



*Building*  
a culture of  
sustainability

Annual Report 2019-20

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## Investor information

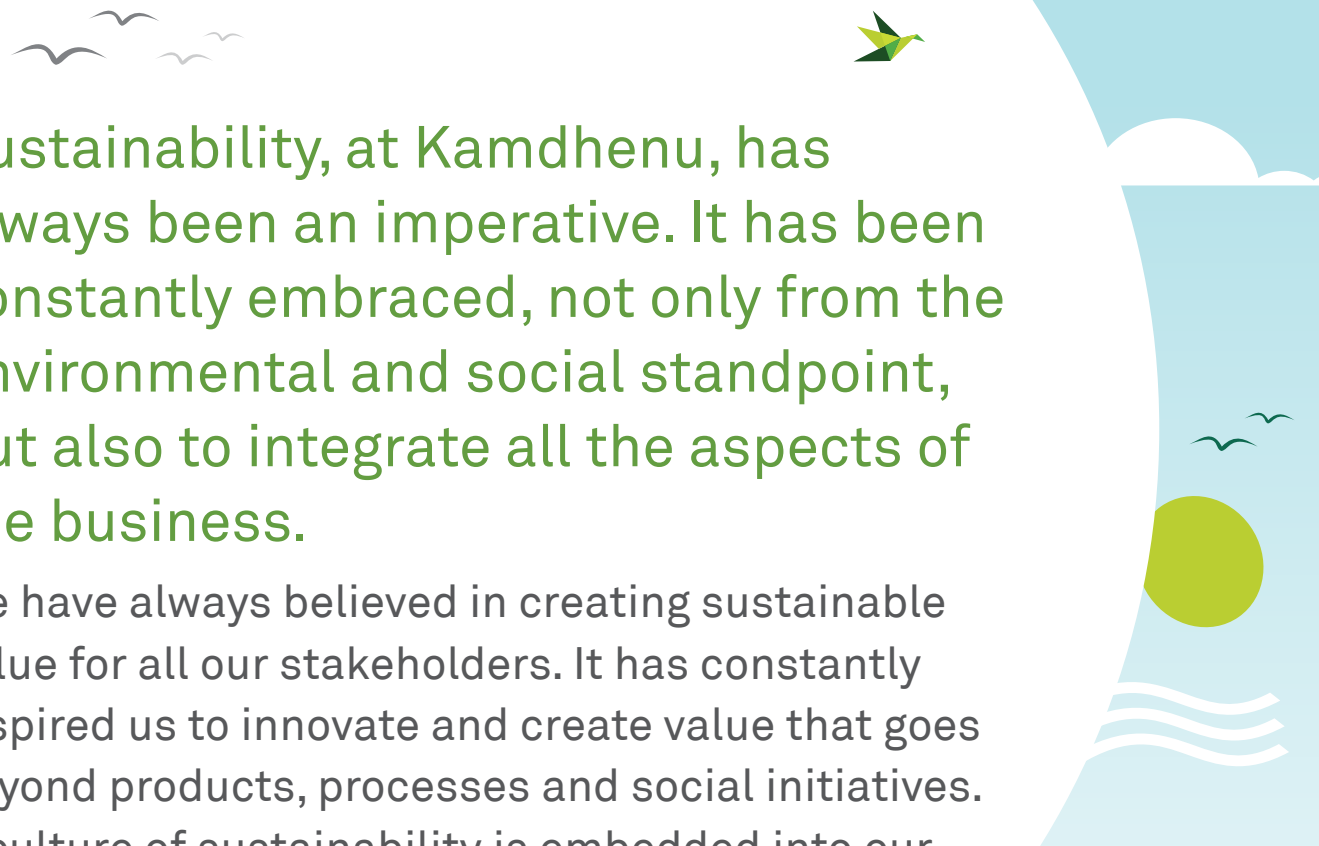
Market Capitalisation as at 31st March, 2020:	₹ 124 Crores
CIN:	L27101RJ1994PLC067034
BSE Code:	532741
NSE Symbol:	KAMDHENU
Bloomberg Code:	KAMD:IN
Dividend Declared:	5%
AGM Date:	28th September, 2020
AGM Mode:	Video Conferencing (VC) and Other Audio Visual Means (OAVM)

Please find the online version of this Annual Report at:  
<https://www.kamdhenulimited.com/annual-report.php>




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download

Disclaimer: This document contains statements about expected future events and financials of Kamdhenu Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.



Sustainability, at Kamdhenu, has always been an imperative. It has been constantly embraced, not only from the environmental and social standpoint, but also to integrate all the aspects of the business.

We have always believed in creating sustainable value for all our stakeholders. It has constantly inspired us to innovate and create value that goes beyond products, processes and social initiatives. A culture of sustainability is embedded into our growth roadmap and it helps shape and further strengthen our business model.



# KNOW US BETTER

At Kamdhenu Group, we commenced our journey in the year 1994 and a year later, we commissioned our first manufacturing unit of single reinforcement steel bars. Our unique franchisee business model, implemented in 2004, has enabled us to reach greater heights. Today, we produce and distribute a variety of steel bar products across India.

We also ventured into decorative paint business by establishing our manufacturing unit at Chopanki, Rajasthan, in 2008. Now, more than a decade later, we have become the sixth largest player in this segment. Our success in this vertical can be accredited to our focus on premiumization strategy, in addition to our eco-friendly spirit.

Construction and housing is the primary segment that we cater. With our increased concentration on Tier II and III regions, we are currently present across India. The ever-growing penetration is the result of our strong distribution network, marketing and branding effectiveness. We are growing from strength to strength while remaining grounded by the same culture that we started our journey with.

## OUR EXPERIENCE

## GIVES US THE COMPETITIVE EDGE

See page no: 8

**25** years

Experience in the steel business

**10+** years

Experience in the paint business



Innovative and adaptive



Asset light model



Value addition



Strong management team



Responsive



Strong financial profile



## OUR SUCCESS STORY:

### Steel and paint segment



#### Steel

Kamdhenu TMT  
Kamdhenu PAS 10000  
Kamdhenu NXT  
Kamdhenu Colour Max



₹ **736.30**  
**Crores**

FY 2019-20  
Revenue from the  
steel segment

**40,00,000+**

Satisfied consumers  
of Kamdhenu Steel

#### Paint

Kamdhenu Paints  
Colour Dreamz



₹ **225.67**  
**Crores**

FY 2019-20  
Revenue from the  
paint segment

**400,000+**

Satisfied households  
of Kamdhenu Paints

## PERFORMANCE

### highlights

₹ **962**  
**Crores**  
Total Revenue

₹ **19.84\***  
**Crores**  
EBITDA

₹ **1.88\***  
**Crores**  
PAT

\* After exceptional item of ₹ 25.19 Crores

EBITDA: Earnings before interest, taxes, depreciation and amortisation expenses  
PAT: Profit after Tax

# A SUSTAINABLE BUSINESS MODEL that creates value for all...



Embraces

## The values of

- Honesty
- Transparency
- Commitment
- Quality assurance
- Customer satisfaction

Being guided by



## Our sustainable growth map Pg 18-27

### Franchising:

- Pathway to wealth creation
- Building brand and winning hearts
- Aiming higher through expansion and reach

### Demerger:

- Two is better than one

## Dealer network across India

**7,500**  
Steel segment

**4,000**  
Paint segment

To individual & commercial clients

Sold through

Contributing to

## All the stakeholders

₹ **46.15** Crores  
Salaries paid to employees


₹ **2.65** Crores  
Dividend paid to shareholders  
(FY 2018-19)

₹ **4.83** Lakhs  
CSR contribution towards the community

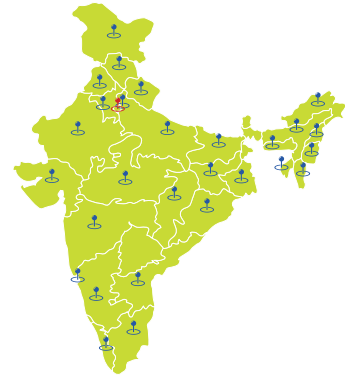
Which create future risks that can be assessed and minimised through...

### Stakeholder engagement Pg 28-29

- Employees
- Business partners and vendors
- Customers
- Regulators
- Communities
- Shareholders

Transforming 

### Our Widespread presence Pg 10-11



### Offering a wide range of products Pg 32-39

#### Steel

- Steel Rebars
- Structural Steel
- Colour Coated Sheets
- Pre-Engineered Building

#### Paints

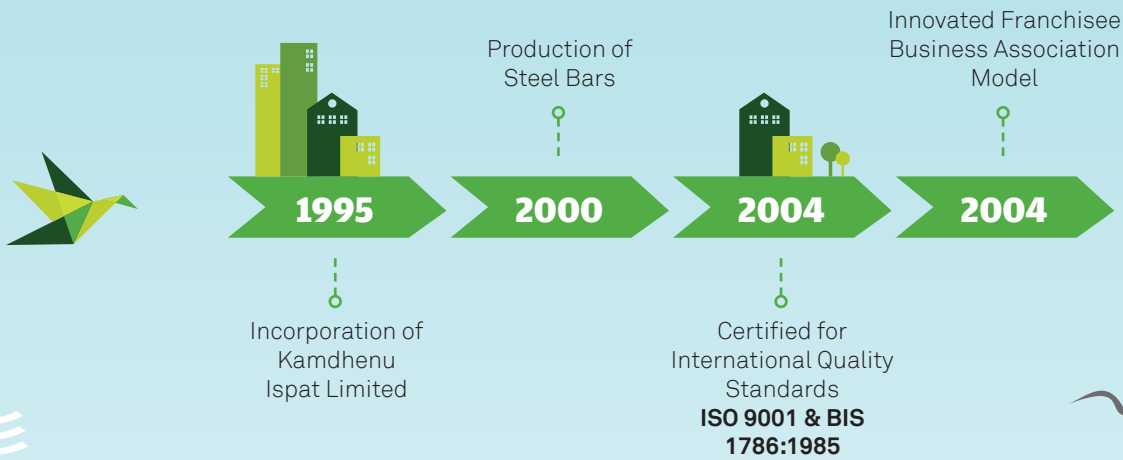
- Emulsion
- Primer
- Distempers
- Enamels
- Designer Range, Stainers, Speciality and Other Coatings
- Construction Chemicals

### Our approach towards material issues Pg 30

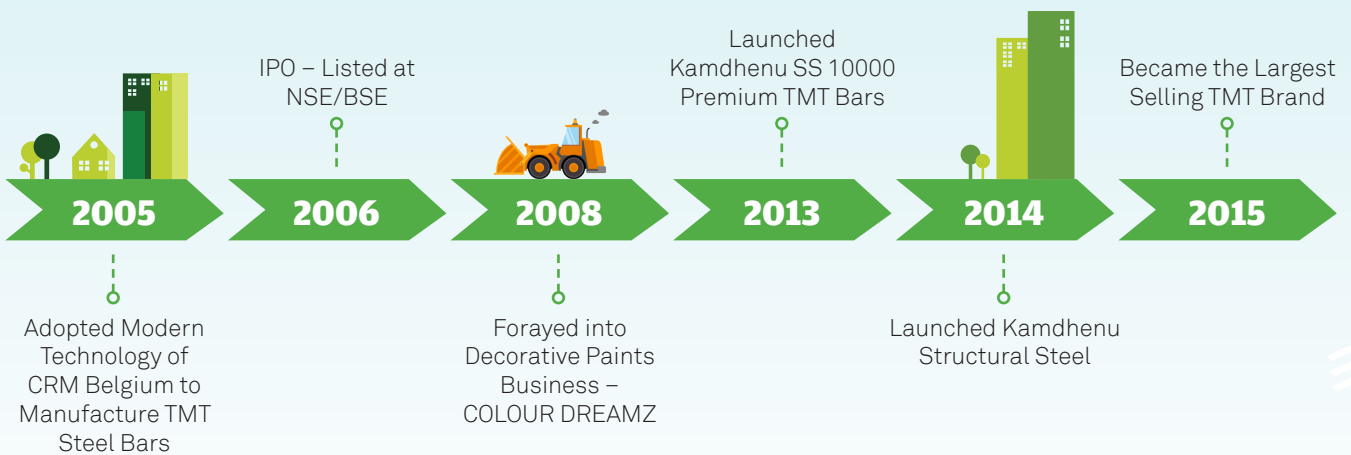
# INSPIRING *Timeline*



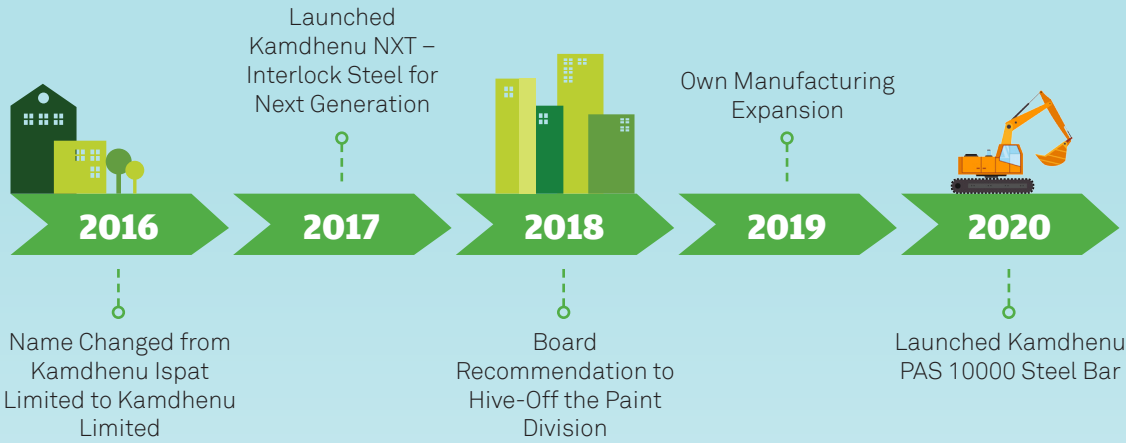
## DECADES OF ESTABLISHMENT



## TURNAROUND TIME



# RE - POSITIONED



# AWARDS AND Accolades



**2015**  
World's Greatest Amongst Asia and GCC



**2016**  
Asia's Most Promising Brand by World Consulting and Research Corporation



**2016**  
Indian Power Brand Award



**2018**  
World's Greatest Brands Amongst Asia & GCC for Steel as well as Paints Division

# CORE Competencies

## ADAPTIVE

The real success factors behind our product development and process improvement are our ability to adapt to the change. We have embedded change into our business in a very sustainable manner by manufacturing products which are durable, eco-friendly and are margin-accretive. Besides, by embracing the latest technologies and machines, we have always striven to remain ahead of the curve. The QUB machines, used for our paint set-up, are involved in increasing the durability of our products. Whereas, CNC machines and Spectrometers facilitate in bringing higher precision to the TMT bars.

## DIGITIZATION

Right from efficient marketing to connect with our potential and existing customers, digitization has been a key enabler towards our value-creation agenda. This provides us with triple benefits of ensuring a high brand recall, increasing visibility and bettering sales opportunities.

## ASSET LIGHT MODEL

Our franchisee model enables lower capex towards operations and maintenance from our end. This allows us to diverge our capex towards other activities, which eventually help maximise returns for our stakeholders. At the same time, our asset light model plays a vital role in scalability, overcoming uncertainty, reducing turnaround time and saving transportation cost.

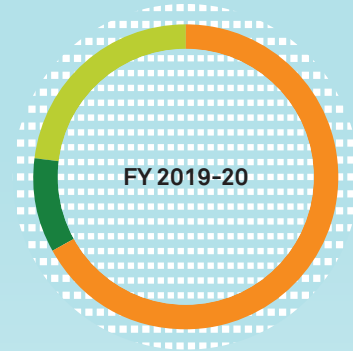
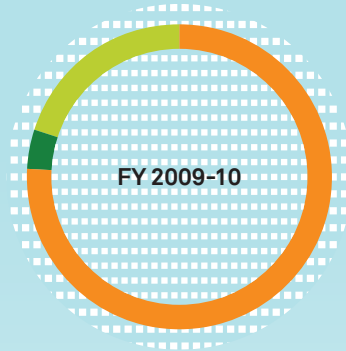


## VALUE ADDITION

As a Company, believing in creating value for each of the stakeholders, we consciously look at different avenues that would allow us to unlock the full value potential from all our activities. We look at different aspects in adding value to our business. Even during the year gone by, we unlocked potential in several areas such as:

- R&D capex for testing and laboratory to the tune of ₹ 61.44 Lakhs to improve quality and new product development
- Capital deployed towards events and shows to strengthen our brand visibility and develop new business partners
- Adoption of a sustainable revenue model leading to higher B2C sales, enjoying higher margins
- ESOP issued to our employees in 2017 is getting realised by 25% every year
- Positively impacting the community through CSR programmes
- Moving from B2B to B2C business

## Contribution to the total revenue (%)



## STRONG MANAGEMENT TEAM

We have a dynamic team with profound knowledge about the steel and paint industry. They are well seasoned to overcome headwinds and accelerate further to reach new heights of success. The technical know-how and creative insights allow them to take sound and agile decisions.

