant and equipment is provided on straight line method and in the manner prescribed in Schedule II to the Companies Act, 2013, over its useful life specified in the Act, or based on the useful life of the assets as estimated by management based on technical evaluation and advice. The residual value is generally assessed as 5% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end.

The management's estimates of the useful life of various categories of fixed assets where estimates of useful life are lower than the useful life specified in Part C of Schedule II to the Companies Act, 2013 are as under:

Specific laboratory equipments	5 years
Office equipments (mobile phones)	2 years
Catalyst	2 years and 4 months

2.10 Research and development expenses

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as expense in the statement of profit and loss when incurred.

Expenditure incurred on property, plant and equipment used for research and development is capitalised and depreciated in accordance with the depreciation policy of the Group.

2.11 Leases

(a) Company as a lessee

The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

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(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Group at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-l-line basis over the lease term. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right- of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any.

The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Group applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below.

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of- use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re- measurement in statement of profit and loss.

Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

(b) Company as a lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

2.12 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 other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss or amortised cost.

Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortised cost

b. Fair Value Through Other Comprehensive Income (FVOCI)or

c. Fair Value Through Profit and Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

a. Financial assets at amortised cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortised cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

b. Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms

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(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading.

These selections are made on an instrument-by-instrument (i.e., share-by-share) basis. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognised in statement of profit andloss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

c. Financial assets at Fair Value Through Profit and Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in profit andloss.

d. Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss:

This category are primarily derivative financial assets or liabilities which are not designated as hedges. Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet date.

2.13 Inventories

(i) Raw materials

Raw materials are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First in First out basis.

(ii) Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes the combined cost of material, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty, wherever applicable. Cost is determined on a First in First out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(iii) Stores and Spares

Stores and spares consists of packing materials, engineering spares and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process, has been valued using weighted average cost method.

The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

2.14 Post-employment benefits and short-term employee benefits Defined contribution plan

Contribution to Provident Fund in India and other defined contribution plans in the other entities of the Group are in

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(All amounts are in Lakhs of Indian Rupees (₹), unless otherwise stated)

the nature of defined contribution plan and are made to a recognised fund.

Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance company in accordance with the scheme framed by the Corporation.

The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

(i) *Provident fund*

The Holding Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognised as an expense in the period in which it falls due. The Holding Company's step down subsidiary, OOSB, makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period which the related service is performed.

(ii) *Other funds*

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

(iii) *Superannuation fund*

Contribution made towards Superannuation Fund (funded by payments to an insurance company) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

Defined benefit Plan

Under the Group's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The defined benefit funds maintained by the Group are as below

(i) *Gratuity*

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Group estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

(ii) *Leave salary - compensated absences*

The Group also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

Overseas entities

Defined contribution

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Defined benefit liability

The Group estimates the defined benefit liability annually. The actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

2.15 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

2.16 Earnings per equity share

Basic earnings per equity share is calculated by dividing the total comprehensive income for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

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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.

2.17 Income Tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

(i) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. While determining the tax provisions, the Group assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending the nature and circumstances of each uncertain tax position.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

(ii) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction

Deferred income tax assets are recognized to the extent 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.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent 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.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences that is expected to reverse within the tax holiday period.

The carrying amount of deferred income 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 income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

The Group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.18 Contingent liabilities and provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Group does not recognise contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the consolidated financial statements.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

3 Property, plant and equipment and intangibles assests and Right of Use assets

Particulars	Property, Plant and Equipment									Right of Use assets	Intangible assets
	Freehold land	Buildings and Roads	Plant and equipment	Wind operated generators	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total	Lease hold assets	Computer software
Gross block											
Balance as at 31 March 2018	**7,074**	**1,272**	**27,664**	**571**	**136**	**138**	**127**	**75**	**37,057**	-	**66**
Re-classification of asset held for sale	-	-	128	-	-	-	-	-	128	-	-
Additions	-	729	8,854	-	6	48	44	42	9,723	-	28
Disposals	-	-	(1,962)	-	-	(3)	-	-	(1,965)	-	-
Exchange fluctuations	-	41	1,586	-	1	2	3	-	1,633	-	-
Balance as at 31 March 2019	**7,074**	**2,042**	**36,270**	**571**	**143**	**185**	**174**	**117**	**46,576**	-	**94**
Re-classification of prepaid lease rentals	-	-	-	-	-	-	-	-	-	2,925	-
Additions		30	15,994	-	1	-	26	19	16,070	215	7
Disposals		(5)	(872)		-		(2)		(879)	-	-
Exchange fluctuations		107	2,843	-	2	7	-	-	2,959	94	-
Balance as at 31 March 2020	**7,074**	**2,174**	**54,235**	**571**	**146**	**192**	**198**	**136**	**64,726**	**3,234**	**101**
Accumulated depreciation /amortisation	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	**123**	**5,816**	**70**	**30**	**18**	**31**	**27**	**6,115**	-	**12**
Depreciation/amortisation for the year	-	75	3,392	35	14	27	24	23	3,590	-	24
Depreciation on re-classification of asset held for sale	-	-	21	-	-	-	-	-	21	-	
Reversal on disposal of assets	-	-	(1,962)	-	-	(3)	-	-	(1,965)	-	-
Exchange fluctuations	-	10	594	-	-	1	1	-	606	-	-
Balance as at 31 March 2019	-	**208**	**7,861**	**105**	**44**	**43**	**56**	**50**	**8,367**	-	**36**
Depreciation / amortisaion for the year	-	149	4,068	35	15	32	32	27	4,328	46	33
Reversal on disposal of assets	-	-	(872)	-	-	-	(1)	-	(873)	-	-
Exchange fluctuations		25	1,081	-	1	3	3	-	1,113	19	-
Balance as at 31 March 2020	-	**382**	**12,108**	**140**	**60**	**78**	**90**	**77**	**12,935**	**65**	**69**
Net block											
Balance as at 31 March 2019	7,074	1,834	28,409	466	99	142	118	67	38,209	-	58
Balance as at 31 March 2020	**7,074**	**1,792**	**42,127**	**431**	**86**	**114**	**108**	**59**	**51,791**	**3,169**	**32**

Notes:

i) Of the above, both movable and immovable property, plant and equipment of the Holding Company has been pledged as collateral for term loan from bank (Refer note 14).

(ii) For contractual commitment with respect to property, plant and equipment refer Note 33 (b).

(iii) Details of capital expenditure incurred towards research and development is disclosed in note 30.

(iv) Effective 01 April 2019, the Group adopted Ind AS 116 "Leases" and applied to all lease contracts existing on 01 April 2019 using the modified retrospective method. Accordingly, comparatives for the previous year ended 31 March 2019 have not been retrospectively adjusted. The leases which are classified as ROU are in the nature of prepaid lease rentals. Therefore, the cumulative effect of applying the standard in the retained earnings is not material. The lease liabilities arising out of ROU assets has been fully paid at the inception of the lease period.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
4	**Investments**		
I.	**non-current investments**		
	Investments designated at FVOCI		
	Investments in equity instruments		
	Quoted		
	5,000 (31 March 2019: 5,000) equity shares of Neyveli Lignite Corporation Limited at ₹ 10 each fully paid up	2	3
	1,410 (31 March 2019: 1,409) equity shares of Piramal Enterprises Limited at ₹ 2 each fully paid up	13	39
	3,482,557 (31 March 2019: 3,482,557) equity shares of Ultramarine and Pigments Limited at ₹ 2 each fully paid up	4,927	9,149
	Total non-current investments	**4,942**	**9,191**
	Aggregate amount of:		
	-Quoted investments and market value thereof;	4,942	9,191
II.	**Current investments**		
	Investments in mutual funds designated at FVTPL		
	Unquoted		
	Reliance Liquid Fund (Current year Nil ; Previous year 118,225 units)	-	1,808
	Kotak Liquid Fund (Current year Nil; Previous year 98,519 units)	-	1,205
	HDFC Liquid Fund (Current year Nil; Previous year 99,350 units)	-	1,013
	Aditya Birla Sunlife Liquid Fund (Current year Nil; Previous year 1,803,594 units)	-	1,808
	Total current investments	**-**	**5,834**
	Aggregate amount of:		
	-Unquoted investments	-	5,834

5 Other financial assets	**As at 31 March 2020**		**As at 31 March 2019**	
(Unsecured, considered good unless and otherwise stated)	**Non-current**	**Current**	**Non-current**	**Current**
Security deposits				
- Unsecured, considered good	323	-	159	-
- Unsecured, considered doubtful	1	-	3	-
Less: Allowances for expected credit loss	(1)	-	(3)	-
Staff advances	-	36	-	59
Foreign currency options contracts	-	5	-	151
Receivable from supplier	-	1,224	-	-
Claims receivable	-	283	-	-
Others	-	104	-	140
	323	**1,652**	**159**	**350**

(a) There are no financial assets due from directors or other officers of the Group.

(b) The carrying amount of cumulative other financial assets are considered as a reasonable approximation of fair value and adequate allowances for losses have been provided.

(c) A description of the Group's financial instrument risks, including risk management objectives and policies are given in note 19.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

6. Income tax	As at 31 March 2020	As at 31 March 2019
I. Income tax assets (net)		
Taxes paid in advance [Net of provision for tax ₹ 19,195 lakhs (31 March 2019: ₹19,434 lakhs)]	1,064	970
	1,064	**970**
II. Amounts recognised in profit or loss		
Current tax		
Current period	757	4,831
Total current tax expense	**757**	**4,831**
Deferred tax attributable to		
Origination and reversal of temporary differences	164	689
Unused tax credits	578	-
Increase in tax rate	-	9
Total deferred tax expense	**742**	**698**
Income tax expense	**1499**	**5,529**

III. Amounts recognised in other comprehensive income	Year ended 31 March 2020			Year ended 31 March 2019		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
- Exchange differences on translation of foreign operations	1,454	-	1,454	993	-	993
- Re-measurements of defined benefit plans	(35)	12	(23)	29	(10)	19
- Equity instruments through other comprehensive income, net	(4,250)	-	(4,250)	(411)	-	(411)
	(2,831)	**12**	**(2,819)**	**611**	**(10)**	**601**

IV. Reconciliation of effective tax rate

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Holding Company at 34.94% (2018-19: 34.94%) and the reported tax expense in the consolidated statement of profit and loss are as follows:

		Year ended 31 March 2020		Year ended 31 March 2019
Profit before tax		3,816		16,886
Tax using the Company's domestic tax rate	34.94%	1,333	34.94%	5,901
Effect of:				
Weighted deduction for research and development expenses	-1.49%	(57)	-1.25%	(211)
Income exempt from tax	-5.79%	(221)	-0.51%	(86)
Expenses disallowed for tax purpose	3.72%	142	0.59%	99
Difference between Indian and Foreign taxes	6.73%	257	-1.02%	(173)
Others	1.18%	45	-0.01%	(1)
Actual tax expense	**39.29%**	**1,499**	**32.74%**	**5,529**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

IV. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax (assets)		Deferred tax liabilities		Net deferred tax (assets)/liability	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Unused tax credits	(578)	-	-	-	(578)	-
Provisions - employee benefits	(360)	(324)	-	-	(360)	(324)
Provisions - others	(49)	(77)	-	-	(49)	(77)
Tax on unrealised profits	(162)	(178)	-	-	(162)	(178)
Restatement of financial assets	-	-	635	635	635	635
Property, plant and equipment	-	-	7,846	6,050	7,846	6,050
Tax on carried forward capital loss	(685)	(365)	-	-	(685)	(365)
Translation differences	(53)	(22)	275	164	222	142
Other items	(3)	-	-	34	(3)	34
Deferred tax (assets) liabilities	**(1,890)**	**(966)**	**8,756**	**6,883**	**6,866**	**5,917**

In assessing the recoverability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. All deferred tax assets have been recognized in the balance sheet.

7 Other assets

	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
Balance with Government authorities	-	2,495	-	3,062
Supplier advances				
-Considered good	-	487	-	194
-Considered doubtful	-	9	-	9
Less : Allowances for bad and doubtful advances	-	(9)	-	(9)
Capital advances	339	-	402	-
Prepaid expenses	174	150	132	212
Prepaid lease rentals (Also, refer note 31(b)	-	-	2,879	46
Others (Also, refer note 32(b))	48	40	205	21
	561	**3,172**	**3,618**	**3,535**

All of the Group's other current and non-current assets have been reviewed for indicators of impairment, and adequate allowances for losses have been provided.

	As at 31 March 2020	As at 31 March 2019
8 Inventories		
(valued at lower of cost and net realisable value)		
Raw materials	9,749	13,894
Work in progress	600	1,261
Finished goods	2,665	2,526
Stock-in-trade	178	72
Stores and spares	1,229	1,105
Fuel	84	89
Packing materials	149	165
	14,654	**19,112**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
	Note		
	(i) Goods in transit included above are as below :		
	a. Raw material	-	6,318
	b. Finished goods	921	1,932
9	**Trade receivables**		
	Current		
	Unsecured		
	(a) Considered good	9,028	11,272
	(b) Receivables which have significant increase in credit risk	130	216
		9,158	**11,488**
	Allowance for expected credit loss:		
	(a) Receivables which have significant increase in credit risk	(130)	(216)
		(130)	**(216)**
	Net trade receivables	**9,028**	**11,272**

	Year ended 31 March 2020	Year ended 31 March 2019
Notes:		
(i) Movement in allowances for expected credit loss		
Balance at the beginning of the year	216	155
Amounts written off	-	(46)
Allowance during the year	91	151
Reversal during the year	(177)	(44)
Balance at the end of the year	**130**	**216**

(ii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as it is expected to be collected within twelve months.