## STRONG FINANCIAL POSITION

Our focus towards premiumisation, cost-optimisation coupled with strategic capital allocation and lower working capital has helped strengthen our financial profile. Owing to lower leverage and lower debt levels, our interest coverage has remained at comfortable levels, defining our ability to manage risk. Besides, our sound liquidity position, along with high Reserves & Surplus, serve as an indicator of our Balance Sheet strength.

Promoter's overall experience in the industries is more than 100 years



### Debt to Equity ratio





# OUR WIDESPREAD *Presence*



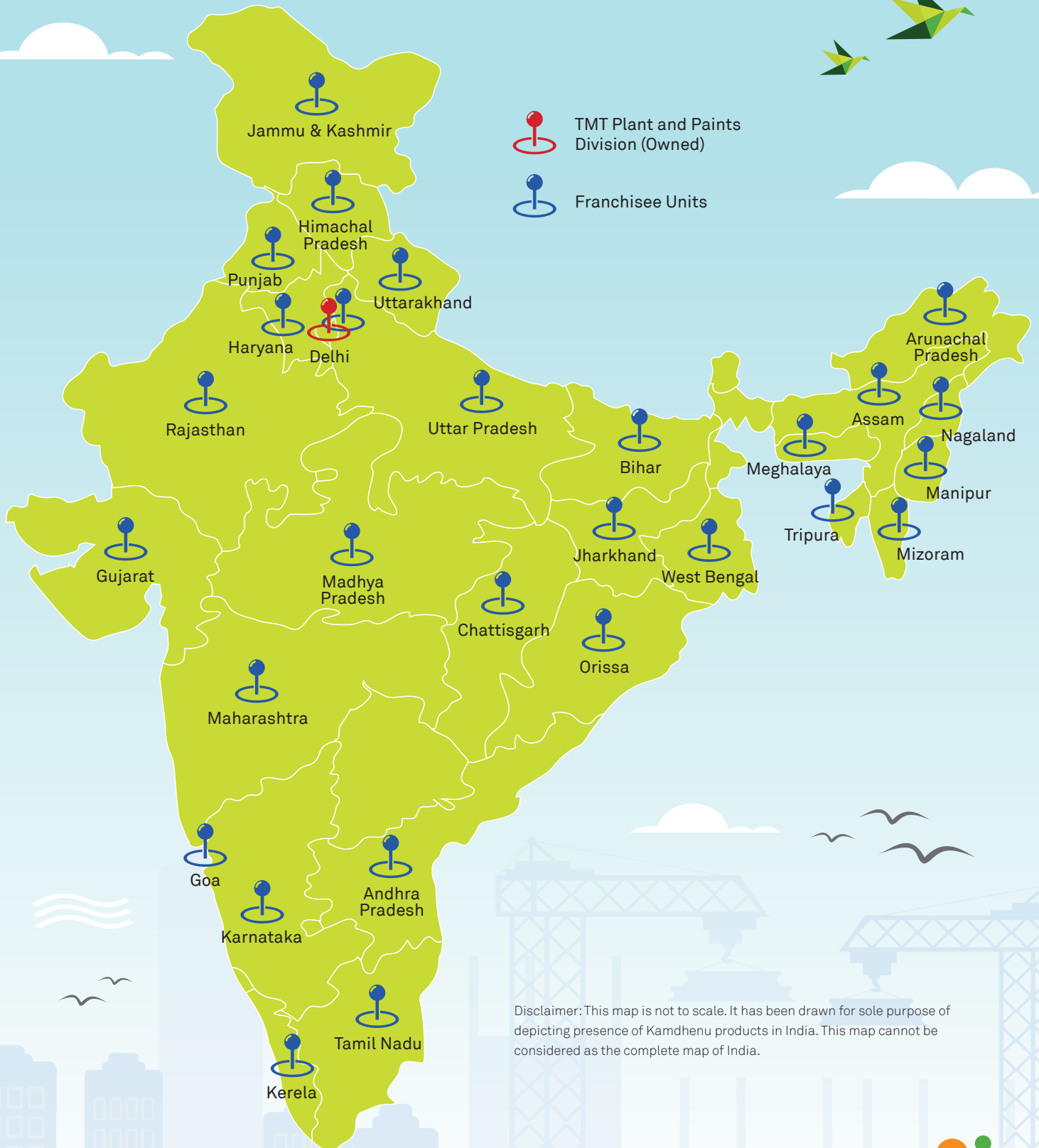
**11,500+**

Dealers and  
distributors

**32**

Sales depots





Disclaimer: This map is not to scale. It has been drawn for sole purpose of depicting presence of Kamdhenu products in India. This map cannot be considered as the complete map of India.



# PEOPLE AND THE *Management*

## OUR PEOPLE

We are committed to enabling a workplace environment, whereby people can reach their full potential.

**854**  
Dedicated employees as on 31st March, 2020

### Talent management strategy

#### Attract

We do best to attract and recruit diverse, promising individuals, that add value to our business.

#### Develop

We help people develop and enhance their performance.

#### Perform

We formulate fair and transparent mechanisms and encourage employees to challenge themselves.

### Compensation strategy

#### Intangible

We support our employees by giving autonomy, public acknowledgement, focusing on their health and well-being.

#### Tangible

We reward and recognize our employees based on the performance through appraisals, bonuses & commission and other incentives.

## HUMAN RESOURCE STRATEGY

## THESE STRATEGIES HAVE RESULTED IN...

Increased levels of employee commitment; higher satisfaction; higher levels of trust in the Company; better cooperation, efforts, and involvement.

This endeavour shall certainly impact our operational and financial performance positively, ultimately resulting into sustained growth, while propelling towards our goal.



# LEADERSHIP



**Shri Satish Kumar Agarwal**

Chairman & Managing Director



**Shri Sunil Kumar Agarwal**

Whole Time Director



**Shri Saurabh Agarwal**

Whole Time Director



**Shri Sachin Agarwal**

Whole Time Director



**Shri Mahendra Kumar Doogar**

Independent Director



**Shri Ramesh Chand Surana**

Independent Director





**Shri Ramesh Chandra Jain**

Independent Director



**Ms. Nishal Jain**

Independent Woman Director



**Shri Harish Kumar Agarwal**

Chief Financial Officer



Audit committee



Nomination and Remuneration Committee



Corporate Social Responsibility Committee



Stakeholders Relationship Committee



Chairman



Member



# CHAIRMAN & MANAGING DIRECTOR'S *Message*



**India's current rate of urbanization stands at a lowly 34%, as against a global average of 55%. Government schemes like Housing for All by 2022, Pradhan Mantri Awas Yojana and Bharat Mala Projects are likely to spruce up the demand for the construction material used in housing and infrastructure.**

## **Dear Shareholders,**

The year behind us was one of real progress shaped by internal and external events. We were quick in responding to those events. These can be accredited to our ability to identify risks and develop strategies proactively to minimise the impact and take advantage of the existing opportunities. Unfortunately, the recent outbreak of COVID-19 was unprecedented and which even led to a slowing down in the overall economic activities. From our end, we are doing our best to support our people and business amidst this uncertainty. Besides, we are thankful to the Government relief provided through fiscal and monetary measures. These initiatives will help our employees and business partners in some or the other way.

## **Huge potential in the long term**

In 2019, India surpassed France and the UK to become the fifth-largest economy in the world. According to a Deutsche Bank Report 'Imagine 2030' released on 6th January, 2020, 'the Indian economy is expected to increase by two-half times from about USD 3 Trillion to USD 7 Trillion in 2030

owing to the economic formalisation, easing of FDI, infrastructure development, and corporate tax rate, among others. However, the adverse external circumstances in recent times, have disrupted the course of globalization.

Our plan to seize the opportunities stays intact. The growing urban landscape supported by favourable regulatory policies, shall enable us to move ahead swiftly. In addition, availability of basic raw material and coal shall bode well for us.

In terms of raw materials for the steel segment, ingot blades are produced partially in-house and rest is procured from regions which offer attractive pricing. The coal, accounting for majority of our power and fuel cost, is produced heavily in India.

In the paint segment, our sustainability-consciousness has enabled us to increase our share of premium and environment-friendly products. This has increased our average selling price per kg/litre from ₹ 37 in FY 2009-10 to ₹ 84 in FY 2019-20. Moreover, a 10% GST rate cut in paint during the year, sets the positive outlook for the industry.

India's current rate of urbanization stands at a lowly 34%,



as against a global average of 55%. Government schemes like Housing for All by 2022, Pradhan Mantri Awas Yojana and Bharat Mala projects are likely to spruce up the demand for the construction material used in housing and infrastructure. And, this shall result in increasing demand for our products available across the country through our franchisee-based model. Furthermore, we are focused on developing products that consolidate business opportunities and caters the larger social fabric. In the past, various regions in India have been devastated by natural calamities, exposing the vulnerability of building designs. Our earthquake resistant steel rebars make the building sturdier, safeguarding from the shocks from such events.

### Making progress

Despite facing a more challenging business environment than initially expected, we posted a positive bottom line number. This can be attributed to our outsourcing of production which helps us de-risk our business. Over the past couple of years, we have continued to radically transform the Company by concentrating more on premiumisation, increasing our production capacity and leveraging on our strong brand equity, and opting out of trading sales. Most importantly, our decision to hive off the paint division taken in 2018, will take effect from FY 2020-21. Going forward, we aim to increase our market share in the domestic TMT segment from 22% to 32% by the next financial year. Considering this, we launched Power Alloy Steel (PAS) 10,000 TMT product after three years of our research & development. This will help us to grow our profitability over the coming years. The result of this is already paying us off through increased royalty income.

### Social imperatives

As an organization, we have always placed a higher emphasis on the fulfilment of our social responsibilities by eradicating hunger, ensuring environmental sustainability, promoting education and gender equality. We launched a massive social media campaign 'India Mil Kar Fight Karo Na – Together we will defeat COVID-19' to bring about awareness around the pandemic. To combat the situation, we undertook the following initiatives:

- Donated an ambulance to Bhiwadi administration
- Kamdhenu parivar contributed towards the Prime Minister's Cares Fund through our foundation 'Kamdhenu Jeevandhara'
- Transferred money and distributed ration packets to our business partners and painters to help them overcome the crisis

### On a closing note

It is evident that the infrastructure growth across the Company is visible and the Company's positioning for medium to long-term growth looks excellent. However, one cannot deny the current business landscape around the globe, which is facing huge challenges. Amidst the current scenario owing to COVID-19, we are doing our best to support our stakeholders in every manner possible. We are prepared, as an organization, to tackle any adversities that come our way.

I am proud of all my employees for their focused approach and execution of our growth plans. I am convinced that this focus will be key to the success of both the verticals: steel and paint, in the coming years. I would like to express appreciation to our Board Members for their dedication, commitment, and hard work during the year. Further, I would like to extend my warmest thanks to our shareholders and partners for their loyalty, support, and trust.

Sincerely,

**Satish Kumar Agarwal**

Chairman & Managing Director



# SUSTAINABLE GROWTH

## Roadmap

**1**

**FRANCHISING:  
PATHWAY TO WEALTH CREATION**

**2**

**BUILDING BRAND AND WINNING HEARTS**



# 3

## **AIMING HIGHER THROUGH EXPANSION AND REACH**



# 4

## **DEMERGER: TWO IS BETTER THAN ONE**

# FRANCHISING: *Pathway to wealth creation*

## Procedure for selecting franchisees



Scan above to be our franchisee

The franchisee should meet the minimum production capacity criteria of 1 Lakh Tonne Per Annum

A technical survey is done to review the franchisee plant

Signing the licence agreement to make sure that the franchisee unit exclusively produces Kamdhenu products

Quality and design parameters are specified

## Why franchisees prefer us?

### Use of marketing

Our marketing initiatives gives the franchisee a sense of security. Our higher marketing and ad spends help eliminate the need for a franchisee to incur those expenses.

### Helpful training program

We provide training to all technical staff at our manufacturing units before they are deployed at our franchisees' units.

### Brand name

We are a very well-known brand across India, which helps the franchisee with the customer pull.

### Easy financing

Our repute helps our franchisees in getting quick and hassle-free loans. The track record, stability and success of the business eases the credit process for lenders.

### Well-tested operation

We are well established in the market owing to the experience, strong R&D and brand positioning. These eliminate the need for franchisees to invest time and money into exploring new product ideas. It gives them a ready platform to compete directly with the big businesses.

## What do we get?

### Speed of growth

Franchising eliminates our process of starting from the scratch. They help us scale up fast by undertaking different volumes of orders, ensuring a quicker turnaround time due to decentralised production and fast delivery to customers.

### Capital

Franchising allows us to expand without the risk of debt or the cost of equity, since the franchisees take care of the required capital to open and operate their units.

### Flexibility

Franchising allows us to function smoothly as a leaner organisation and reduce our dependency on the day-to-day management of the unit.

### Increased profitability

We leverage off the franchisee unit, which is already in place, to boost our operations. This allows us to run our business profitably.

### Reduced risk

Franchising limits our exposure to various costs. They take the sole responsibility for the expenses and investment in its operations, inventory purchase, salary payment and managing of working capital.

## KPIs

### Franchisee annual manufacturing capacity

Steel rebars

**33**  
Lakhs MT p.a

Structural steel

**05**  
Lakhs MT p.a

Colour coated profile sheets

**2.5**  
Lakhs MT p.a

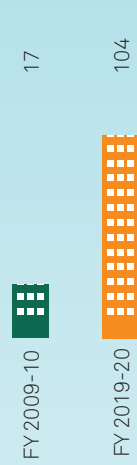
₹ **96.77**  
**Crores**  
Royalty-based income

# BUILDING BRAND AND *Winning hearts*

## BUILDING BRAND

The uniqueness of our brand helps build a positive perception. The Management's involvement in brand building and an all-pervasive team effort has only made it a reality. These result into higher engagements with various stakeholders. Therefore, we view it as an investment which drives our sales and increases our return ratios.

**Brand expenses**  
(₹ in Crores)



**Brand sales turnover**  
(₹ in Crores)



## WINNING HEARTS

### 1. How are franchisee and dealers benefited?

#### Gain market exposure

Our marketing is backed by traditional as well as modern advertising techniques to cater customer segments. These range from newspapers, wall painting, events, television, and websites, among others. This way our business partners gain access to more customers without having to incur marketing expenses.

#### Increased recognition & trust

Instilling trust in one's customers is key to a brand's success. Our quality, innovations, consistency and responsiveness help our business partners in gaining recognition from consumers. This enables our business partners to be singularly focused on business development without worrying about other things.

#### Enjoy pricing power

Our product superiority strengthens our branding power. This gives our franchisee a distinctiveness to capitalise and position the product in a way where they can earn a premium.

### 2. What do our customers get?

#### Quality product

Our quality product is an epitome of uniqueness which is hard to counterfeit. This begins right from the usage of high-quality raw material to creating a unique rib design to translating the efficiency of the production processes into the final product and eventually reflecting even in a higher resale value of the products. We make sure franchisees too adhere to the same quality through our expertise sharing and monitoring. Our product quality is testified through the ISO and BIS certifications that we have received.

#### Steel product certification

ISO 9001:2008    BIS 1786:2008

#### Paint product certification

ISO 9001:2015



#### Ease of buying

Our diversified manufacturer and dealer networks undertake different order sizes to meet the demand of varied customers. The physical and digital touchpoints helps ease the buying process for our customers.