(iii) The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 19.

(iv) The Group has also considered credit information of its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. The Group believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, is adequate.

		Year ended 31 March 2020	Year ended 31 March 2019
10	**Cash and bank balances**		
	Cash and cash equivalents		
	Balance with banks in current accounts	3,241	1,173
	Cash on hand	4	5
	Deposit accounts (with original maturity less than 3 months)	16,988	4,084
	Cash and Cash equivalents as per statement of cash flows	**20,233**	**5,262**
	Bank balances other than mentioned in cash and cash equivalents		
	Unpaid dividend	85	37
	Short Term deposits with banks	683	-
	Balances with bank held as margin money	404	544
		1,172	**581**
		21,405	**5,843**

(i) Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investor education and protection fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

(ii) Unpaid interest on matured deposits included in cash and cash equivalents is ₹ 10lakhs (31 March 2020: ₹ 13 Lakhs)

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

	As at 31 March 2020		As at 31 March 2019	
	Number	₹ in lakhs	Number	₹ in lakhs
11 Share capital				
Authorised				
Equity shares of ₹ 1 each(Also, refer note g)	15,00,00,000	1,500	15,00,00,000	1,500
Unclassified shares of ₹ 10 each	1,00,00,000	1,000	1,00,00,000	1,000
	16,00,00,000	**2,500**	**16,00,00,000**	**2,500**
Issued				
Equity shares of ₹ 1 each (Also, refer note g)	10,24,28,120	1,024	10,24,28,120	1,024
	10,24,28,120	**1,024**	**10,24,28,120**	**1,024**
Subscribed and fully paid-up				
Equity shares of ₹ 1 each (Also, refer note g)	10,23,88,120	1,024	10,23,88,120	1,024
Add: Amount paid up on forfeited shares (refer note d)	40,000	-	40,000	-
	10,24,28,120	**1,024**	**1,02,42,8120**	**1,024**

a) There is no change in issued and subscribed share capital during the year.

b) Terms / rights attached to equity shares

The Holding Company has equity shares having a par value of ₹ 1. The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which is approved by the Board of Directors. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

c) Shareholders holding more than 5% of the aggregate shares in the Holding Company

	As at 31 March 2020		As at 31 March 2019	
Equity shares of ₹ 1 each	**Number**	**%holding**	**Number**	**%holding**
Ultramarine and Pigments Limited	2,04,51,770	19.97%	2,04,51,770	19.97%
Jasmine Limited	67,54,050	6.59%	65,50,050	6.39%
	2,72,05,820	**26.56%**	**27,00,1820**	**26.36%**

d) The Company had forfeited 40,000 equity shares of ₹ 1 each (31 March 2019: 40,000 equity shares of ₹ 1 each) on which amount originally paid up was ₹ 22,500. (Also, refer note g)

e) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last 5 years immediately preceding 31 March 2020.

	Year ended 31 March 2020	Year ended 31 March 2019
f) Details of dividend paid:		
Date of meeting of board of directors	06 May 2019	03 May 2018
Dividend per share	₹ 2	₹ 20
Cash outflow (including dividend distribution tax) *in lakhs*	2,469	2,469

g) In the annual general meeting held on 24 July 2018, the shareholders of the Company approved for splitting the authorised share capital of 15,000,000 equity shares of ₹ 10 into 150,000,000 equity shares of ₹ 1 each.

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

12 Capital management policies and procedures

The Group's capital management objectives are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group maintains a mixture of cash and cash equivalents, long-term debt and short-term committed facilities that are designed to ensure it has sufficient available funds for business requirements. There are no imposed capital requirements on the Group, whether statutory or otherwise.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net Debt is calculated as total borrowings (shown in note 14), less cash and cash equivalents.

	Year ended 31 March 2020	Year ended 31 March 2019
The Group's net debt to equity ratio as at 31 March 2020 is as follows:		
Total borrowings	19,709	10,313
Less: Cash and cash equivalents	(20,233)	(5,262)
Net Debt	**(524)**	**5,051**
Total equity	**63,814**	**66,785**
Net Debt to equity ratio	**-1%**	**8%**

		As at 31 March 2020	As at 31 March 2019
13	**Other equity**		
I.	**Surplus**		
	(a) Securities premium	1,971	1,971
	(b) Capital reserve on acquisition	3,282	3,282
	(c) General reserve	4,283	4,283
	(d) Retained earnings	42,841	42,993
	Total Surplus	**52,377**	**52,529**
II.	**Other reserves**		
	(e) Accumulated other comprehensive income	10,413	13,232
		10,413	**13,232**
III.	**Total other equity (I+II)**	**62,790**	**65,761**
	(a) Securities premium		
	Balance at the beginning of the year	1,971	1,971
	Add : Additions made during the year	-	-
	Balance at the end of the year	**1,971**	**1,971**
	Securities premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Act.		
	(b) Capital reserve on acquisition		
	Balance at the beginning of the year	3,282	3,282
	Add : Additions made during the year	-	-
	Balance at the end of the year	**3,282**	**3,282**
	(c) General reserve		
	Balance at the beginning of the year	4,283	4,283
	Add : Additions made during the year	-	-
	Balance at the end of the year	**4,283**	**4,283**
	General reserve represents an appropriation of profits by the Group, which can be utilised for purposes such as dividend payout etc.		

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
	(d) Retained earnings		
	Balance at the beginning of the year	42,993	34,105
	Add : Transfer from statement of profit and loss	2,317	11,357
	Less : Final dividend	(2,048)	(2,048)
	Less : Tax on equity dividend	(421)	(421)
	Balance at the end of the year	**42,841**	**42,993**
	Retained earnings comprises of prior years' undistributed earnings after taxes, which can be utilised for purposes such as dividend payout etc.		
	(e) Accumulated other comprehensive income		
	Balance at the beginning of the year	13,232	12,631
	Add : Movement during the year	(2,819)	601
	Balance at the end of the year	**10,413**	**13,232**
14	**Borrowings at amortised cost**		
	Secured		
	Term loan from bank (refer note (i) & (ii) below)	13,876	4,988
	Finance lease obligation	-	-
		13,876	**4,988**
	Unsecured		
	Term loans from others (refer note (iii) below)	5,833	5,325
		5,833	**5,325**
	Total non-current borrowings	**19,709**	**10,313**
	Less: Current maturities of long-term loan from bank (included in note 17)	1,248	1,667
	Less: Current maturities of long-term loan from others (included in note 17)	66	805
	Non-current borrowings (as per balance sheet)	**18,395**	**7,841**

Notes:

As at 31 March 2020

(i) (a) The term loan of ₹6,015 lakhs drawn from IDFC First Bank is repayable in 24 equal quarterly instalments of ₹ 251 lakhs, and the first instalment is due on 31 October 2020. The term loan bears interest of 0.65 spread + 12 month marginal cost of fund based lending rate, payable monthly under the terms of the loan.