#### Real-time customer service support

We respond to our customers' queries on a real-time basis. Our quick acknowledgement through our social platform helps resolve queries within a quick time. Thereby, enabling us to increase our brand loyalty towards the existing customers.



Kamdhenu Paints:  
Instagram page



Kamdhenu Steel:  
Facebook page

### 3. What's in for our shareholders?

#### Transparent communication

We adhere to strict governance levels and maintain complete integrity and transparency in all our communications. We ensure effective communication of our objectives, strategies, financials or operational numbers. Shareholders can go through our news articles, analyst calls, quarterly investor presentations and annual reports to comprehend the Company's progress.

#### Financial value awaiting to be unlocked

The demerger of the business and clearance of old litigation indicates the financial value, waiting to be unlocked. Going forward, our brand efficiency with business performance is likely to improve the shareholders' equity.

**0.69**

Price to Book  
(PB) ratio as on  
31st March, 2020

**65.98\***

Price to Earnings  
(PE) ratio as on  
31st March, 2020

\* After exceptional item of ₹ 25.19 Crores



# AIMING HIGHER THROUGH *Expansion and reach*

The initiatives undertaken towards the establishment of our well-entrenched distribution network, building our product portfolio and ramping up production capacities, has now started bearing fruit.

## Our objective

Our objective is to stay ahead of the curve and be steadfast in our journey by adapting the changes, improving our proximity to customers and optimising the resources.

### Aiming higher

₹ **50** Lakhs  
Franchisee unit metric tonne  
by 2022

## Initiatives

### 1. Demand analysis

We work in a collaborative manner. Sales team supports operations team by providing crucial actionable demand insights. The same insight helps us decide our outputs and capacity expansions required to be undertaken.

### 2. Keeping an eye on the trend and opportunities

We identify and observe external scenarios to form our expansion approach.

### 3. Customer interactions and understanding requirement

Customer input is valuable for our product and the necessary process development. These inputs are received through different platforms such as business events, calls and online reviews, among others. After understanding the requirement and analysing industry trends, we work on further improvements.

### 4. Research & Development

Through our R&D initiatives, we undertake initiatives to adopt new technologies to further accentuate the quality of our unique offerings and smoothen processes.

### 5. Penetrating untapped region

We evaluate different parameters before entering into any region. Our strong distribution channel helps with quick product distribution.

## Result FY 2019-20

### Capacity increased Steel Rebars

In-house  
(MT)



Franchisee unit  
(MT Lakhs)



# DEMERGER:

*Two is better than one*



We are hiving off the paint business from the main Company – post seeking an approval from the shareholders. The aim is to increase the independent focus and expansion in steel and paint business. The decision, shall come into effect from next financial year onwards.

**Demerger in effect:** 1st April, 2020



## SUCCESS OF BOTH THE DIVISIONS DEFINED THROUGH KPIs

### Steel

**75+**  
franchisee  
units, +23% since  
FY 2009-10

₹ **736.30**  
Crores  
Revenue in steel  
segment, +135%  
since FY 2009-10

**7,500+**  
Steel dealers

### Paint

₹ **84**  
per litre  
+127% since  
FY 2009-10,  
Average paint  
selling price

₹ **225.67**  
Crores  
+196% since  
FY 2009-10,  
Revenue in paint  
segment

**4,000+**  
Paint dealers

### So, despite this success, what led to the demerger decision?

The two businesses have grown enough to become viable on its own. Once the demerger comes into effect, the Management can concentrate on the core businesses and grow it in a systematic manner. Thereby, increasing its efficiency and effectiveness to create better value for the shareholders.

## THROUGH DEMERGER...

### Aim is to

- Attract more capital
- Recruit specialised people
- Ease administrative expenses
- Increase accountability
- Improve management focus

### Expected outcome

- Increased operational efficiency
- Optimum utilisation of resources
- Improved cash cycle
- Enhanced profitability
- Unlocking of shareholder wealth

# STAKEHOLDERS

## Engagement



### Stakeholders

### Engagement initiatives

### Value creation

#### Employees



- Transparent communication channels
- Flexible working time
- Wellness and safety programs
- Performance reviews
- Employee feedback

- Leadership accountability
- Increased productivity
- High retention rate

#### Business partners and vendors



- Face-to-face meeting
- Conference, events, live shows and workshops
- Communication through phones, emails, and app, among others

- Appreciation
- Brand building
- Strong distribution network
- Increased in market share

#### Customers



- Multiple distribution channels
- Regular engagement through TV ads, social media posts, banners, newspaper articles and websites
- Personal after-sales support and advice: Call, email, SMS and app

- Customer retention
- Brand building
- Increase customer loyalty
- Growing sales volume



## Stakeholders

## Engagement initiatives

## Value creation

### Regulators



- Disclosure of financial statement on time
- Engagement with all the Government bodies
- Resolving all litigations and issues
- Meeting and communication with authorities to discuss the way forward

- Responsible taxpayer
- Smooth operations
- Good corporate governance

### Communities



- Serving the underserved segment
- Tailoring training program
- Blood donation by our employees
- Planting saplings
- Organise camp and motivational programmes for physically-challenged
- Fund contribution and ambulance donation at the emergent time of COVID-19 outbreak

- Economic development
- Contributing to the Swachh Bharat Abhiyan success
- Saved lives
- Women empowerment

### Shareholders

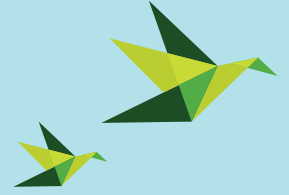


- Annual General Meetings
- Quarterly investor presentations release
- Investor and analyst calls and meets
- Media releases

- Increased faith
- Sound decision making
- Long-term value appreciation

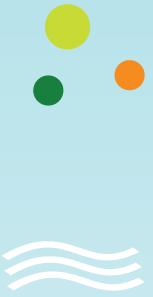
# OUR APPROACH TOWARDS

## Material issues



We are exposed to a variety of risks. However, our continuous engagement with our stakeholders, help us identify the issues that are material in nature. The process is highly dynamic, owing to the ever-changing and fast-paced external environment. The assessment of issues and ensuring the addressal of the same issues is critical to our future business prospects.

The Materiality matrix below highlights the matters that are the most important to the business and its key stakeholders and can potentially affect our ability to create value over the short, medium and long-term perspectives. A constant review of these matters serves as a guide to create a positive impact on each of the stakeholders that we cater and enables us to establish our priorities.



### High importance

People health, safety and well-being

Community development

Compliance to laws and enforcement

Manufacturing plant closure

Transparency in reporting financial and operational numbers

### Average importance

Business partners performance

Diverse workforce

Tracking of raw material prices

Supply chain management

Employee retention

### Low importance

Cyber threat

Liquidity





# OUR RESPONSE:

## Fire incident at Bhiwadi unit

The fire incident at Bhiwadi paint facility, which took place on 27th April, 2019, was unprecedented. Proper insurance coverage, quick management decision and outsourcing of the production helped in overcoming the incident. Even during these tough times, the Management responded to the situation amicably. The Management was transparent in communicating the incident and its response measures to all the stakeholders through different media platforms. The decision taken was proactive and in the best interest of all the stakeholders. The proactiveness resulted in the quick partial restoration of the operations by 50% within a year of the incident.

Post the incident, various questions came to the fore, from our stakeholders regarding...



Question



Answer



### Fatality rate



0

Human casualty



### Cost recovery



₹ 42 Crores

Insurance claim filed for the damaged property



### Production volume



We outsourced our production to bring the operation back to normality. And, to retain the paint quality, we deputed our technical team at the manufacturer's plant.



### Margin and Debt status



0.65, (34.48%) on Y-o-Y basis

Debt to Equity

0.20\*%

Profit margin

\* After exceptional item of ₹ 25.19 Crores



### Paint quality



23,904 Tonnes

Paint outsourced since plant closure



### Re-opening of the plant



Our responsiveness was reflected in the re-opening of our plant post the fire incident within a short period. The partial production of the plant was resumed at the Bhiwadi facility in August 2019 and restoration of the remaining plant is at full swing.

# BUSINESS *Segments*

## STEEL

### 1. Steel Rebars

Includes TMT bars, PAS 10000 and Kamdhenu NXT

#### a) TMT Bars

This high-quality bar is manufactured using the most advanced technology called 'Thermo Mechanical Treatment' - a 4% less weight per meter than the normal TMT bars, making it more economical. The process involves rapid quenching of the hot bars through a series of water jets after they roll out of the last mill stand. The bars are cooled, letting the core and surface temperatures to balance. The bar core cools down slowly to turn into a ferrite-pearlite aggregate.

**Launched: 2017**



#### Features of TMT Steel bars

- Outstanding bending strength
- Resistant to water and fire
- High ductility
- Flexible in nature
- Cost-effective
- Economical

#### Applications

TMT bars are vital construction material sufficing the needs of various applications. Due to its durable and flexible nature, it is easy to work with and used often in high-rise apartments, flyovers, bridges, dams, thermal and hydel power plants, underground platforms in Metro railways and rapid transport systems.





## b) Kamdhenu PAS 10000

We are the first Company to introduce PAS 10000, a state-of-the-art power alloy steel product. It is BIS and international quality standards-compliant product. Usage of alloy in it makes it very distinctive compared to normal mild steel TMT bar. The load-bearing capacity of PAS 10000 is 28% higher as compared to normal steel. This results in 5% more life than normal TMT. It is further supported by the 360-degree locking technology which gives it optimum stability.

### Features

- Superb corrosion-resistant
- Earthquake-proof
- Anti-degradation

### Applications

Places which are more prone to the seismic activity and where the probability of earthquake occurrence is quite high.



## c) Kamdhenu NXT

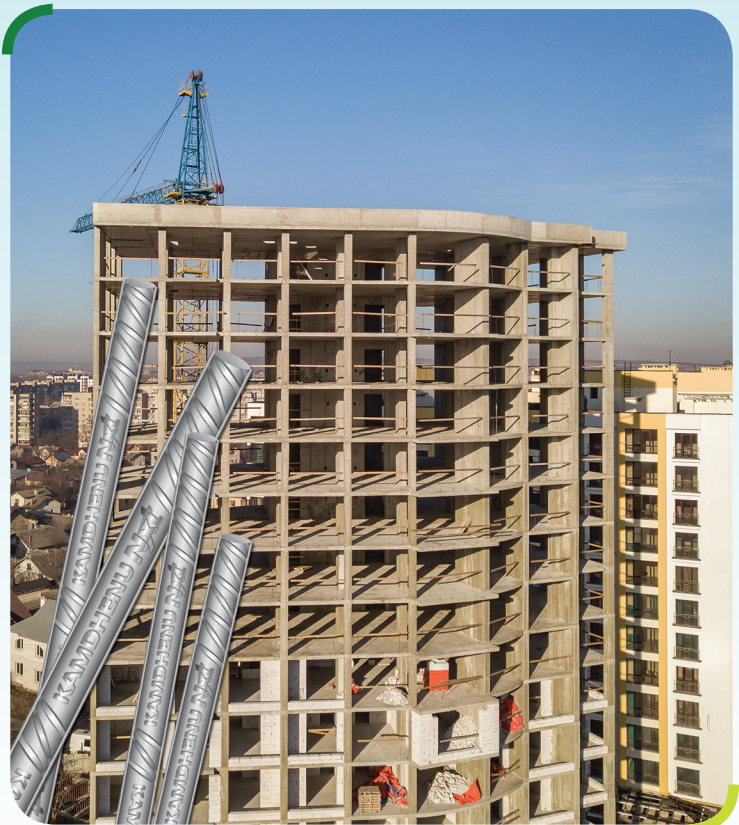
Kamdhenu NXT passes through a stringent process to turn into the best double rib TMT bar of the next generation. The strength of this revolutionary product is cautiously controlled by optimizing the water pressure for their core and surface providing optimum strength, ductility and robustness. The three passing stages in the making of this interlock steel are quenching, tempering and cooling.

### Features of Kamdhenu NXT

- Angular double rib design
- Immaculate strength

### Applications

Places where there is need for concrete reinforcement structures and demands ample bonding between steel and concrete.





## 2. Kamdhenu Structural Steel

Structural steel is made up of 88% cast-off product following certain standards for chemical composition. It is 100% recyclable and can be recreated into anything. Kamdhenu Structural Steel is produced under franchisee agreement for multitude of special contours such as angles, channels, beams, flats, round and square.

Launched: 2017

Production capacity: 5 Lakhs MTPA



### Features of Kamdhenu structural steel

- Sustainable and recyclable
- Economical compared to other building materials
- Better ductile strength, superior elasticity, weldability and firmness for better fabrication
- Easy to join metals together
- Outstanding strength-to-weight ratio and consumes less steel
- Pan-India availability

### Applications

It is used as the supporting individual in smaller as well as bigger structures. These include flyovers, bridges, dams, transmission line towers, underground platforms in Metro railways and other reinforcement structures across the country.



### 3. Colour Coated Profile Sheets

We use raw material which possesses exceptional qualities that help in increasing the durability and endurance of the finished product. Our offerings include high-rib profile sheets, tile profile sheets and corrugated sheets of varied colours.

Launched: 2016

Production capacity: 2.5 Lakhs MTPA



#### Features of Colour Coated Sheets

- Weather-resistant
- Leakage-proof
- Light weight
- Good strength
- Attractive in appearance
- Easy to install
- Excellent durability and adherence

#### Applications

It is broadly used for roofing and cladding at home, factories and warehouse.



# PAINTS

## KAMDHENU DECORATIVE PAINTS: COLOUR DREAMZ

Launched: 2008

Production capacity: 46,000 tonnes p.a.

### OUR OFFERINGS

#### New Products



Kamo Hi-Sheen



Weather Classic Max



Kamo Star Putty



Kamo Star  
Interior Emulsion



Kamo Star Exterior

#### Dual Paint Series



Kamodual Luxury  
Emulsions



Kamodual Premium  
Emulsions



Kamodual  
Gold



Kamolite  
(High Gloss Enamel)



## Emulsions

### Exterior



### Interior



## Primers

### Water-based



### Interior



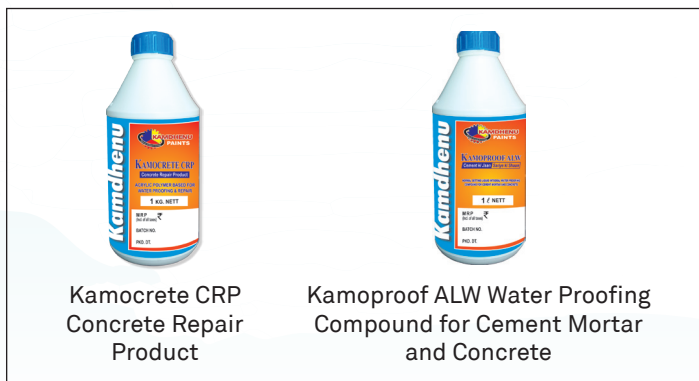
## Distempers



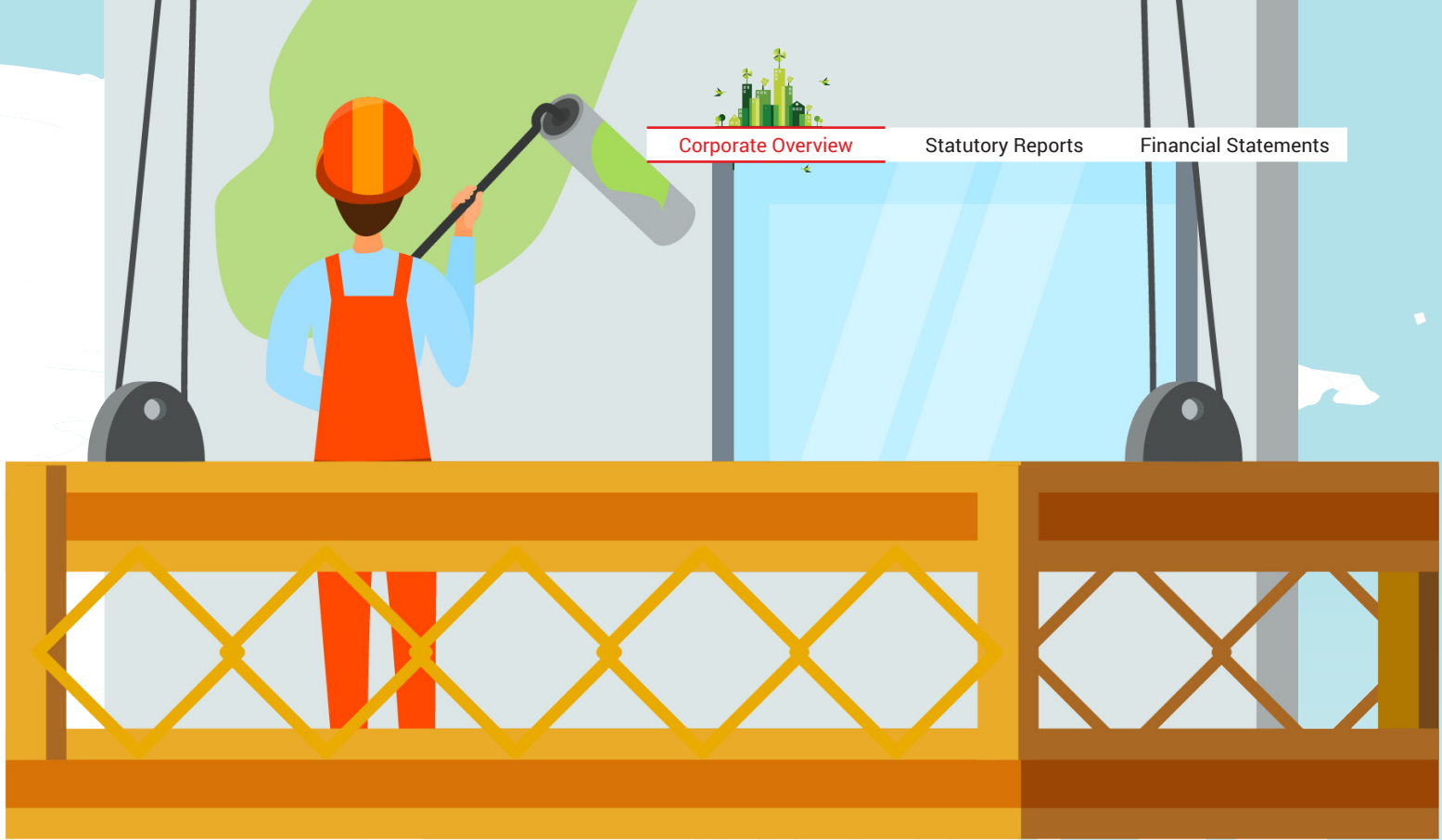
## Stainers, Specialty and Other Coatings