(b) The term loan of ₹1,005 lakhs drawn from IDFC First Bank is repayable in 20 equal quarterly instalments of ₹ 50 lakhs, and the first instalment is due on 31 October 2021. The term loan bears interest of 0.65 spread + 12 month marginal cost of fund based lending rate, payable monthly under the terms of the loan.

(c) The term loan of ₹6,930 lakhs drawn from Axis Bank LTD is repayable in 20 equal quarterly instalments of ₹ 347 lakhs, and the first instalment is due on 30 November 2020. The term loan bears interest of 0.35 spread + 12 month marginal cost of fund based lending rate, payable monthly under the terms of the loan

(d) Current portion due for repayment within one year is ₹ 1,248 lakhs. This has been disclosed in note 18 within the heading current maturity of long-term loan from bank under other financial liabilities (current).

(ii) The above borrowing is secured by way of first charge on the movable & immovable property, plant and equipment of the Company.

(iii) Term loan from others is repayable over 8 half yearly instalments, with the first instalment falling due on August 2024.

As at 31 March 2019

(iv) Term loan from bank is repayable in 6 equal quarterly instalments of ₹833 lakhs, and the first instalment is due on 27 November 2019.The term loan bears interest of 0.65 spread + 12 month marginal cost of fund based lending rate, payable quarterly under the terms of the loan.

(v) The above borrowings is secured by way of first charge on the movable property, plant and equipment of the Company.

(vi) Term loan from others is repayable over 8 half yearly instalments, with the first instalment falling due on August 2019.

(v) Reconciliation of movement of liabilities to cash flows arising from financing activities:

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

Borrowings

	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	10,313	5,005
Changes from financing cash flows		
(i) Proceeds from borrowings	13,950	5,000
(iii) Transaction costs related to borrowings	(74)	(13)
(ii) Repayment of borrowings	(4,988)	(37)
Total changes from financing cash flows	**8,888**	**4,950**
Other changes		
(i) Interest expense paid and capitalised	(1,015)	(43)
(ii) Interest accrued	1,015	77
(iii) Effect if changes in foreign exchange rates	508	324
Total other changes	**508**	**358**
Balance at the end of the year	**19,709**	**10,313**

	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	non-current	Current
15 Provisions				
Provisions for employee benefits				
(i) Gratuity	649	110	571	94
(ii) Compensated absences	179	92	164	98
Provision for taxes [net of taxes paid in advance ₹ 0]	-	1	-	25
	828	**203**	**735**	**217**

Provision for employee benefits

i) Gratuity

Gratuity is payable to all the members at the rate of 15 days salary for each year of service. In accordance with applicable Indian laws, the Holding Company provides for gratuity, a defined benefit retirement plan (“the Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement :

	As at 31 March 2020	As at 31 March 2019
Change in present value of projected benefit obligation		
Present value of benefit obligation at the beginning of the year	665	654
Interest cost	49	50
Current service cost	60	57
Benefits paid	(50)	(67)
Actuarial (gain) / loss	35	(29)
Projected benefit obligation at the end of the year	**759**	**665**
Thereof		
Unfunded	**759**	**665**
Components of net gratuity costs are:		
Current service cost	60	57
Interest cost	49	50
Net gratuity costs recognised in the income statement	**109**	**107**
Actuarial (gain) / loss recognised in other comprehensive income	35	(29)

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

Principal actuarial assumptions used:		
a)Discount rate	6.59%	7.41%
b) Long-term rate of compensation increase	10.00%	10.00%
c)Average future service	7 years	7 years
d) Attrition rate	10.00%	10.50%
e) Mortality table	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Employee benefits - Maturity profile

Particulars	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2020	110	71	241	337	**759**
31 March 2019	94	64	250	257	665

Sensitivity Analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability.

	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 March 2020						
Sensitivity Level	0.50%	-0.50%	0.50%	-0.50%	0.50%	0.50%
Impact on defined benefit obligation	(6)	6	(24)	26	25	(24)
31 March 2019						
Sensitivity Level	0.50%	-0.50%	0.50%	-0.50%	0.50%	0.50%
Impact on defined benefit obligation	(8)	8	(39)	45	44	(39)

ii) Compensated absences

The Holding Company permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Holding Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Holding Company does not maintain any plan assets to fund its obligation towards compensated absences.

Principal actuarial assumptions used :	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Discount rate	6.59%	7.41%
Long-term rate of compensation increase	10.00%	10.00%
Average remaining life	7 years	7 years
Attrition rate	10.00%	10.50%

16 Trade payables		
Total outstanding due to micro, small and medium enterprise (Also, refer note below)	18	30
Total outstanding dues other than micro enterprises & small enterprises	26,219	27,035
	26,237	**27,065**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

According to information available with the management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the Holding Company has amounts due to Micro and Small Enterprises under the said Act as follows :

		As at 31 March 2020	As at 31 March 2019
i)	Principal amount remaining unpaid	18	30
ii)	Interest paid by the Holding Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year.	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
iv)	The amount of interest due accrued and remaining unpaid at the end of each accounting year.	0.07	0.43
v)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	0.07	0.43
17	**Other financial liabilities**		
	Current maturities of long-term loan from bank (Also, refer note 14)	1,248	1,667
	Current maturities of long-term loan from others (Also, refer note 14)	66	805
	Employee related payables	373	283
	Capital creditors	998	1,231
	Directors remuneration payable (Refer note 31[c])	73	307
	Unpaid dividend	85	37
	Other payables	91	373
	Total financial liabilities	**2,934**	**4,703**

Notes:

(iii) Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investor education and protection fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

(iv) Unpaid interest on metured deposits included in cash and cash equivalents is ₹ 10lakhs (31 March 2020: ₹ 13 Lakhs)

(v) The Group's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 19.

18	**Other current liabilities**		
	Deposits from service providers	35	42
	Statutory dues	205	205
	Advances from customers	300	562
	Other payables	185	12
		725	**821**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

19 Disclosures on financial instruments

I. Financial instruments by category

	As at 31 March 2020			As at 31 March 2019		
	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI
Financial assets						
Investments						
-Equity instruments*	-	-	4,942	-	-	9,191
-Mutual funds	-	-	-	-	5,834	-
Trade receivables	9,028	-	-	11,272	-	-
Cash and bank balances	21,405	-	-	5,843	-	-
Foreign currency options contracts	-	5	-	-	151	-
Other financial assets	1,970	-	-	358	-	-
Total financial assets	**32,403**	**5**	**4,942**	**17,473**	**5,985**	**9,191**
Financial Liabilities						
Borrowings	19,709	-	-	10,313	-	-
Trade payables	26,237	-	-	27,065	-	-
Other financial liabilities	1,620	-	-	2,231	-	-
Total financial liabilities	**47,566**	**-**	**-**	**39,609**	**-**	**-**

*Represents the equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Group considers this to be more relevant.

II. Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- **Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at 31 March 2020:

		As at 31 March 2020 Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
FVOCI financial investments				
Quoted equity instruments	**4,942**	**4,942**	-	-
FVTPL financial investments				
Mutual funds	**-**	-	-	-
Derivative financial assets				
Options	**5**	-	-	5

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

	As at 31 March 2019			
		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
FVOCI financial investments				
Quoted equity instruments	**9,191**	9,191	-	-
FVTPL financial investments				
Mutual funds	**5,834**	-	5,834	-
Derivative financial assets				
Options	**151**	-	-	151

notes:

(i) **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 the stock exchanges is valued using the closing price as at the reporting period.

(ii) **Level 2:** Level 2 hierarchy includes mutual funds. The mutual funds are valued using the closing NAV provided by the fund management company at the end of each reporting year.

(iii) **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for:

- *Foreign currency options contract* - the fair value of options contracts is determined using the Black Scholes valuation model.

(iv) The Group has not disclosed the fair values for loans, cash and bank balances, trade receivables, other financial assets, trade payables, and other financial liabilities because their carrying amounts are a reasonable approximation to the fair value.

(v) There have been no transfers between levels 1 and 2 during the year.

III. Financial risk management

The Group's activities expose it to market risk, credit risk and liquidity risk. The Group's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. The Group's senior management which is supported by a Treasury Team manages these risks. The Treasury Team advises on financial risks and the appropriate financial risk governance framework in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by the Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The notes below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Investments, trade receivables, cash and bank balances, loans, other financial assets	Ageing analysis Credit ratings	Diversification of bank deposits, and credit limits
Liquidity risk	Trade and other payables, other financial liabilities	Cash flow forecasts	Receivable management, availability of commited credit lines and borrowing facilities
Market risk - interest rate	Long term Borrowings	Sensitivity analysis	*NA*
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian Rupee (₹)	Sensitivity analysis	Forward foreign exchange contracts Foreign currency options
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The carrying amounts of financial assets represent the maximum credit exposure. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

Trade receivables and loans

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure with any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good.

Loss allowance for trade receivables are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Cash and bank balances and investments

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets

Other financial assets mainly comprises of security deposits which are given to customers or other governmental agencies, receivable form insurance company

B. Liquidity risk

Liquidity risk is that the Group will not be able to meet its obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required. The treasury team's risk management policy includes an appropriate liquidity risk management framework for the management of the short term, medium-term and long term funding and cash management requirements. The Group manages the liquidity risk by maintaining adequate cash reserves, committed credit facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group invests its surplus funds in bank fixed deposit and liquid schemes of mutual funds, which carry no / negligible mark to market risks.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within 60 - 90 days based on the credit period.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
As at 31 March 2020				
Borrowings	789	1,833	14,641	7,690
Trade and other payables	26,237	-	-	-
Other financial liabilities	1,620	-	-	-
Total	**28,646**	**1,833**	**14,641**	**7,690**
As at 31 March 2019				
Borrowings	-	2,528	8,550	-
Trade and other payables	27,065	-	-	-
Other financial liabilities	2,231	-	-	-
Total	**29,296**	**2,528**	**8,550**	**-**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk, and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Group's main exposure to interest risk arises from long term borrowing with floating rate. The Group does not have any derivatives to hedge its interest rate risk exposure as at 31 March 2019.

Interest rate sensitivity analysis

The table below summarises the impact of increases / decreases of the interest rates at the reporting date, on the Group's equity and profit for the period. The analysis is based on the assumption of +/- 1% change.

	Profit before tax		**Equity before tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
As at 31 March 2020				
Term loan from bank	8	(8)	8	(8)
As at 31 March 2019				
Term loan from bank	4	(4)	4	(4)

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which revenues and purchases are denominated, and the respective functional currency of the Group Companies. The functional currency of the Group Companies are primarily the Indian Rupee (₹) and US Dollars ($). The currency in which these transactions are primarily denominated are in Indian Rupee (₹), US dollars (USD) and Euro (EUR).

Derivative financial instruments

The Group holds foreign currency options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on Black Scholes model. Options contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

	31 March 2020			**31 March 2019**		
	USD	**EUR**	**JPY**	**USD**	**EUR**	**JPY**
Financial assets						
Trade receivables	412	-	-	845	49	-
Cash and bank balances	174	-	-	206	-	-
Other financial assets	-	-	-	25	-	-
Financial liabilities						
Trade and other payables	649	48	-	958	178	71
Other financial liabilities	-	-	-	23	52	-
Net assets / (liabilities)	**(63)**	**(48)**	**-**	**95**	**(181)**	**(71)**

The details in respect of outstanding foreign currency options contracts are as follows:

	31 March 2020		**31 March 2019**	
	USD in Millions	**INR in Lakhs**	**USD in Millions**	**INR in Lakhs**
Options contract	1.6	1,206	5.2	3,597

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

The foreign exchange options contracts mature within 12 months. INR figures above have been calculated based on spot rates as at the reporting periods. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the Balance Sheet date:

	As at 31 March 2020	As at 31 March 2019
Not later than one month	0.5	1.1
Later than one month and not later than three months	1.1	2.7
Later than three months and not later than one year	-	1.4

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee (₹) against USD and EUR at 31 March would have affected the measurement of financial instruments denominated in such foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and also assumes a +/- 1% change of the INR /USD exchange rate and INR/EUR exchange rate at '31 March 2020 (31 March 2019: 1%). If the INR had strengthened against the USD by 1% during the year ended '31 March 2020 (31 March 2019: 1%) and EUR by 1% during the year ended '31 March 2020 (31 March 2019: 1%) respectively then this would have had the following impact profit before tax and equity before tax:

	Profit before tax		Equity before tax	
	Strengthening	Weakening	Strengthening	Weakening
As at 31 March 2020				
USD	(0.45)	0.45	(0.45)	0.45
EUR	(0.48)	0.48	(0.48)	0.48
JPY	-	-	-	-
As at 31 March 2019				
USD	19	(19)	19	(19)
EUR	2	(2)	2	(2)
JPY	1	(1)	1	(1)

Price risk

Equity price risk is related to the change in market price of the investments in quoted equity securities. The Group's exposure to equity security prices arises from investments held by the Group and classified in the balance sheet as FVOCI. In general, these investments are strategic investments and are not held for trading purposes. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

Sensitivity analysis

	Profit before tax		Equity before tax	
	Strengthening	Weakening	Strengthening	Weakening
As at 31 March 2020				
Quoted equity securities	49	(49)	49	(49)
As at 31 March 2019				
Quoted equity securities	92	(92)	92	(92)