## Construction chemical







## Wall putty



Kamoplast  
Wall Putty

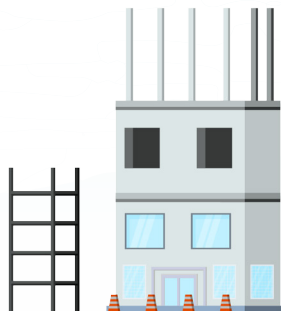
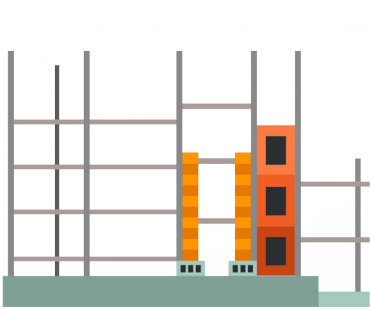


Kamocare  
Wall Putty



## Other products

Kamoshine Luster Aluminum Paints, Kamoshine GP Aluminium Paint, Road Marking Paints, Kamolite Roof Paint, Kamolite Heat Resistant Paint, Kamolite Stoving Paint & Knifing Paste Filler

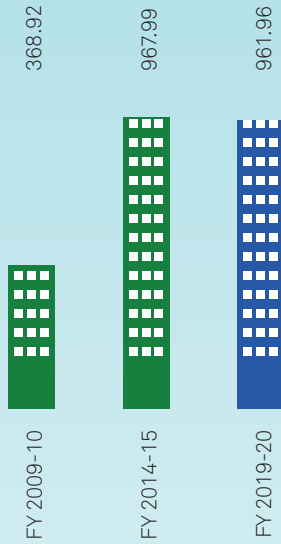


# FINANCIAL *Performance*

(STANDALONE)

## Revenues

(₹ in Crores)



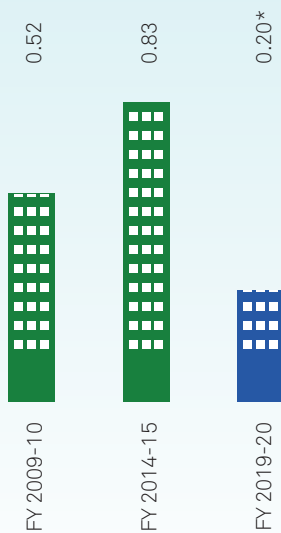
## EBITDA

(₹ in Crores)



## PAT Margin

(%)



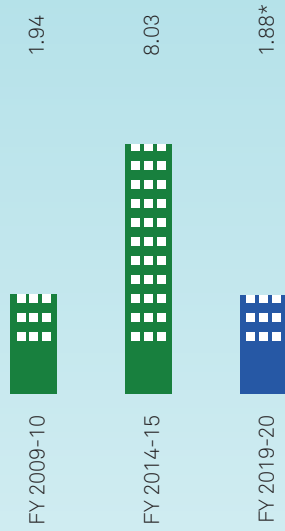
## RoCE

(%)



### PAT

(₹ in Crores)



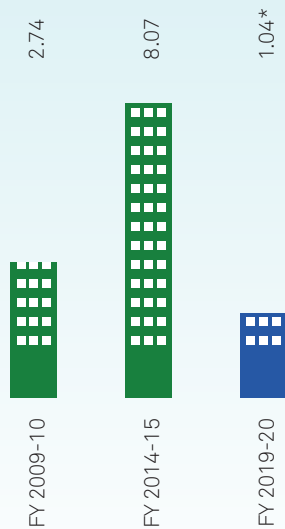
### EBITDA Margin

(%)



### RoE

(%)



\* After exceptional item of ₹ 25.19 Crores

# CORPORATE *Information*

## Board of Directors

**Shri Satish Kumar Agarwal**  
Chairman & Managing Director

**Shri Sunil Kumar Agarwal**  
Whole Time Director

**Shri Saurabh Agarwal**  
Whole Time Director

**Shri Sachin Agarwal**  
Whole Time Director

**Shri Mahendra Kumar Doogar**  
Independent Director

**Shri Ramesh Chand Surana**  
Independent Director

**Shri Ramesh Chandra Jain**  
Independent Director

**Ms Nishal Jain**  
Independent Woman Director

## Chief Financial Officer

**Shri Harish Kumar Agarwal**

## Audit Committee

**Shri Mahendra Kumar Doogar**  
Chairman

**Shri Ramesh Chand Surana**  
Member

**Ms Nishal Jain**  
Member

**Shri Sunil Kumar Agarwal**  
Member

## Stakeholders Relationship Committee

**Shri Mahendra Kumar Doogar**  
Chairman

**Shri Ramesh Chand Surana**  
Member

**Shri Saurabh Agarwal**  
Member

## Nomination & Remuneration Committee

**Shri Mahendra Kumar Doogar**  
Chairman

**Shri Ramesh Chand Surana**  
Member

**Ms Nishal Jain**  
Member

## Corporate Social Responsibility Committee

**Shri Satish Kumar Agarwal**  
Chairman

**Shri Sunil Kumar Agarwal**  
Member

**Shri Mahendra Kumar Dooger**  
Member

## Registered Office

CIN: L27101RJ1994PLC067034  
A-1112 & A-1114, RIICO Industrial  
Area, Phase-III,  
Bhiwadi, Alwar, Rajasthan  
India-301019  
Telephone: +91-01493-666900

## Corporate Office

2nd Floor, Tower-A, Building No. 9, DLF  
Cyber City Phase-III,  
Gurgaon - 122 002 (Haryana) Telephone:  
+91-124-4604500  
Email: kamdhenu@kamdhenulimited.com

## Works

**Steel:** A-1112 & A-1114, RIICO Industrial  
Area, Phase-III, Bhiwadi, Alwar, Rajasthan  
India-301019

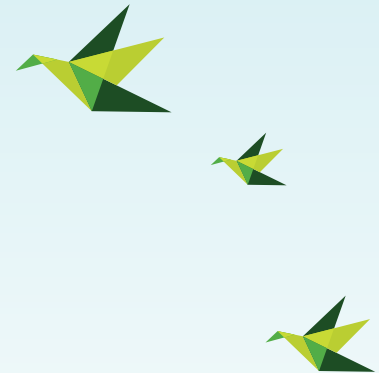
**Paints:** E-538-539A, Industrial Area  
Chopanki, District Alwar-301019  
Rajasthan

## Auditors

B S D & Co.  
Chartered Accountants  
810, 8th Floor, Antariksh Bhawan  
22, Kasturba Gandhi Marg, New Delhi-110001

## Registrar & Transfer Agent

KFin Technologies Private Limited  
(Formerly Karvy Fintech Private Limited)  
Selenium Building, Tower-B,  
Plot No 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally, Hyderabad,  
Rangareddi, Telangana-500032  
India  
Tel: 04067161518, Mob.: 9866515032  
E-mail: mailmanager@kfintech.com,  
suresh.d@kfintech.com  
Website: www.kfintech.com



## DIRECTORS' REPORT

### Dear Member(s),

The Board of Directors of your Company takes pleasure in presenting the 26th (Twenty Sixth) Annual Report on the business and operations of the Company together with the audited Standalone & Consolidated Financial Statements and the Auditor's Report thereon for the financial year ended 31st March, 2020.

The results of operations for the year under review are given below:

### 1. FINANCIAL HIGHLIGHTS OF THE COMPANY

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Revenue from Operations	96,196.45	1,23,239.62	96,196.45	-
Other Income	63.38	37.64	63.38	-
Total Revenue	96,259.83	1,23,277.26	96,259.83	-
Total Expenses	93,785.74	1,19,782.65	93,786.70	-
Profit before Exceptional Items and Tax	2,474.09	3,494.61	2,473.13	-
Total Tax Expenses	(233.10)	1,247.55	(233.10)	-
Profit for the Year	188.25	2,247.06	187.29	-
Total Comprehensive Income for the Year	197.34	2,255.87	196.38	-
Paid up Capital (₹ 10 each fully paid-up)	2,654.33	2,640.00	2,654.33	-
Earnings per Share of face value of ₹ 10 Each				
Basic (In ₹)	0.71	8.98	0.71	-
Diluted (In ₹)	0.70	8.90	0.70	-

### 2. OPERATING RESULTS AND BUSINESS OPERATIONS AND STATE OF AFFAIRS OF THE COMPANY

The Annual Audited Financial Statements for the year have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Necessary disclosures as regards to the key impact areas & other adjustments upon transition to Ind-AS reporting have been made under the Notes to Financial Statements.

Your Company's revenue from operations reached ₹ 96,196.45 Lakhs during the year under review as against ₹ 1,23,239.62 Lakhs during the previous Financial Year (FY), a decline of around 21.94% year on year. The total income declined around 21.91% from ₹ 1,23,277.26 Lakhs in FY 2018-19 to ₹ 96,259.83 Lakhs in FY 2019-20.

The total expenses in FY 2019-20 decreased by around 21.70 % to ₹ 93,785.74 Lakhs as compared to ₹ 1,19,782.65 Lakhs in FY 2018-19, mainly on account of sales volume and consequent expenses.

Profit before Exceptional Items and Tax recorded at ₹ 2,474.09 Lakhs in FY 2019-20 compared to ₹ 3,494.61 Lakhs in FY 2018-19. Profit for the Year recorded at ₹ 188.25 Lakhs in FY 2019-20 compared to ₹ 2,247.06 Lakhs in FY 2018-19. Total Comprehensive Income for the Year recorded at ₹ 197.34 Lakhs in FY 2019-20 compared to 2,255.87 Lakhs in FY 2018-19.

The Basic Earnings per Share (EPS) to reached ₹ 0.71/- as compared to ₹ 8.98/- in the previous financial year.

Followings are the performance parameters of the Consolidated financial statement of the Company which are almost at equal footing with the parameters of the Standalone performance of the Company. As the Consolidated Financial statement is not available for the Financial Year 2018-19, comparative analysis can not be made.

## DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

Particulars	2019-20	2018-19
Revenue from Operations	96,196.45	0
Other Income	63.38	0
Total Revenue	96,259.83	0
Total Expenses	93,786.70	0
Profit before Exceptional Items and Tax	2,473.13	0
Total Tax Expenses	(233.10)	0
Profit for the Year	187.29	0
Total Comprehensive Income for the Year	196.38	0

The Company considers its business segments as the primary segments to monitor the performance of each of its business segments on regular basis and therefore these have been considered as reportable segments under Ind-AS 108 on Segment Reporting. The reportable Segments represent "Steel" and "Paints". The financial numbers given below for each of the business segments are as per Ind-AS.

### SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended 31.03.2020	Year Ended 31.03.2019	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>A. Segment Revenue</b>				
- Steel	73,628.98	96,256.99	73,628.98	0
- Paints	22,567.47	26,982.63	22,567.47	0
<b>Gross Revenue from Operations</b>	<b>96,196.45</b>	<b>1,23,239.62</b>	<b>96,196.45</b>	<b>0</b>
<b>B. Segment Results</b>				
- Steel	2,810.83	5,462.93	2,810.83	0
- Paints	(479.84)	820.04	(479.84)	0
Profit/(Loss) before finance cost, Tax & unallocable items	<b>2,330.99</b>	<b>6,282.98</b>	<b>2,330.99</b>	<b>0</b>
Less: Finance cost	1,190.19	1,150.94	1,190.19	0
Less: Other Unallocable Expenditure net of Income	1,185.65	1,637.43	1,186.60	0
<b>Total Profit/(Loss) before Tax</b>	<b>(44.85)</b>	<b>3,494.61</b>	<b>(45.81)</b>	<b>0</b>
<b>C Segment Assets</b>				
- Steel	22,305.59	21,077.55	22,305.59	0
- Paints	22,845.86	19,911.18	22,845.86	0
- Unallocable	1,253.52	525.37	1,254.24	0
<b>Total Segment Assets</b>	<b>46,404.97</b>	<b>41,514.10</b>	<b>46,405.69</b>	<b>0</b>
<b>D Segment Liabilities</b>				
- Steel	10,257.86	6,676.71	10,257.86	0
- Paints	17,516.50	15,734.86	17,516.50	0
- Unallocable	560.84	988.23	562.50	0
<b>Total Segment Liabilities</b>	<b>28,335.19</b>	<b>23,399.80</b>	<b>28,336.86</b>	<b>0</b>

Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented.



## DIRECTORS' REPORT (Contd.)

### OUTBREAK OF COVID-19 PANDEMIC

Detail Discussion is made in Management Discussion and Analysis which is forming part of this Directors' report.

### 3. DIVIDEND

Your Company has a consistent track record of dividend payment. The Board has remained consistent in adhering the Dividend Policy of the Company. We are pleased to recommend a dividend of ₹ 0.50 per share of ₹ 10/- each fully paid up (being 5% of face value) for the financial year 2019-20. The dividend recommended, if approved and declared by the members, will be paid to members within the period stipulated by the Companies Act, 2013. The total dividend pay-out during the current year is ₹ 134.67 Lakhs as against ₹ 265.43 Lakhs for the previous year.

The Register of Members and Share Transfer Books of the Company shall remain closed from 22nd September, 2020 to 28th September, 2020 (both days inclusive) for the purpose of payment of final dividend for the financial year ended 31st March, 2020 and the Annual General Meeting. The Annual General Meeting is scheduled to be held on 28th September, 2020.

### UNPAID/ UNCLAIMED DIVIDEND

Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013, Final dividend for the financial year 2010-11 amounting to ₹ 1,93,458/- which remained unpaid/ unclaimed for a period of 7 years, from the date it was lying in the unpaid dividend account, has been transferred by the Company to the Investors Education and Protection Fund (IEPF) of the Central Government. The due dates for transfer of unpaid dividend to IEPF for subsequent years is given in the Corporate Governance Report. The list of unpaid dividend declared up to the financial year 2018-19 is available on Company's website [www.kamdhenulimited.com](http://www.kamdhenulimited.com). Shareholders are requested to check the said lists and if any dividend due to them remains unpaid in the said lists, can approach the Company for release of their unpaid dividend.

### 4. TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for the financial year ended 31st March, 2020.

### 5. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THIS REPORT

Your Directors would like to inform that no material changes and commitments have occurred between the end of the financial year under review and the date of this report that may adversely affect the financial position of the Company. As required under section 134(3) of the Act, the Board of Directors informs the members that during the financial year, there have been no material changes.

### 6. SHARE CAPITAL

During the year under review, the Company issued & allotted 1,43,250 equity shares on 2nd May, 2019 at an exercise price of ₹ 50 each in pursuance of Kamdhenu Employees Stock Option Scheme, 2017 under which 72 eligible employees has exercised their options granted under the Scheme. As a result of above allotment, the issued & paid-up equity share capital of the Company increased to & stood, as on 31st March, 2020, at ₹ 26,54,32,500 divided into 2,65,43,250 equity shares of ₹ 10/- each fully paid up.

At present, the Company's shares are listed on BSE Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE) with effect from 9th May, 2006, post its initial public offering (IPO).

### 7. DEPOSITS

During the year under review, your Company has not invited or accepted any Deposits from the public/ members pursuant to the provisions of Sections 73 and 76 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

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

During the year under review, the Company has acquired 100% equity Shares of Kamdhenu Ventures Limited and made it Wholly Owned Subsidiary, the paid up share capital of Kamdhenu Ventures Limited acquired by the Company is ₹ 3,04,000/- divided into 30,400 equity shares of ₹ 10/- each fully paid up. Form no. AOC.1- Statement containing salient features of the financial

## **DIRECTORS' REPORT (Contd.)**

statement of Subsidiaries/associate companies/joint ventures Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 presented in a separate section forming part of this Directors' Report Annexure-VI.

During the year under review, the Company has not made any loans or, guarantee, or provided any security pursuant to the provisions of Section 186 of the Companies Act, 2013 read with Rules made thereunder.

### **9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

As per the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at <https://www.kamdhenulimited.com/code-conduct.php>.

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard. This Policy specifically deals with the review and approval of Material Related Party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

The Company has not entered into any transaction with related party as mentioned in Section 188 of the Companies Act, 2013 during the period under review. Accordingly, there is no transaction which required to be reported in Form AOC-2.

### **10. CORPORATE GOVERNANCE REPORT, MANAGEMENT DISCUSSION & ANALYSIS AND OTHER INFORMATION REQUIRED UNDER THE COMPANIES ACT, 2013 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

#### **CORPORATE GOVERNANCE**

Your Company always places a major thrust on managing its affairs with diligence, transparency, responsibility and accountability thereby upholding the important dictum that an Organisation's corporate governance philosophy is directly linked to high performance. The Company understands and respects its fiduciary role and responsibility towards its stakeholders and society at large and strives to serve their interests, resulting in creation of value for all its stakeholder.

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on "Corporate Governance" with a detailed compliance report on corporate governance and a certificate from M/s. Chandrasekaran Associates, Company Secretaries, Secretarial Auditors of the Company regarding compliance of the conditions of Corporate Governance, forms part of this Annual Report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013. Annexed as Annexure-V to this report.

#### **MANAGEMENT DISCUSSION & ANALYSIS (MDA)**

The Management Discussion & Analysis Report for the year under review as stipulated under Listing Regulations with the Stock Exchanges in India is presented in a separate section forming part of this Directors' Report. Annexed as Annexure-VII to this report.

### **11. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Act, not less than 2/3rd (Two-third) of the total number of Directors (other than Independent Directors) shall be liable to retire by rotation. Accordingly, pursuant to the Companies Act, 2013 read with Article 103 of the Articles of Association of the Company. Mr. Satish





## DIRECTORS' REPORT (Contd.)

Kumar Agarwal (DIN: 00005981) and Mr. Sunil Kumar Agarwal (DIN: 00005973), directors retiring by rotation in the ensuing Annual General Meeting, being eligible, offered themselves for their reappointment. Brief resume, nature of expertise, details of directorships held in other companies of the Directors proposed to be re-appointed, along with their shareholding in the Company, as stipulated under Secretarial Standard 2 and Regulation 36 of the Listing Regulations, is appended as an Annexure to the Notice of the 26th Annual General Meeting.

The Company in its Annual General Meeting held on 30th September, 2019, approved there-appointment and remuneration of Mr. Satish Kumar Agarwal (DIN: 00005981), Chairman & Whole Time Director, Mr. Sunil Kumar Agarwal (DIN: 00005973), Mr. Saurabh Agarwal (DIN: 00005970) and Mr. Sachin Agarwal (DIN: 01188710) as Whole Time Directors of the Company for a period of 3 years with effect from 1st April, 2020 upto 31st March, 2023. Further the Company has designated Mr. Satish Kumar Agarwal as Chairman & Managing Director of the Company and approved the Continuation of his appointment as Chairman & Managing Director even after attaining age of 70 years through postal ballot by special resolution on 18th March, 2020.

Mr. Mahendra Kumar Doogar (DIN: 0031904), Mr. Ramesh Chand Surana (DIN: 00089854), Mrs. Nishal Jain (DIN: 06934656) were appointed as Independent Directors pursuant to Section 149 of the Companies Act 2013 and the Rules framed thereunder and provisions of erstwhile Listing Agreement for their first term of up to 5 consecutive years w.e.f. 1st April, 2014 up till 31st March, 2019. They were re-appointed as Independent Directors on the Board of the Company for their second term in the 25th Annual General Meeting by way of special resolution held on 30th September, 2019 w.e.f. 1st April, 2019 up till 31st March, 2024.

Mr. Ramesh Chandra Jain (DIN: 00038529) has been appointed as additional and independent director with effect from 2nd May, 2019 in the board meeting held on 2nd May, 2019 for a term of two years and his appointment was approved by the members of the Company in the 25th Annual General meeting held on 30th March, 2019 by way of special resolution.

Besides this, there was no change in the composition of the Board of Directors during the year.

All Directors of the Company have also given declarations that they are not debarred from holding the office of Director by virtue of any SEBI order or any other such statutory authority as required under the Circular dated 20th June, 2018 issued by BSE Limited and National Stock Exchange of India Limited.

### 12. COMMITTEES OF BOARD, NUMBER OF MEETINGS OF THE BOARD AND BOARD COMMITTEES

The Board of Directors met four (4) times during the previous financial year. At present the Board of Directors has 8 (Eight) committees, namely,

- Audit Committee.
- Nomination and Remuneration Committee.
- Stakeholders Relationship Committee.
- Corporate Social responsibility Committee.
- Management Committee.
- Borrowing Committee.
- Allotment Committee.
- Share Transfer committee.

All the recommendations made by committees of Board during the year under review were accepted by the Board. A detailed update on the Board, its composition, detailed charter including terms and reference of various Board Committees, number of Board and Committee meetings held during Financial Year 2019-20 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this Annual Report.

### 13. ESTABLISHMENT OF THE VIGIL MECHANISM

The Company has formulated an effective Whistle Blower Mechanism and a policy that lays down the process for raising concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. This policy is further explained under Corporate Governance section, forming part of this Report and the full text of the Policy is available on the website of the Company at [www.kamdhenulimited.com](http://www.kamdhenulimited.com).

## **DIRECTORS' REPORT** (Contd.)

Your Company hereby affirms that no Director/employee have been denied access to the Chairman of the Audit Committee. There no complaints received through the said mechanism which pertain to the nature of complaints sought to be addressed through this platform.

### **14. RISK MANAGEMENT POLICY**

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis.

The Company has an effective risk management procedure, which is governed at the highest level by the Board of Directors, covering the process of identifying, assessing, mitigating, reporting and review of critical risks impacting the achievement of Company's objectives or threaten its existence. Full text of the Policy is available on the website of the Company at [www.kamdhenulimited.com](http://www.kamdhenulimited.com).

### **15. INTERNAL FINANCIAL CONTROLS**

Your Company has put in place adequate internal financial controls with reference to the financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

The Company has also put in place adequate systems of Internal Control to ensure compliance with policies and procedures which is commensurate with size, scale and complexity of its operations. The Company has appointed an external professional firm as Internal Auditor. The Internal Audit of the Company is regularly carried out to review the internal control systems and processes. The internal Audit Reports along with implementation and recommendations contained therein are periodically reviewed by Audit Committee of the Board.

### **16. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS**

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

### **17. EXTRACT OF ANNUAL RETURN**

As required by Section 92(3) read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Extract of Annual Return in Form MGT-9 is furnished in Annexure III to this Report. Copy of the Annual Return will be placed on the website of the Company at [www.kamdhenulimited.com](http://www.kamdhenulimited.com).

### **18. DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from Independent Non-Executive Directors of the Company under Section 149(7) of the Companies Act, 2013, that he/she continue to meet with the criteria of independence and are Independent of Management as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) & 25(8) and the other relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, there has been no change in the circumstances which may affect their status as Independent Director during the year. The Independent Directors have also confirmed that they have complied with the Company's code of conduct.

In the opinion of Board, all Independent Directors of the Company fulfills the criteria with regards to integrity, expertise and experience (including the proficiency) of the independent directors as defined under Companies Act, 2013 and rules made thereunder.

### **19. FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

In compliance with the requirements of the Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibility as Directors, the working of the Company,



## DIRECTORS' REPORT (Contd.)

nature of the industry in which the Company operates, business model etc. A note on the familiarization programme adopted by the Company for orientation and training of the Directors and the Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations is provided in the Report on Corporate Governance, which forms part of this Annual Report. The same is also available on the website of the Company at [www.kamdhenulimited.com](http://www.kamdhenulimited.com).

### 20. PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

Listing Regulations laying down the key functions of the Board, mandates that the Board shall monitor and review the Board Evaluation Process and also stipulates that the Nomination and Remuneration Committee of the Company shall lay down the evaluation criteria for performance evaluation of Independent Directors. Section 178 of the Companies Act, 2013 states that a formal evaluation of Board, its committees and individual directors needs to be carried out either by board, by Nomination and Remuneration Committee or by independent external Agency. Further, Schedule IV to the Companies Act, 2013 and Listing Regulations states that performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

In accordance with the aforesaid provisions, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

The performance evaluation of the Board, its Committees and individual Directors was conducted and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation.

Directors, who were designated, held separate discussions with each of the Directors of the Company and obtained their feedback on overall Board effectiveness as well as each of the other Directors.

Based on the questionnaire and feedback, the performance of every director was evaluated in the meeting of the Nomination and Remuneration

Committee (NRC). The meeting of NRC also reviewed performance of Managing Director on goals (quantitative and qualitative) set at the beginning of the year.

Some of the performance indicators based on which the evaluation of the Board as whole takes place are attendance in the meetings and quality of preparation/participation, ability to provide leadership, work as team player etc. In addition to the above, few criteria for evaluation of independent directors includes commitment to protecting/enhancing interests of all the shareholders, contribution in implementation of best governance practices in the Company apart from others. Performance criteria for Whole-time Directors includes contribution to the growth of the Company, new ideas /planning, implementation and compliances with all the policies of the Company.

### 21. STATUTORY AUDITORS', SECRETARIAL AUDITORS' AND COST AUDITORS' REPORT

#### STATUTORY AUDITORS & THEIR REPORT

M/s B S D & Co, Chartered Accountants, (ICAI Firm Registration No. 000312S) were appointed as Statutory Auditors of your Company pursuant to your approval at the Annual General Meeting held on 29th September, 2017 for a term of five consecutive years i.e. upto conclusion of Annual General Meeting to be held in year 2022.

The Board has duly examined the Statutory Auditors' Report to the accounts for the Financial Year 2019-20, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report. No fraud has been reported under Section 143(12) of the Act by the Auditors of the Company.

Followings are the qualifications in the Audit Report which need explanation by the management of the Company and are as under:

- i. The Company has recognised income on account of Insurance claim receivable amounting to ₹ 4,203.58 Lakhs against loss of inventory, property plant & equipment due to the fire at paint factory of the Company on the midnight of 27th & 28th April, 2019, which is pending for approval by

## **DIRECTORS' REPORT (Contd.)**

the insurance Company. The recognition of income on account of insurance claim recoverable, when there is no certainty that the ultimate collection will be made, is not in accordance with Indian Accounting Standard and accounting principles generally accepted in India.

The process of assessment of claim settlement is still underway and has not been approved till the date of approval of financial statement. The Company based on valid and subsisting insurance policies as also on the basis of various discussions with loss surveyor and also with insurance company have re-assessed the expected settlement amount of ₹ 4,203.58 Lakhs. In respect of account of Insurance claim recoverable, the management of company is of view that all the due diligence by insurance company / surveyors have been done, however claim has not yet approved. The Company is certain of ultimate collection subsequent to date of approval of financial statement, accordingly accounted for such income.

The Company has recognised the income on account of insurance claim recoverable because of the conviction and involvement in the settlement of claim process and the management is assured to settle the claim amount in favour of the Company and because, facts and process in the claim settlement procedure are in favour of the Company and very much away from doubts and suspicion.

- ii. As per accounting policy of the Company, Equity settled share based payments to employees are measured at fair value at grant date and such fair value determined are expensed over vesting period. During the year ended 31st March, 2020, 403500 Equity Shares were vested to employees (net of lapses) in pursuance of Amended Employees Stock Option Scheme 2017 approved by shareholders through Postal ballot on 18th March, 2020 but fair value on such date of approval of ₹ 43.78 was taken to expense the share based payment instead of fair value at grant date.

In respect of accounting of employees stock option scheme 2017, in view of high volatility in stock market price from Grant date to vesting date from ₹ 256 to ₹ 54, the Company applied fair value on date of approved

amended ESOP Scheme to expense share based payment.

This treatment is very much logical taking into consideration the market value, dead break of economic condition due to emergent situation, ultimate benefits transferred to eligible employees and treatment for taxation purpose.

### **SECRETARIAL AUDITORS AND THEIR REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s Chandrasekaran Associates, Company Secretaries as the Secretarial Auditors of the Company to undertake its Secretarial Audit for the financial year ended 31st March, 2020. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws. The Report does not contain any qualification, reservation, disclaimer or adverse remark. The Secretarial Audit Report is annexed as Annexure-IV to this report.

### **COST AUDITORS AND THEIR REPORT**

As per section 134(3) read with rule 8(5), the maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained in respect of its Steel business.

The Company has received the consent and eligibility certificate that the appointment if made shall be in accordance with the provision of Section 148 of the Companies Act, 2013. Accordingly, the Board, on the recommendation of the Audit Committee has approved the appointment of M/s K. G. Goel & Associates, Cost Accountants, as Cost Auditors for the financial year ending 31st March, 2021. The Cost Auditors will submit their report for the financial year ending 31st March, 2020 on or before the due date.

The Board has duly examined the Cost Auditors' Report for the Financial Year 2019-20, which is self-explanatory. Clarifications, wherever necessary, have been included in the report. The Report does not contain any qualification, reservation, disclaimer or



## DIRECTORS' REPORT (Contd.)

adverse remark.

Since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for ratification by the shareholders at the ensuing Annual General Meeting.

### INTERNAL AUDITORS

M/s DMRN & Associates, Chartered Accountants, (FRN:008100N) performed the duties of internal auditors of the Company for the financial year 2019-20 and their report is reviewed by the audit committee on quarterly basis.

### 22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

For your Company, Corporate Social Responsibility (CSR) means the integration of social, environmental and economic concerns in its business operations. CSR involves operating Company's business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has on businesses. In alignment with this vision, the Company, through its CSR initiatives, will continue to enhance value creation in the society through its services, conduct & initiatives, so as to promote sustained growth and welfare for the society.

Pursuant to the Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility (CSR) Committee of the Board of Directors. The composition and terms of reference of the CSR Committee is provided in the Report on Corporate Governance, which forms part of this Report. The CSR Policy as recommended by the CSR Committee and approved by the Board of Directors in pursuance of the provisions of Companies Act, 2013 is uploaded on website <https://www.kamdhenulimited.com>. The CSR Committee of the Company helps the Company to frame, monitor and execute the CSR activities of the Company. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company. The CSR Policy of your Company outlines the Company's philosophy & the mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large as part of its duties as a responsible corporate citizen.