		Year ended 31 March 2020	Year ended 31 March 2019
20	**Revenue from operations**		
	Sale of products		
	Manufactured goods	1,06,513	1,24,102
	Traded goods	963	919
	Gross sales	**1,07,476**	**1,25,021**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
	Other operating revenues		
	Sales of power from wind operated generators	133	164
	Income from letting out of storage facility	347	348
	Duty drawback benefit	93	107
	Export incentive	237	350
	Sale of scrap (net of taxes recovered)	193	114
		1,003	**1,083**
		1,08,479	**1,26,104**
21	**Other income**		
	Interest Income (Gross)	712	153
	Dividend Income from investments	404	367
	Profit on sale of assets (net of loss on sales / scraping of asset)	129	-
	Rent received	40	43
	Excess provisions / Sundry balances written back (net)	190	73
	Insurance claims	332	367
	Gain on foreign currency transaction / translation (net)	157	-
	Gain or loss on fair valuation of derivatives	-	69
	Miscellaneous receipts	132	79
		2,096	**1,151**
22	**Cost of materials consumed and purchase of stock-in-trade**		
	Inventory at the beginning of the year	13,894	8,944
	Add : Purchases during the year	71,945	88,421
		85,839	97,365
	Less: Inventory at the end of the year	9,749	13,894
		76,090	**83,471**
	Purchase of stock-in-trade		
	Purchase of machinery spares and other chemicals	1,219	1,027
		1,219	**1,027**
23	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening stock		
	Finished goods	2,526	1,438
	Work-in-progress	1,261	669
	Stock-in-trade	72	80
		3,859	**2,187**
	Closing stock		
	Finished goods	2,665	2,526
	Work-in-progress	600	1,261
	Stock-in-trade	178	72
		3,443	**3,859**
	Changes in inventories	**416**	**(1,672)**
24	**Employee benefits expenses**		
	Salaries & Wages	4,477	3,958
	Gratuity expense (Also, refer note 15)	109	107
	Contribution to provident fund and other funds	282	306
	Staff welfare expenses	177	192
		5,045	**4,563**

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
25	**Finance costs**		
	Interest expense*	1,413	664
	Other borrowing costs	268	553
		1,681	**1,217**

*Net of Interest capitalized of ₹ 313 Lakhs(previous year: ₹43 Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
26	**Other expenses**		
	Stores and spares consumed	1,018	999
	Power and fuel	4,911	5,374
	Repairs to:		
	Machinery	1,434	1,655
	Buildings	196	320
	Others	116	19
	Packing expenses and materials consumed	1,332	1,401
	Freight and forwarding	4,990	5,052
	Commission and brokerage	98	133
	Rent*	173	237
	Rates and taxes	333	220
	Insurance	358	291
	Travelling and conveyance	201	324
	Communication expenses	74	69
	Research and development expenses (Also, Refer note 30)	325	336
	Expenses on wind operated generators	48	56
	Legal and professional charges (Also, Refer note 28)	354	473
	Commission to Non-Executive Directors (Also, Refer note 31)	50	142
	Provision for expected credit loss	91	4
	Corporate social responsibility expenditure (Also, Refer note 29 & 31)	290	208
	Donation	22	35
	Loss on fair valuation of derivatives	63	-
	Loss on foreign currency transaction / translation (net)	320	110
	Loss of damaged stock	330	-
	Miscellaneous expenses	774	670
		17,901	**18,128**

*The company has lease contract for office premises and these lease contracts are cancellable-renewable for further period on mutually agreeable terms during the tenure of leases contracts. These lease contracts are classified as short-term leases contracts under IND-AS116 which amounts to ₹ 66 Lakhs for the year ended 31st March'2020

		Year ended 31 March 2020	Year ended 31 March 2019
27	**Earnings per equity share (EPS)**		
	Basic and diluted earnings per share (₹)		
	On profit for the year	2.26	11.09
	On total comprehensive income	(0.49)	11.68

Notes:

The earnings and weighted average numbers of equity shares used in the calculation of basic and diluted earnings per share are as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
(a) Earning used in the calculation of basic and diluted earnings per share:		
Profit for the year	2,317	11,357
Total comprehensive income	(502)	11,958
(b) Weighted average number of equity shares used in the calculation of basic and diluted earnings per share:		
Weighted average number of equity shares outstanding during the year	10,23,88,120	10,23,88,120

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
28	**Payments to auditor**		
	As auditor		
	Statutory audit	17	23
	Limited review	11	9
	Tax audit	3	3
	Others	7	4
	Total	**38**	**39**
29	**Expenditure on Corporate Social Responsibility (CSR)**		
	(a) Gross amount required to be spent by the Holding Company during the year	324	271
	(b) Amount spent during the year on		
	(i) Construction / acquisition of any asset	-	-
	(ii) On purposes other than (i) above	290	208
	(c) Name of the related party with regard to CSR contribution	Thirumalai Charity Trust Worth Trust	Thirumalai Charity Trust
	(d) Whether any provision made based on contractual obligation to undertake CSR activity	No	No
	All the expenditure on CSR have been paid during the year and no provision for expenses are created for the expenditure.		
30	**The Holding Company has spent towards Research and Development expenses during the year which are as under***		
	Capital expenditure	-	285
	Revenue expenditure (Also refer note 26)	325	336
		325	**621**

*The summary is prepared based on the information available with the Holding Company and is relied upon by the auditors.

31 Related parties

a) Names of related parties and nature of relationship:

Nature of relationship	Name of related party
Key Management Personnel	Mr. R.Parthasarathy (Managing Director) Mrs. Ramya Bharathram (Executive Director and Chief Financial Officer) Mr. C.G Sethuraman (Chief Executive Officer) Mr. P Mohana Chandran Nair (Executive Director) Mr. T Rajagopalan (Company Secretary) Mr. Arun Ramanathan (Independent Director) Mr. Neelakantan Subramanian (Independent Director) Mr. Raj Kataria (Independent Director) Mr. R. Ravi Shankar (Independent Director) Mr. Dhruv Moondhra (Independent Director) Mr. R. Sampath (Non - Executive Director) Mr. Rajeev M Pandia (Independent Director) Mrs. Bhama Krishnamurthy (Additional Director Appointed with effect from 20th March 2020)
Enterprise over which the Key Managerial Personnel and their relatives are able to exercise significant influence	Ultramarine and Pigments Limited (UPL) Thirumalai Charity Trust (TCT) N R Swamy Investments Worth Trust

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

b) Transactions with related parties

Transaction	Related Party	Year ended 31 March 2020	Year ended 31 March 2019
Remuneration to Key Managerial Personnel	Mr. R.Parthasarathy	203	327
	Mrs. Ramya Bharathram	108	140
	Mr. P Mohana Chandran Nair	57	57
	Key Managerial Personnel other than Directors	269	274
Director sitting fees	Independent Directors	20	39
Commission	Non - Executive Directors	47	125
Leasehold land and related other charges	Ultramarine and Pigments Limited	-	1,194
Rendering of Services	Ultramarine and Pigments Limited	45	46
Receipt of Services	Ultramarine and Pigments Limited	14	9
	Thirumalai Charity Trust	6	8
Corporate social responsibility expenditure	Thirumalai Charity Trust	237	200
	Worth Trust	20	-
Sale of immovable property	N R Swamy Investments	131	-

c) Balances with related parties

Balances with related parties	Related Party		
Deposits payable	Ultramarine and Pigments Limited	14	14
Directors remuneration payable (including commission to non-executive directors)	Key Managerial Personnel	73	307