Employees of the Company had contributed one day salary and dealers, distributors, franchisee units had also contributed certain amounts in this regard on appeal of the Company for the cause of fighting COVID-19 pandemic and the collected amount transferred to the PM CARES FUND through its social wing KAMDHENU JEEVANDHARA FOUNDATION. The Company also engaged in other supportive measures i.e distributing food packets, masks, sanitiser etc to help the needy in the fight against this Pandemic

The Company was required to spent ₹ 49,31,909.22/- during the Financial Year 2019-20 towards CSR. The Company has spent ₹ 4,82,942/- only during the year under review. The Company has not spent the remaining amount since the Company is in process of finding suitable CSR project which will be most beneficial for the public at large.

Further the Annual Report on CSR activities in pursuance of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, describing inter-alia the initiatives taken by the Company in implementation of its CSR Policy is enclosed as Annexure-II and forms part of this Report.

### 23. COMPLIANCE WITH THE SECRETARIAL STANDARDS

The Companies Act, 2013 has made it compulsory for every company to comply the two secretarial standards (SS) issued by the Institute of Company Secretaries of India (ICSI) under the provisions of Section 118(10) of the Companies Act, 2013 with respect to Board meetings (SS-1) and General meetings (SS-2). The Company has complied with provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) during the year under review.

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

The particulars as prescribed in terms of Section 134 of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo, to the extent possible in opinion of your directors, and forming part of this Report is given in Annexure-I to this Report.



## **DIRECTORS' REPORT (Contd.)**

### **25. GREEN INITIATIVE**

The Company has implemented the "Green Initiative" to enable electronic delivery of notice/documents/annual reports to shareholders. Electronic copies of the Annual Report 2019-20 and Notice of the 26th Annual General Meeting will be sent to all members through email, whose e-mail addresses are registered with the Company/Depository Participant(s). For members, who have not registered their e-mail addresses, physical copies of the Annual Report 2019-20 and the Notice of the 26th Annual General Meeting will be sent in permitted mode. Members requiring a physical copy may send a request to the Company Secretary. The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 read with relevant rules thereon. The instructions for remote e-voting and e-voting are provided in the Notice of the AGM. Same practices regarding sending Notice of Postal Ballot and e-voting were followed by the Company in conducting the Postal Ballot process on 18th March, 2020.

### **26. HUMAN RESOURCES MANAGEMENT**

Human resources management of the Company goes beyond the set boundaries of compensation, performance reviews and development. Your Company considers people as its biggest assets and 'Believing in People' is at the heart of its human resource strategy. Your Company has put concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. During the year, the focus of your Company was to ensure that young talent is nurtured and mentored consistently, that rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow. Your Company has established an organisation structure that is agile and focused on delivering business results. With regular communication and sustained efforts, it is ensuring that employees are aligned on common objectives and have the right information on business evolution. Your Company strongly believes in fostering

a culture of trust and mutual respect in all its employees and seeks to ensure that Company's values and principles are understood by all and are the reference point in all people matters.

The Company has continuously adopted structures that help to attract best external talent and promote internal talent to higher roles and responsibilities. The Company providing an open work environment fostering continuous improvement and development that helped several employees realize their career aspirations during the year.

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of employees have enabled the Company to remain at the leadership position in the industry. It has taken various steps to improve productivity across organisation.

The Company's Health and Safety Policy commits to provide a healthy and safe work environment to all employees. The Company's progressive workforce policies and benefits, various employee engagement and welfare have addressed stress management, promoted work life balance. In this direction implementation of Kamdhenu Employee Stock Option Scheme 2017 is a remarkable step to reward dedicated work force and retain the talents in the Company for sustainable growth and excellence.

### **27. KAMDHENU EMPLOYEE STOCK OPTION SCHEME 2017**

Our ESOP schemes help us share wealth with our employees and are part of a retention-oriented compensation program. They help us meet the dual objective of motivating key employees and retention while aligning their long-term career goals with that of the Company.

During the financial year 2017-18, the Company has implemented the Kamdhenu Employee Stock Option Scheme 2017 and granted 6,15,000 Options to eligible employees as per the scheme against which the employees shall be allotted equal number of equity shares in next 4 years. In furtherance the Company has allotted 1,43,250 equity shares at first trench on completion of 1 year after granting options on exercising of options vested by the employees and

## DIRECTORS' REPORT (Contd.)

allotted shares in the board meeting held on 2nd May, 2019 at a pre-determined exercising price of ₹ 50/- per option. Details of the implemented Kamdhenu Employee Stock Option Scheme 2017 are as follows.

Name of Scheme: Kamdhenu Employee Stock Option Scheme 2017						
No of Options granted	Date of grant of options	Date of Vesting of options	No of Options vested (25% of the Completion of 1 year after grant date)	No of Options exercised	Date of allotment of shares on exercise of Options	Amount realised/ Consideration received in ₹ (no of options*50)
615000	29th January, 2018	29th January, 2019	153750	143250	2nd May, 2019	7162500

### AMENDMENT IN KAMDHENU EMPLOYEE STOCK OPTION SCHEME 2017.

"Kamdhenu Employees Stock Option Scheme – 2017" was amended by the Company in the board meeting held on 31st January, 2020 and consented by the members by passing special resolution through postal ballot on 18th March, 2020 to vest remaining 75% options which remained unvested as of now and transfer the entire benefit of the "Kamdhenu Employees Stock Option Scheme – 2017" to all the option grantees including those employees who are to be transferred to the new Company after the Scheme of Arrangement take effect and Complete and exhaust the exercise process of 100% of the options granted under "Kamdhenu Employees Stock Option Scheme – 2017" before the implementation of the Scheme of Arrangement and hence to close the existing "Kamdhenu Employees Stock Option Scheme – 2017" in total. This is being done with a motive to create a motivational organisation climate, creating confidence among employees, building corporate image and simplifying the implementation of the Scheme of Arrangement, ultimately for better achievement of corporate goal of overall maximisation of wealth of Shareholders of the Company and other stakeholders as well.

### SCHEME OF ARRANGEMENT

Board of directors has given in principle approval for the demerger of paints business of the Company in their meeting held on 13th November, 2018. Thereafter for the purpose, following experts were appointed to carry out their part in the implementation of this assignment. M/s Rajeev Goel & Associates, Advocates and Solicitors, Delhi appointed as the consultant and expert for the Scheme of arrangement represented by Mr. Rajeev Goel and Mr. Praveen Bharti, CA Sandeep

Kumar Agarwal appointed as the Registered Valuer for purpose of to carry out the valuation exercise and to recommend the share swap ratio for the proposed Scheme. Ernst & Young, Professional Services Firm has been hired to provide expert opinion on various issues, particularly financial and tax related issues. M/s Turnaround Corporate Advisors Private Limited, a Category I Merchant Banker registered with SEBI, have been appointed to provide a fairness opinion on share exchange ratio recommended by Registered Valuer in respect of Securities or Financial Assets. The Statutory Auditors BSD & Co, Secretarial Auditors M/s Chandrasekaran Associates Cost Auditors M/s K. G. Goel & Associates, Internal Auditors M/s DMRN & Associates were there to carry out their part in the Scheme.

A team under leadership of Mr. Harish Kumar Agarwal, CFO of the Company with other functional heads, experts and consultants as above has drafted the Scheme of Arrangement of Kamdhenu Concast Ltd, Kamdhenu Overseas Ltd, Kamdhenu Paint Industries Ltd, Kamdhenu Infradevelopers Ltd, Kamdhenu Nutrients Pvt Ltd, Kay2 Steel Ltd and Tiptop Promoters Pvt Ltd, Kamdhenu Ltd, Kamdhenu Ventures Ltd and Kamdhenu Colour and Coatings Ltd which be in two parts. First, Amalgamation of Kamdhenu Concast Ltd, Kamdhenu Overseas Ltd, Kamdhenu Paint Industries Ltd, Kamdhenu Infradevelopers Ltd, Kamdhenu Nutrients Pvt Ltd, Kay2 Steel Ltd and Tiptop Promoters Pvt Ltd with Kamdhenu Ltd and Second De-merger of Paint Business of Kamdhenu Ltd into Kamdhenu Colour and Coatings Ltd, Issue of shares by Kamdhenu Ventures Ltd to the Shareholders of



## **DIRECTORS' REPORT (Contd.)**

Kamdhenu Ltd in consideration of the said Demerger; and Re-organisation of pre-Scheme Share Capital of Kamdhenu Ventures Ltd. For this purpose Kamdhenu Ltd made Kamdhenu Ventures Ltd as its Wholly Owned Subsidiary and Kamdhenu Colour and Coatings Ltd as its step down Wholly Owned Subsidiary as Kamdhenu Colour and Coatings Ltd became Wholly Owned Subsidiary of Kamdhenu Ventures Ltd.

The Scheme of Arrangement with Valuation Report, Fairness Opinion and other certificates and reports has been approved by the Board of Directors in their meeting held on 31st January, 2020 and application for obtaining NOC letter filed with BSE Ltd and National Stock Exchanges of India Ltd where BSE Ltd is made Designated Stock Exchange. Application for the same also made to SEBI through BSE Ltd (Designated Stock Exchange). At present the Company is in process to proceed further to implement the Scheme of Arrangement. The Scheme of Arrangement with all reports and certificates, documents etc. is available in the website of the Company.

### **SHIFTING OF REGISTERED OFFICE**

Registered office of the Company has been shifted from Mahipalpur, NCT of Delhi to Bhiwadi, State of Rajasthan to exercise better administrative and economic control, saving of overheads and other costs and enable the Company to rationalise and streamline its operations as well as the management of affairs which involve shifting of registered office from one state to another state. This shifting took effect from 18th November, 2019. Thereafter the Company felt it appropriate to shift the registered office from its Steel factory premises at Bhiwadi, Rajasthan to Corporate office at Gurgaon, Haryana for operational convenience as the top management staffs and Secretarial department operates from corporate office. This shifting of registered office from Bhiwadi to Gurugram involve shifting of registered office from one state to another and was approved by the members by way of special resolution through postal ballot on 18th March, 2020. The Company is in process to proceed further to give effect to the shifting as above after approval from Central Government. At present the registered office is

located at A-1112 & 1114, RIICO Industrial Area, Phase-III, Bhiwadi, Alwar, Rajasthan-301019.

### **28. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

At Kamdhenu, all employees are of equal value. There is no discrimination between individuals at any point on the basis of race, colour, gender, religion, political opinion, national extraction, social origin, sexual orientation or age. At Kamdhenu, every individual is expected to treat his/her colleagues with respect and dignity. The Whistle-Blower & Protection Policy provides a platform to all employees for reporting unethical business practices at workplace without the fear of reprisal and help in eliminating any kind of misconduct in the system. The Policy also includes misconduct with respect to discrimination or sexual harassment. The Company also has in place 'Prevention of Sexual Harassment Policy'. This Anti-Sexual Harassment Policy of the Company is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees are covered under this policy.

The Company has complied with the provision relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the FY 2019-20, the Company has received no complaint on sexual harassment under The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. At present there is one complaint on sexual harassment under The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and is under inquiry and investigation i.e pending for resolution which received during FY 2018-19.

### **29. CHANGE IN NATURE OF BUSINESS**

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



## DIRECTORS' REPORT (Contd.)

### 30. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE COMPANY'S SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the year under review, Kamdhenu Ventures Limited has become Wholly Owned Subsidiary of Kamdhenu Limited for the purpose of giving effect to the Scheme of Arrangement of Kamdhenu Concast Ltd, Kamdhenu Overseas Ltd, Kamdhenu Paint Industries Ltd, Kamdhenu Infradevelopers Ltd, Kamdhenu Nutrients Pvt Ltd, Kay2 Steel Ltd, Tiptop Promoters Pvt Ltd, Kamdhenu Ltd, Kamdhenu Ventures Ltd and Kamdhenu Colour and Coatings Ltd. Kamdhenu Colour and Coatings Limited has become Wholly Owned Subsidiary of Kamdhenu Ventures Limited i.e. Kamdhenu Colour and Coatings Limited has become step down Wholly Owned Subsidiary of Kamdhenu Limited for the same purpose. Further during the year under review, there is no such Company which has become or ceased to be Company's joint venture or associate Company.

### 31. DOCUMENTS PLACED ON THE WEBSITE ([www.kamdhenulimited.com](http://www.kamdhenulimited.com))

The following documents have been placed on the website at [www.kamdhenulimited.com](http://www.kamdhenulimited.com) in compliance with the Companies Act, 2013, Listing Regulations and other statutory requirements:

- DETAILS OF UNPAID DIVIDEND AS PER IEPF (UPLOADING OF INFORMATION REGARDING UNPAID AND UNCLAIMED AMOUNTS LYING WITH COMPANIES) RULES, 2012
- FINANCIAL STATEMENTS OF THE COMPANY ALONG WITH RELEVANT DOCUMENTS AS PER SECTION 136(1) OF THE COMPANIES ACT, 2013
- CODE OF CONDUCT AND WORK PLACE ETHICS
- CODE OF CONDUCT FOR BOARD MEMBERS & SENIOR MANAGEMENT PERSONNEL
- CODE OF PRACTICES & PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION
- CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT, TRADING BY INSIDERS
- RISK MANAGEMENT POLICY & PROCEDURES

- NOMINATION AND REMUNERATION POLICY
- POLICY ON RELATED PARTY TRANSACTIONS
- WHISTLE BLOWER POLICY & VIGIL MECHANISM
- POLICY ON SEXUAL HARASSMENT OF EMPLOYEES
- CORPORATE SOCIAL RESPONSIBILITY POLICY
- BOARD DIVERSITY POLICY
- FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS
- ARCHIVAL POLICY
- POLICY ON PRESERVATION OF DOCUMENTS
- POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS AND INFORMATION
- THE TERMS AND CONDITIONS OF APPOINTMENT OF THE INDEPENDENT DIRECTORS OF THE COMPANY
- APPOINTMENT LETTER OF INDEPENDENT DIRECTORS
- SCHEME OF ARRANGEMENT

### 32. COMPANY'S POLICY OF DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act are available on the website of the Company under the heading investor zone at [www.kamdhenulimited.com](http://www.kamdhenulimited.com). Further, information about elements of remuneration package of individual directors is provided in the Extract of Annual Return in Form MGT-9 enclosed as Annexure-III to this Report.

We affirm that remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

The Nomination and Remuneration Policy as approved and adopted by Nomination and Remuneration committee and the Board of Directors of the Company, enumerating the criteria laid down for appointment, evaluation and remuneration of Directors and Key Managerial Personnel, determining qualifications, positive attributes and independence of Directors and/or Key Managerial Personnel, is available on the website

## DIRECTORS' REPORT (Contd.)

of Company at <https://www.kamdhenulimited.com/Financial-Results/Nomination-Remuneration-Policy.pdf>.

### 33. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Code of Conduct for the Board Members and Senior Management Personnel of the Company so that the Company's business is conducted in an efficient and transparent manner without having any conflict of personal interests with the interests of the Company. All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Board members and Senior Management Personnel and the code of conduct is available at the website of Company [www.kamdhenulimited.com](http://www.kamdhenulimited.com).

#### DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR

It is hereby declared that the Company has obtained from each individual member of the Board of Directors

and the Senior Management confirming that none of them has violated the conditions of the Code of Conduct for the Board members and Senior Management Personnel.

### 34. RELATIONSHIP BETWEEN DIRECTORS INTER-SE

The Chairman & Managing Director and Whole Time Directors of the Company are related to each other within the meaning of the term "relative" as per Section 2(77) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015. Independent Directors are not related to each other within the meaning of the term "relative" as per Section 2(77) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015. Details are given in Corporate Governance Report forming part of this report.

### 35. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

### 36. PARTICULARS OF EMPLOYEES

#### THE INFORMATION REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 AND THE RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 IN RESPECT OF EMPLOYEES OF THE COMPANY.

- a. Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ended 31st March, 2020.

(₹ in Lakhs)

Sr. No.	Name of Director	Designation	Remuneration of Director/KMP for FY 2019-20	Ratio of Remuneration of each Director/ to median remuneration of employees
1.	Mr. Satish Kumar Agarwal	Chairman & Managing Director	150.79	41.89
2.	Mr. Sunil Kumar Agarwal	Whole Time Director	147.79	41.05
3.	Mr. Saurabh Agarwal	Whole Time Director	144.79	40.22
4.	Mr. Sachin Agarwal	Whole Time Director	144.79	40.22
5.	Mr. Mahendra Kumar Doogar	Independent Director	3.65	1.01
6.	Mr. Ramesh Chand Surana	Independent Director	3.50	0.97
7.	Mrs. Nishal Jain	Independent Director	2.80	0.78
8.	Mr. Ramesh Chandra Jain	Independent Director	1.20	0.33

\*Median Salary (Annual) of employees for the Financial Year 2019-20 is ₹ 3,60,192/-.

## DIRECTORS' REPORT (Contd.)

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year ended 31st March, 2020.

Sr. No.	Name of Director/ KMP	Designation	% Increase in remuneration
1.	Mr. Satish Kumar Agarwal	Chairman & Managing Director	0.00
2.	Mr. Sunil Kumar Agarwal	Whole Time Director	0.00
3.	Mr. Saurabh Agarwal	Whole Time Director	0.00
4.	Mr. Sachin Agarwal	Whole Time Director	0.00
5.	Mr. Mahendra Kumar Doogar	Independent Director	-1.35
6.	Mr. Ramesh Chand Surana	Independent Director	34.62
7.	Mrs. Nishal Jain	Independent Director	33.33
8.	Mr. Ramesh Chandra Jain	Independent Director	NA
9.	Mr. Harish Kumar Agarwal	Chief Financial Officer	65.13
10.	Mr. Jogeswar Mohanty	Company Secretary	36.55

- c. The percentage increase in the median remuneration of employees in the financial year ended 31st March, 2020 is 1.52 %.
- d. The number of permanent employees on the rolls of company as on 31st March, 2020 are 854.
- e. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
The average increase in salaries of employees other than managerial personnel in F.Y 2019-20 was (0.93)%. Percentage increase in the managerial remuneration for the year was (0.11) %.
- f. Affirmation that the remuneration is as per the remuneration policy of the Company.

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavors to attract, retain, develop and motivate a high performance staff. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the Remuneration Policy of the Company.

Particulars of Employees pursuant to the provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## DIRECTORS' REPORT (Contd.)

S. No	Name	Age (Years)	Designation	Annual Remuneration (₹ Lakhs)	Qualification	Experience (Years)	Date of commencement of Employment	Last Employment held/ Designation/ Period	Nature of employment whether contractual or otherwise	Percentage of equity shares held in the Company	Whether the employee is relative of any director or manager of the company and if yes, name of such director or manager
1.	Mr. Satish Kumar Agarwal	70	Chairman & Managing Director	150.79	B.E. (Mechanical)	48 Years	12.09.1994	Vikas Refractories Pvt. Ltd., Managing Director, 12 Years	As per appointment letter/Board resolution	4.83	1. Father of Mr. Saurabh Agarwal & Mr. Sachin Agarwal 2. Brother of Mr. Sunil Kumar Agarwal
2.	Mr. Sunil Kumar Agarwal	62	Whole Time Director	147.79	B.E. (Chemical)	34 Years	01.01.2003	Family Business	As per appointment letter/Board resolution	5.82	Brother of Mr. Satish Kumar Agarwal
3.	Mr. Saurabh Agarwal	45	Whole Time Director	144.79	B.E. (Mechanical)	20 Years	01.08.1998	NA	As per appointment letter/Board resolution	3.11	1. Son of Mr. Satish Kumar Agarwal 2. Brother of Mr. Sachin Agarwal
4.	Mr. Sachin Agarwal	41	Whole Time Director	144.79	B.Tech. (Industrial Engineering & Management), MBA	16 Years	01.04.2004	NA	As per appointment letter/Board resolution	3.48	1. Son of Mr. Satish Kumar Agarwal 2. Brother of Mr. Saurabh Agarwal
5.	Mr. Raj Kumar Srivastava	50	National Head - MKT	71.63	B. Com - 1989	26 Years	01.09.2007	16 Years experience in Acro Paints as Factory Manager.	Permanent	0.024	NO
6.	Mr. Harish Kumar Agarwal	52	CFO & Head-Legal	55.87	B.Com,C.A-1993	28 Years	01.07.2006	Worked with Penam Laboratories Limited as GM-Finance for 8 Years.	Permanent	0.072	NO
7.	Mrs. Vipil Agarwal	50	GM - Business Development	30.89	M.A., B.Ed.	16 Years	01.08.2006	Freelancer	Permanent	0.024	NO
8.	Ms. Somya Agarwal	27	G.M. – Business Development	28.65	PGPM - Finance	2 Years	03.08.2018	N.A	Permanent	0.54	NO
9.	Mrs. Nisha Adlakhia	35	Global Business Head	25.23	M.B.A (Finance & Marketing)	12 Years	16.03.2018	Country Manager (Sales & Operation) Graphenstone, Spain	Permanent	0	NO
10.	Ms. Mridula Srivastava	49	Sr. Mgr. – Business Development	21.05	M.A.	2 Years	05.01.2018	N.A	Permanent	0	NO

## DIRECTORS' REPORT (Contd.)

Employed throughout the year and in receipt of remuneration not less than ₹ 102 Lakhs	NIL
Employed for part of the year and in receipt of remuneration not less than ₹ 8.50 Lakhs per month.	NIL
Employees in the Company who employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	NIL

### 37. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis;
- The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 38. APPRECIATION

Your Company's organisational culture upholds professionalism, integrity and continuous improvement across all functions, as well as efficient utilisation of the Company's resources for sustainable and profitable growth.

Your Directors acknowledge with gratitude and wishes to place on record its appreciation for the dedication and commitment of your Company's employees at all levels which has continued to be our major strength.

The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leaders.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, stockists, dealers, business partners, franchisee units and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

The Directors also take this opportunity to thank the shareholders, investors, customers, visitors to our websites, bankers, Government and Regulatory Authorities, Stock Exchanges and other stakeholders for their confidence in the Company and its management and look forward for their continuous support.

**BY ORDER OF THE BOARD OF DIRECTORS OF KAMDHENU LIMITED**

**(Satish Kumar Agarwal)**  
Chairman & Managing Director  
DIN: 00005981

**(Sunil Kumar Agarwal)**  
Whole Time Director  
DIN: 00005973

Date: 29th June, 2020  
Place: Gurgaon

## ANNEXURE-I

### PARTICULARS AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

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

In terms of Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts) Rules, 2014, your directors furnished the following information:

##### (a) Conservation of energy

(i)	the steps taken or impact on conservation of energy	The operations of the Company, being manufacturing, require extensive consumption of electricity. The Company ensures that all possible measures are taken to conserve energy including identification of potential areas of saving energy, installation of energy efficient equipments.
(ii)	the steps taken by the Company for utilising alternate sources of energy	NIL
(iii)	the capital investment on energy conservation equipments	NIL

##### (b) Technology absorption

(i)	the efforts made towards technology absorption	<p>The Company had launched Kamdhenu SS10000 TMT bar in 2013. Kamdhenu SS10000 is the only product in its class featuring double ribs, double strength and double safety. It gives 254% more strength to the bonding of concrete and steel and it also has the capacity to create performance of concrete upto 10,000 Psi with right mixture of concrete. The technology for manufacturing of Kamdhenu SS10000 TMT bar had been developed with the technical know-how from U.K.</p> <p>The Company had also launched Kamdhenu Nxt – the Next Generation Interlock Steel in April, 2017. Kamdhenu Nxt has got the angular double rib design whose CNC notch cutting machine ensure uniform rib pattern which allows uniform bonding with concrete for the whole structure. Due to uniformity and critically designed ribs, fatigue strength and ductility of Kamdhenu Nxt is much superior to ordinary steel bars.</p>
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Benefits derived as a result of the above efforts is the improvement in the quality of the product, increase in the margins of the company and helps in positioning of the brand Kamdhenu in the premium segment.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
	(a) the details of technology imported	Kamdhenu SS10000 TMT bar had been developed with the technical know-how from U.K.
	(b) the year of import;	2013
	(c) whether the technology been fully absorbed	Yes
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A
(iv)	the expenditure incurred on Research and Development	The expenditure incurred on Research and Development is Rs 56.79 Lakhs.





## ANNEXURE-I (Contd.)

### (c) Foreign Exchange Earnings and Outgo

The total Foreign Exchange used and the total Foreign Exchange earned during the year as compared to the previous financial year has been provided hereunder:

(₹ in Lakhs)

Foreign Exchange Earnings & Outgo	Current Year (2019-20)	Previous Year (2018-19)
Inflow	Nil	Nil
Outflow	244.33	422.61

### BY ORDER OF THE BOARD OF DIRECTORS OF KAMDHENU LIMITED

**(Satish Kumar Agarwal)**  
Chairman & Managing Director  
DIN: 00005981

**(Sunil Kumar Agarwal)**  
Whole Time Director  
DIN: 00005973

Date: 29th June, 2020

Place: Gurgaon

## ANNEXURE-II

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

#### 1. A Brief Outline of the Company's CSR Policy, Including Overview of Projects or Programs Proposed to be Undertaken and a Reference to the Weblink to the CSR Policy and Projects or Programs:

The Company's CSR objective is to ensure socio-economic development of the community through different participatory and need based initiatives in the best interest of the poor and deprived sections of the society so as to help them to become self-reliant and build a better tomorrow for themselves.

The Company's CSR policy is uploaded on the website of the Company under the web-link <https://www.kamdhenulimited.com/Financial-Results/CSR-Policy.pdf>

#### Terms of Reference

- To formulate and recommend to the Board, a CSR Policy and the activities to be undertaken by the Company as per Schedule VII of the Companies Act, 2013;
- To recommend amount of expenditure on CSR activities;
- To monitor CSR Policy of the company.

#### 2. Composition of CSR Committee

Name	Designation
Mr. Satish Kumar Agarwal	Chairman
Mr. Sunil Kumar Agrawal	Member
Mr. Mahendra Kumar Doogar	Member

During the year, Two CSR Committee meetings were held on 2nd May, 2019 and 14th August, 2019.

#### 3. Average net profit of the Company for last three financial years: ₹ 24,65,95,461/-

#### 4. Prescribed CSR expenditure (2% of the amount as in item 3 above): ₹ 49,31,909/-.

#### 5. Details of CSR spent during the financial year:

Total amount to be spent for the Financial Year: ₹ 49,31,909/-.

Amount unspent, if any: ₹ 44,48,967/-

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

Contribution given to M/s J.K Shanti Charitable Society amounting to ₹ 4,82,942/- for the purpose of promoting preventive health care under Clause (i) of Schedule VII of the Companies Act, 2013

#### 6. Reasons for not spending the two percent of the average net profit of the last three financial years, is being that the Company is in process of finding suitable CSR project which will be most beneficial for the public at large.



## ANNEXURE-II (Contd.)

### 7. Responsibility Statement by the Corporate Social Responsibility Committee:

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, Mr. Satish Kumar Agarwal, Chairman & Managing Director of the Company and Chairman of CSR Committee, do confirm that the CSR policy implementation and monitoring thereof is, in letter and spirit, in compliance with CSR objectives.

#### BY ORDER OF THE BOARD OF DIRECTORS OF KAMDHENU LIMITED

**(Satish Kumar Agarwal)**  
Chairman & Managing Director  
DIN: 00005981

**(Sunil Kumar Agarwal)**  
Whole Time Director  
DIN: 00005973

Date: 29th June, 2020  
Place: Gurgaon

## ANNEXURE-III

### FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

#### I. REGISTRATION AND OTHER DETAILS

1.	CIN	L27101RJ1994PLC067034
2.	Registration Date	12/09/1994
3.	Name of the Company	Kamdhenu Limited
4.	Category/Sub-category of the Company	Company Limited by shares, Non-Govt. company
5.	Address of the Registered Office & Contact details	A-1112 & A-1114, RIICO Industrial Area Phase-III, Bhiwadi, Alwar-301019, Rajasthan Phone: 01493-666907-8 E-mail: kamdhenu@kamdhenulimited.com Website: www.kamdhenulimited.com
6.	Whether listed company	Yes, listed on BSE Limited and National Stock Exchange of India Limited
7.	Name, Address & Contact details of the Registrar & Transfer Agent, if any.	Kfin Technologies Private Ltd. (Formerly Karvy Fintech Private Ltd.) Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032. Telephone: +91-40-23420815-20 Fax: 91-40-23420814 E-mail: mailmanager@karvy.com www.kfintech.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated):

Sr. No	Name and Description of main products / Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	TMT Steel	24105	66.35
2.	Paints	24222	23.19

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

Sr. No	Name and Address of the Company	CIN/ GNL	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Kamdhenu Ventures Limited	U51909RJ2019PLC066707	Subsidiary	100.00	2(87)(ii)
2.	Kamdhenu Colour and Coatings Limited	U36990RJ2019PLC067019	Subsidiary	100.00	2(87)(ii)

## ANNEXURE-III (Contd.)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

#### i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
<b>(1)</b>	<b>INDIAN</b>									
(a)	Individual /HUF	8486742	1000000	9486742	35.93	9511742	0	9511742	35.83	-0.10
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	7804145	0	7804145	29.56	7804145	0	7804145	29.40	-0.16
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>16290887</b>	<b>1000000</b>	<b>17290887</b>	<b>65.50</b>	<b>17315887</b>	<b>0</b>	<b>17315887</b>	<b>65.24</b>	<b>-0.26</b>
<b>(2)</b>	<b>FOREIGN</b>									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>16290887</b>	<b>1000000</b>	<b>17290887</b>	<b>65.50</b>	<b>17315887</b>	<b>0</b>	<b>17315887</b>	<b>65.24</b>	<b>-0.26</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>(1)</b>	<b>INSTITUTIONS</b>									
(a)	Mutual Funds /UTI	293160	0	293160	1.11	293160	0	293160	1.10	-0.01
(b)	Financial Institutions /Banks	35992	0	35992	0.14	2408	0	2408	0.01	-0.13
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00

## ANNEXURE-III (Contd.)

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>329152</b>	<b>0</b>	<b>329152</b>	<b>1.25</b>	<b>295568</b>	<b>0</b>	<b>295568</b>	<b>1.11</b>	<b>-0.13</b>
<b>(2)</b>	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	2167026	700000	2867026	10.86	2558641	0	2558641	9.64	-1.22
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 Lakhs	2541087	7025	2548112	9.65	2880110	7013	2887123	10.88	1.23
	(ii) Individuals holding nominal share capital in excess of ₹ 1 Lakhs	2926374	300000	3226374	12.22	3345830	0	3345830	12.61	0.38
(c)	Others									
	CLEARING MEMBERS	8541	0	8541	0.03	17403	0	17403	0.07	0.03
	NBFC	15995	0	15995	0.06	8000	0	8000	0.03	-0.03
	NON RESIDENT INDIANS	90662	0	90662	0.34	80993	0	80993	0.31	-0.04
	NRI NON-REPATRIATION	23251	0	23251	0.09	33805	0	33805	0.13	0.04
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>7772936</b>	<b>1007025</b>	<b>8779961</b>	<b>33.26</b>	<b>8924782</b>	<b>7013</b>	<b>8931795</b>	<b>33.65</b>	<b>0.39</b>
	<b>Total B=B(1)+B(2) :</b>	<b>8102088</b>	<b>1007025</b>	<b>9109113</b>	<b>34.50</b>	<b>9220350</b>	<b>7013</b>	<b>9227363</b>	<b>34.76</b>	<b>0.26</b>
	<b>Total (A+B) :</b>	<b>24392975</b>	<b>2007025</b>	<b>26400000</b>	<b>100.00</b>	<b>26536237</b>	<b>7013</b>	<b>26543250</b>	<b>100.00</b>	<b>0.00</b>

**ANNEXURE-III (Contd.)**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(C)	<b>SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED</b>									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>24392975</b>	<b>2007025</b>	<b>26400000</b>	<b>100.00</b>	<b>26536237</b>	<b>7013</b>	<b>26543250</b>	<b>100.00</b>	