32 Additional information required by Schedule III

Name of entity in the Group	net assets		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	₹ in Lakhs	As a % of consolidated profit or loss	₹ in Lakhs	As a % of consolidated other comprehensive income	₹ in Lakhs	As a % of consolidated total comprehensive income	₹ in Lakhs
Holding Company								
Thirumalai Chemicals Limited								
31 March 2020	87%	55,541	176%	4,087	152%	(4,273)	37%	(186)
31 March 2019	87%	58,196	85%	9,609	-65%	(392)	77%	9,217
Subsidiaries								
Cheminvest Pte. Ltd								
31 March 2020	7%	4,683	-5%	(125)	0%	-	25%	(125)
31 March 2019	7%	4,419	-2%	(220)	0%	-	-2%	(220)
Lapiz Europe Ltd								
31 March 2020	0%	35	0%	5	0%	-	-1%	5
31 March 2019	0%	29	0%	13	0%	-	0%	14
Optimistic Organic Sdn Bhd								
31 March 2020	26%	16,881	-67%	(1,554)	0%	-	310%	(1,554)
31 March 2019	25%	17,006	17%	1,918	0%	-	16%	1,918
TCL Global B V								
31 March 2020	0%	59	0%	(1)	0%	-	0%	(1)
31 March 2019	0%	-	0%	-	0%	-	0%	-
TCL Inc								
31 March 2020	0%	38	0%	-	0%	-	0%	-
31 March 2019	0%	-	0%	-	0%	-	0%	-

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

Eliminations								
31 March 2020	-21%	(13,423)	-4%	(95)	-52%	1,454	-271%	1,359
31 March 2019	-19%	(12,865)	0%	36	165%	993	9%	1,029
Total								
31 March 2020	**100%**	**63,814**	**100%**	**2,317**	**100%**	**(2,819)**	**100%**	**(502)**
31 March 2019	100%	66,785	100%	11,357	100%	601	100%	11,958

33 Contingent liabilities, commitments and guarantees	**As at 31 March 2020**	**As at 31 March 2019**
(A)Contingent liabilities		
Indirect tax matters under dispute (Refer note (i) below)	150	176
Income tax demand including interest contested in Appeal (Refer note (ii)below)	862	565
(B)Commitments		
Estimated amount of contracts to be executed on capital account and not provided for	1,946	4,905
- Against which advances paid	339	404
Other commitments are cancellable at the option of the Company and hence not disclosed.		

(i) The Sales-tax authorities have issued notices to the Holding Company whereby the authorities have disputed the method of availment of deferral sales tax on monthly pro-rata basis for the period April 2000 to April 2006 amounting to ₹ 84 Lakhs (Previous year ₹ 84 Lakhs). The Holding Company has filed a writ petition against these notices in the High Court. The Company does not expect any liability to crystallize on this account. Further, no provision has been made in respect of disputed demands from Sales-tax Authorities to the extent of ₹ 66 Lakhs (Previous Year ₹ 91 lakhs) since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the Company has already paid ₹ 13 Lakhs (Previous year ₹ 19 lakhs).

(ii) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ₹ 862 Lakhs (Previous Year ₹ 565 Lakhs) since the Holding Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the Company has already paid ₹ 495 Lakhs (Previous year ₹ 454 Lakhs).

34 Segment reporting

a) Identification of Segments & Customer information

In accordance with Ind AS 108, Operating Segments, the Group has identified manufacture and sale of organic chemicals as the only reportable segment. Power Generation (previously reported segment), Engineering services (new segment established during the current year), has been assessed to be very insignificant resulting in its operations and results are not being actively reviewed by decision makers of Company. Accordingly, the Group has a single reportable segment. Within the single reportable segment of sale of organic chemicals, a single customer contributes to 10% of the Group's revenue from operations, amounting to ₹ 10,919 Lakhs (Previous Year ₹ 15,757 Lakhs).

b) Geographical information

The company is domiciled in India. The amount of its revenue from external customers and non-current assets other than financial instruments, and deferred tax assets, broken down by location of the assets, is shown below:

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Revenue from Operations		
- India	76,987	88,461
-Rest of the World	31,492	37,643
Non-current assets		
- India	41,471	36,790
-Rest of the World	23,355	21,998

Summary of significant accounting policies and other explanatory information

(₹ in Lakhs)

35 Estimation of uncertainty relating to COVID-19 pandemic

The Group has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the group's performance, management does not anticipate any challenge in the it's ability to continue as a going concern or meeting its financial obligations. The Group expects to fully recover the carrying amount of trade receivables, and other assets. The Group has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment and investments at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exists as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

36 .Transfer pricing

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Group is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31 March 2020 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Company's results.

37 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2020) and the date of approval of these financial statements (17 June 2020).

In terms of our report attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N / N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date: 17 June 2020

For and on behalf of the Board of Directors of
Thirumalai Chemicals Limited

R Parthasarathy
Managing Director
(DIN : 00092172)

R Ravi Shankar
Independent Director
(DIN : 01224361)

C G Sethuram
Chief Executive Officer

Ramya Bharathram
Whole Time Director and
Chief Financial Officer
(DIN : 06367352)

T Rajagopalan
Company Secretary
(FCS: 3508)

Place : Ranipet
Date : 17 June 2020

FINANCIAL HIGHLIGHTS (STANDALONE)

₹in Million

Particulars	19-20	18-19	17-18	16-17	15-16	14-15	13-14	12-13	11-12	10-11
Share Capital	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4
Reserves & Surplus	5,451.7	5,717.2	5,042.4	3,567.0	1,736.2	1,407.4	1,321.4	1,277.0	1,062.9	951.6
Networth	5,554.1	5,819.6	5,144.8	3,669.4	1,838.6	1,509.8	1,423.8	1,379.4	1,165.3	1,054.0
Fixed Assets(net)	3,766.0	3,299.8	1,856.1	1,549.4	767.8	747.4	801.6	928.3	1,031.7	1,025.5
Sales / Other Income	8,874.4	10,084.7	10,471.8	9,523.6	7,921.1	9,416.8	10,506.5	11,557.2	9,113.0	7,784.3
Gross Profit / (loss)	963.7	1,689.6	2,390.0	1,403.0	915.5	596.5	610.7	1,091.2	719.9	701.9
Interest / Finance Charges	155.4	107.1	109.3	145.5	209.7	331.1	454.2	520.2	523.7	175.1
Depreciation	211.8	151.7	103.9	140.2	65.7	70.1	122.1	128.7	138.1	133.9
Current Tax	74.5	444.9	737.5	381.1	238.1	54.8	26.0	188.4	34.6	51.1
Deferred Tax	113.3	25.0	(0.40)	(4.9)	25.3	1.5	27.3	23.6	24.4	71.0
Net Profit / (Loss)	408.7	960.9	1,439.9	741.3	427.3	142.0	35.7	277.5	47.8	185.5
Dividend (incl.tax)	-	246.9	246.9	231.1	123.2	49.3	-	89.4	-	-
Dividend (%)	-	200.0	200.0	187.5	100.0	40.0	-	75.0	-	-
Earnings Per Share having a face value of Re.1/- (*Revised)	3.99*	9.38*	14.06*	7.24*	4.17*	1.39*	0.35*	2.71*	0.47*	1.81*

The Akshaya Vidya Trust

Vedavalli Vidyalaya Senior Secondary School, Walaja (CBSE) 1994
Vedavalli Higher Secondary School, Walaja (State Board) 1999
Vedavalli Vidyalaya Nursery & Primary & Senior Secondary School, Ranipet (CBSE) 2003

June 2019 saw the culmination of 25 years of Akshaya Vidya Trust. On the founder's day at the start of this year, we recognized the efforts of students who achieved the highest scores in science, commerce and humanities in their respective schools. With programmes such as orientation for teachers, Term 1 is always filled with activities for staff and students of all classes. Vedavalli Vidyalaya is known for the tours that expose the students to outside world and the interaction with guests that is organized for the students for knowledge gaining. This year, we have had a sizeable participation from parents of different professions which evidenced the variety of activities held on our school's special days and events. Staff from TCL also conducted seminars in both scholastic and co-scholastic areas for students of different levels. Term 1 was very eventful with events such as investiture ceremony, Independence Day, sports day and special days, filled to the brim.

New programmes such as the alumnus of the month, trustee of the month, parent participation programmes, gender sensitivity programme and a few other child development programmes were added this year with a view to creating new opportunities for interaction with different people that give students an exposure to new ideas and different views. Co-curricular activities such as silambam, karate, dance, mridangam and skating have also been brought back. Students could join science, art, literary, computer, ecology or any one of the 12 different clubs of their interest.

Term 1 concluded, on Teachers' day, with a grand felicitation to Ms. J. Nirmala, the Senior Principal of Vedavalli Vidyalaya Schools, who completed 25 long and magnificent years of service in our school. She is one of the first teachers to join during the inception of the school in 1994. A video montage of alumni, trustees and former teachers wishing her well was also shared with the audience.

Students of both campuses participated in many interschool, cluster, zonal, district and national level competitions. Many of them emerge victorious at many levels in a variety of athletic and sport events. We are proud that our student Pooja Vaishali received the silver medal in National Archery competition.

This year, we conducted several community outreach programmes, such as Gudimallur temple cleaning, visit to old age homes and an awareness campaign on adverse effects of substance abuse, which form an integral part of learning for both students and teachers. We are extremely proud to share that our Correspondent, Ms. Bhooma Parthasarathy, has been awarded Poorva Vidyarthini Rathna Award by Lady Sivaswami Ayyar Girls' Higher Secondary School, Mylapore, Chennai, for her outstanding contribution to the society. Thus far, only five awardees have been conferred upon with this honour since the inception of this 150-year-old institution.

Term 2 had some special days and events like Pongal, Christmas, Children's Day, Annual Day and Graduation Day. Our Walaja campus has been awarded the grant to open the Atal Tinkering Lab where students are given opportunities to experiment with electrical and electronic gadgets. The 1700 square feet laboratory was inaugurated on 3 January 2020. On 24 January 2020, the 13th Smt. C. R. Sathyabhama Memorial Seminar for teachers on 'Raising the Bar: Teachers' Standards impact learning' was conducted. Though the school came to an abrupt halt with Covid-19 novel corona virus, the staff were given a thorough briefing on how to keep themselves safe. Instruction pamphlets and assignments were sent to all students on safety measures during lockdown. As we wait for things to get back to normalcy, our efforts to reach out students, parents and teachers through live online classes continue.

Thirumalai Charity Trust

Ranipet

376 sessions for 13 patients in Dialysis Unit : service commenced on 4th December after installation, training of staff.

Founded in 1970, Thirumalai Charity Trust (TCT) has been undertaking many projects on health, education and rural development to create an everlasting impression on our community in and around Ranipet. We are extremely happy to let you all know that we shall be shortly commemorating our golden anniversary and are aiming at new horizons to serve our community both in the current context as well as through our existing programmes. We are proud to announce that we have successfully completed a decade of service at the Thirumalai Mission Hospital (TMH). Thanks to the constant support and encouragement that is being received from our donors and beneficiaries, not to leave out the outstanding involvement of our staff, TMH that had a humble beginning in a single-storied building with just one medical officer has now grown manifold in size and is now reaching out community with relevant facilities and services to cater to the needs of the society.

TMH offers medical facilities in general medicine, emergency & intensive medical care, general surgery, obstetrics & gynaecology, paediatrics, orthopaedics, ENT, and dentistry at its inpatient and outpatient departments. TMH offers excellent services in physiotherapy and dialysis through its state-of-the-art laboratory and diagnostic facilities. As part of our commitment to the welfare of deprived section of our society, the N.R. Swamy Centenary Rehabilitation Centre at TMH runs an exemplary de-addiction programme for alcoholics and offers counselling and education services to adolescents and tobacco users in villages. Our research unit has been conducting health surveys for non-communicable diseases too. We are proud to say that TMH has been accredited by NABH.

The uniqueness of TCT lies in its ability to offer integrated primary and secondary health services, with the hospital as the base, and reach the community through a committed network of field staff and volunteers to serve around 35,000 families with a population of approximately 160,000 people in 315 villages of Vellore and Ranipet districts of Tamil Nadu. The integrated model of healthcare, especially for management and control of non-communicable diseases, such as diabetes, hypertension, osteoporosis, cancer screening and detection, has received wide recognition from our peers as well.

For the year, a total of 29,378 outpatients and 1,151 inpatients have been benefitted and 11,286 patients have availed our services of our targeted community at near-free concessional rates in camps and other services at TMH. Twenty-one patients have been benefitted through our dialysis service. Around 153 alcoholics have been rehabilitated at our rehabilitation centre.

As part of our completely charitable services for the villages, we reach out to all the families in the villages on a regular basis in order to identify those who need care, refer them for treatment and follow them up even after treatment. Our educational services are designed for young mothers, women, adolescents, youth, school students and senior citizens. Our family care volunteers and community-based organizations actively engage in all of the village-level programmes and support our staff in discharging their duties well.

We have expanded our emergency and laboratories by adding two more floors specifically to the emergency block.

Now, we take time to express our heartfelt gratitude and warm appreciation to your organization's untiring and constant help and support in all of our activities. You are most welcome to visit our website to know more about us and also to send us feedback to improve ourselves at www.thirumalaimissionhospital.org