**ii) Shareholding of Promoters**

Sr. No	Name of the Share Holder	No of Shares held as on 31/03/2019	Change in Shareholding	No of Shares Held As on 31/03/2020	% Change in Shareholding	Reason for change	Date of Change
1	KAMDHENU OVERSEAS LIMITED	3050000	0	3050000	0.00		
2	KAMDHENU PAINT INDUSTRIES LIMITED	1521801	0	1521801	0.00		
3	KAMDHENU CONCAST LIMITED	1428510	0	1428510	0.00		
4	SARITA AGARWAL	1604450	12500	1616950	0.05	Market Purchase	26.08.2019
5	SUNIL KUMAR AGARWAL	1545292	0	1545292	0.00		
6	SATISH KUMAR AGARWAL	1281842	0	1281842	0.00		
7	SHAFALI AGRAWAL	763842	0	763842	0.00		
8	SACHIN AGARWAL	923719	0	923719	0.00		
9	KAMDHENU INFRADEVELOPERS LIMITED	614900	0	614900	0.00		
10	KAMDHENU NUTRIENTS PRIVATE LIMITED	600000	0	600000	0.00		
11	KAY2 STEEL LIMITED	588934	0	588934	0.00		
12	SAURABH AGARWAL	826500	0	826500	0.00		
13	RADHA AGARWAL	541877	0	541877	0.00		
14	SATISH KUMAR AGARWAL (HUF)	365900	0	365900	0.00		
15	SHATUL AGARWAL	337700	0	337700	0.00		
16	SUNIL KUMAR (HUF)	300280	0	300280	0.00		
17	SHIVANI AGARWAL	255235	0	255235	0.00		



### ANNEXURE-III (Contd.)

Sr. No	Name of the Share Holder	No of Shares held as on 31/03/2019	Change in Shareholding	No of Shares Held As on 31/03/2020	% Change in Shareholding	Reason for change	Date of Change
18	PRIYANKA AGARWAL	244129	12500	256629	0.05	Market Purchase	26.08.2019
19	ISHITA AGARWAL	210716	0	210716	0.00		
20	SOMYA AGARWAL	144660	0	144660	0.00		
21	AYUSH AGARWAL	90600	0	90600	0.00		
22	AYUSH AGARWAL (HUF)	50000	0	50000	0.00		
	<b>Total:</b>	<b>17290887</b>	<b>25000</b>	<b>17315887</b>	<b>0.10</b>		

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

Sl. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year April 01, 2019	17290887	65.50	17290887	65.50
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): 1.Sarita Agarwal purchased 12500 shares from market on 26.08.2019. 2. Priyanka Agarwal purchased 12500 shares from market on 26.08.2019.	25000	0.10	17315887	65.60
	<b>At the End of the year March 31, 2020</b>	<b>17315887</b>	<b>65.60</b>	<b>17315887</b>	<b>65.60</b>

**Note:** The overall percentage of Shareholding of promoters decreased from 65.50 % to 65.60% despite acquisition of 25000 shares during the Financial year is due to increase in paid up capital by allotment of 143250 shares on 02.05.2019.

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

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 01/04/2019 AND 31/03/2020									
Sl no	Type	Name of the Share Holder	Shareholding		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
1	Opening Balance	JATALIA FINANCE COMPANY LIMITED	607651	2.49	30/03/2019			607651	2.49
	Purchase				21/06/2019	38972	Transfer	646623	2.45
	Sale				21/06/2019	-35	Transfer	646588	2.45
	Purchase				28/06/2019	3030	Transfer	649618	2.46
	Purchase				05/07/2019	3070	Transfer	652688	2.47
	Sale				12/07/2019	-9500	Transfer	643188	2.44

**ANNEXURE-III (Contd.)**

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 01/04/2019 AND 31/03/2020									
Sl no	Type	Name of the Share Holder	Shareholding		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
	Sale				26/07/2019	-133974	Transfer	509214	1.92
	Sale				02/08/2019	-3114	Transfer	506100	1.91
	Purchase				30/08/2019	123335	Transfer	629435	2.37
	Sale				20/09/2019	-4893	Transfer	624542	2.35
	Sale				27/09/2019	-9372	Transfer	615170	2.32
	Sale				30/09/2019	-2311	Transfer	612859	2.31
	Sale				04/10/2019	-1340	Transfer	611519	2.30
	Sale				11/10/2019	-1569	Transfer	609950	2.30
	Sale				18/10/2019	-1636	Transfer	608314	2.29
	Sale				25/10/2019	-2076	Transfer	606238	2.28
	Sale				01/11/2019	-4877	Transfer	601361	2.27
	Sale				08/11/2019	-1983	Transfer	599378	2.26
	Sale				06/12/2019	-500000	Transfer	99378	0.37
	Closing Balance				31/03/2020			99378	0.37
2	Opening Balance	MONEYPLUS FINANCIAL SERVICES PRIVATE LIMITED	604241	2.48	30/03/2019			604241	2.48
	Sale				12/04/2019	-100000	Transfer	504241	2.07
	Purchase				02/08/2019	75	Transfer	504316	1.90
						200000	Conversion	704316	
	Closing Balance				31/03/2020			704316	2.65
3	Opening Balance	MUKUL MAHAVIRPRASAD AGRAWAL	516831	2.12	30/03/2019			516831	2.12
	Purchase				11/10/2019	20000	Transfer	536831	2.02
	Closing Balance				31/03/2020			536831	2.02
4	Opening Balance	INDO JATALIA HOLDINGS LIMITED	50	0.00	30/03/2019			50	0.00
						500000	conversion	500050	
	Closing Balance				31/03/2020			500050	1.88

## ANNEXURE-III (Contd.)

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 01/04/2019 AND 31/03/2020									
Sl no	Type	Name of the Share Holder	Shareholding		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
5	Opening Balance	ASHA MUKUL AGRAWAL	471736	1.93	30/03/2019			471736	1.93
	Closing Balance				31/03/2020			471736	1.78
6	Opening Balance	RAJSONIA CONSULTANCY SERVICES PRIVATE LIMITED	0	0.00	30/03/2019			0	0.00
	Purchase				06/12/2019	500000	Transfer	500000	1.88
	Sale				27/12/2019	-6008	Transfer	493992	1.86
	Sale				31/12/2019	-14015	Transfer	479977	1.81
	Sale				03/01/2020	-83966	Transfer	396011	1.49
	Sale				10/01/2020	-15256	Transfer	380755	1.43
	Sale				17/01/2020	-15000	Transfer	365755	1.38
	Sale				20/03/2020	-30000	Transfer	335755	1.26
	Purchase				27/03/2020	2689	Transfer	338444	1.28
	Closing Balance				31/03/2020			338444	1.28
7	Opening Balance	NIRDOSH GAUR .	0	0.00	30/03/2019			0	0.00
						300000	conversion	300000	1.23
	Closing Balance				31/03/2020			300000	1.13
8	Opening Balance	SANGEETHA S	295900	1.21	30/03/2019			295900	1.21
	Closing Balance				31/03/2020			295900	1.11
9	Opening Balance	BOI AXA TRUSTEE SERVICES PVT LTD A/C BOI AXA MANUF	293160	1.20	30/03/2019			293160	1.20
	Closing Balance				31/03/2020			293160	1.10
10	Opening Balance	THREE DEE EXIM PRIVATE LIMITED	234500	0.96	30/03/2019			234500	0.96
	Closing Balance				31/03/2020			234500	0.88



## ANNEXURE-III (Contd.)

### v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Satish Kumar Agarwal, Chairman & Managing Director	1281842	4.85	01.04.19	0	NA	1281842	4.85
	Closing Balance			31.03.20			1281842	4.85
2	Sunil Kumar Agarwal, Wholetime Director	1545292	5.85	01.04.19	0	NA	1545292	5.85
	Closing Balance			31.03.20			1545292	5.85
3	Saurabh Agarwal, Wholetime Director	826500	3.13	01.04.19	0	NA	826500	3.13
	Closing Balance			31.03.20			826500	3.13
4	Sachin Agarwal, Wholetime Director	923719	3.50	01.04.19	0	NA	923719	3.50
	Closing Balance			31.03.20			923719	3.50
5	Mahendra Kumar Doogar, Independent Director	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
6	Ramesh Chand Surana, Independent Director	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
7	Ramesh Chandra Jain	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
8	Nishal Jain, Independent Director	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
9	Harish Kumar Agarwal, Chief Financial Officer	0	0	01.04.19	0		0	0
				02.05.19	18750	ESOP		
	Closing Balance			31.03.20			18750	0
10	Jogeswar Mohanty, Company Secretary	0	0	01.04.19	0		0	0
				02.05.19	3750		3750	
	<b>Closing Balance</b>			<b>31.03.20</b>		<b>ESOP</b>	<b>3750</b>	<b>0</b>

## ANNEXURE-III (Contd.)

### V. INDEBTEDNESS- Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2019)</b>				
i) Principal Amount	1,01,50,425	8,12,47,479	-	9,13,97,904
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	23,17,528	-	23,17,528
<b>Total (i+ii+iii)</b>	<b>1,01,50,425</b>	<b>8,35,65,007</b>	<b>-</b>	<b>9,37,15,432</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	51,75,900	42,40,050		94,15,950
* Reduction	56,99,778	1,02,98,459		1,59,98,237
Net Change	(5,23,878)	(60,58,409)		(65,82,287)
<b>Indebtedness at the end of the financial year (31.03.2020)</b>				
i) Principal Amount	95,65,554	6,56,43,017		7,52,08,571
ii) Interest due but not paid	60,993	1,18,63,581		1,19,24,574
iii) Interest accrued but not due	0	0		0
<b>Total (i+ii+iii)</b>	<b>96,26,547</b>	<b>7,75,06,598</b>		<b>8,71,33,145</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Satish Kumar Agarwal, MD	Sunil Kumar Agarwal, WTD	Saurabh Agarwal, WTD	Sachin Agarwal, WTD	
<b>1</b>	<b>Gross salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	150	147	144	144	585
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.792	0.792	0.792	0.792	3.17
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0	0
<b>2</b>	<b>Stock Option</b>	0	0	0	0	0
<b>3</b>	<b>Sweat Equity</b>	0	0	0	0	0
<b>4</b>	<b>Commission</b> - as % of profit - others specify	0	0	0	0	0
<b>5</b>	<b>Others, please specify</b>	0	0	0	0	0
	<b>Total (A)</b>	<b>150.792</b>	<b>147.792</b>	<b>144.792</b>	<b>144.792</b>	<b>588.17</b>
	<b>Ceiling as per the Act</b>	<b>Paid as per Schedule III of the Companies Act, 2013</b>				

**ANNEXURE-III (Contd.)****B. Remuneration to Independent non-executive directors:**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount in ₹
		Mahendra Kumar Doogar, Independent Director	Ramesh Chand Surana, Independent Director	Nishal Jain, Independent Director	Ramesh ChandraJain, Independent Director	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending Board Meetings	1,50,000	1,50,000	1,50,000	1,20,000	5,70,000
	Fee for attending Committee Meetings	2,15,000	2,00,000	1,30,000	0	5,45,000
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	<b>Total (1)</b>	<b>3,65,000</b>	<b>3,50,000</b>	<b>2,80,000</b>	<b>1,20,000</b>	<b>11,15,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>	N.A	N.A	N.A	N.A	N.A
	Fee for attending Board Committee Meetings	0	0	0	0	0
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B)= (1+2)</b>	<b>3,65,000</b>	<b>3,50,000</b>	<b>2,80,000</b>	<b>1,20,000</b>	<b>11,15,000</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>5,99,32,000</b>				
	<b>Overall Ceiling as per the Act</b>	<b>Paid as per Schedule III of the Companies Act, 2013</b>				

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Jogeswar Mohanty, Company Secretary	Harish Kumar Agarwal, Chief Financial Officer	
<b>1</b>	<b>Gross salary</b>	NA			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		12.56	34.69	47.25
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		0	0.40	0.40
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0	0	0
<b>2</b>	<b>Stock Option</b>		4.16	20.81	24.97
<b>3</b>	<b>Sweat Equity</b>		0	0	0
<b>4</b>	<b>Commission</b>		0	0	0
	-as % of profit		0	0	0
	- others, specify		0	0	0
<b>5</b>	<b>Others, please specify</b>		0	0	0
	<b>Total</b>	<b>NA</b>	<b>16.72</b>	<b>55.90</b>	<b>72.62</b>

## ANNEXURE-III (Contd.)

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>B. DIRECTORS</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0

BY ORDER OF THE BOARD OF DIRECTORS OF KAMDHENU LIMITED

(Satish Kumar Agarwal)  
Chairman & Managing Director  
DIN: 00005981

(Sunil Kumar Agarwal)  
Whole Time Director  
DIN: 00005973

Date: 29th June, 2020  
Place: Gurgaon





## ANNEXURE-IV

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

To,

The Members,

**KAMDHENU LIMITED**

**A-1112 & A-1114, RIICO Industrial**

**Area Phase-III Bhiwadi Alwar-301019**

**Rajasthan.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kamdhenu 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 and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit. We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2020 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 Kamdhenu Limited ("the Company") for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - (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 to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (vi) As informed and certified by the management of the Company, there is no sectorial law specifically applicable to the Company based on their Sectors/ Industry.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the delay in filing of forms in few cases.

## ANNEXURE-IV

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020 (Contd.)

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance (and at a Shorter Notice for which necessary approvals obtained), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period, the following specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- a. During the period, the board of directors has approved scheme of arrangement of Kamdhenu Concast Ltd, Kamdhenu Overseas Ltd, Kamdhenu Paint Industries Ltd, Kamdhenu Infradevelopers Ltd, Kamdhenu Nutrients Pvt Ltd, Kay2 Steel Ltd, Tiptop Promoters Pvt Ltd, Kamdhenu Limited, Kamdhenu Ventures Ltd And Kamdhenu Colour And Coatings Ltd and their respective shareholders and creditors under sections 230, 232 & 66 of the Companies Act, 2013, and other applicable provisions, if any of the Company.

- b. During the Period the Company has filed an application for shifting of its registered office from State of Rajasthan to State of Haryana before Regional Director.
- c. During the period, the Company has made investment in the shares of Kamdhenu Ventures Limited in order to make it Wholly Owned Subsidiary.
- d. During the period, the Company has issued and allotted 1,43,250 (One Lakh Forty Three Thousand Two Hundred and Fifty only) equity shares of face value of ₹ 10 each pursuant to exercise of Stock Options by some eligible employees of the Company under Kamdhenu Employees Stock Option Scheme, 2017.

For **Chandrasekaran Associates**  
Company Secretaries

**Shashikant Tiwari**

Partner

Membership No. A28994

Date: 27.06.2020

Certificate of Practice No.13050

Place: Delhi

UDIN:A028994B000389706

- i. Note: This report is to be read with our letter of even date which is annexed as Annexure-A to this report and forms an integral part of this report.
- ii. Due to restricted movement amid COVID-19 pandemic, we conducted the Secretarial Audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.
- iii. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-20. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

**ANNEXURE-IV (Contd.)****ANNEXURE-A TO THE SECRETARIAL AUDIT REPORT**

To,

The Members,

**KAMDHENU LIMITED**

**A-1112 & A-1114, RIICO Industrial**

**Area Phase-III Bhiwadi Alwar-301019**

**Rajasthan.**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random 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 regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random 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 **Chandrasekaran Associates**  
Company Secretaries

**Shashikant Tiwari**

Partner

Membership No. A28994

Certificate of Practice No.13050

UDIN:A028994B000389706

Date: 27.06.2020

Place: Delhi

## ANNEXURE-V CORPORATE GOVERNANCE REPORT

### 1. THE COMPANY'S PHILOSOPHY

Corporate Governance is a process that aims to allocate corporate resources in a manner that maximizes value for all Stakeholders – such as customers, business partners/vendors, employees and the society at large. Your Company is committed to high levels of ethics and integrity in all its business dealings, devoid of all conflicts of interest and holds those at the helms to account by evaluating their decisions on transparency, inclusivity, equity and responsibility. Corporate Governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process.

Good Corporate Governance is an essential standard for establishing the striking Investment Environment which is needed by competitive Companies to gain strong position in efficient financial markets. For ensuring sound Corporate Governance practices, the Government of India has put in place a framework based on the stipulations contained under the Companies Act, SEBI Regulations, Accounting Standards, Secretarial Standards, etc.

It is imperative that our Company affairs are managed in a fair and transparent manner. We consider stakeholders as partners in our success and we remain committed to maximizing stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. We have a defined policy framework for ethical conduct of businesses.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Some of our multiple initiatives towards maintaining the highest standards of governance are as follows.

- Satisfy both the letter of law and the spirit of law.
- Ensure high level of transparency and disclosure.
- Treating the management as trustee of shareholders' capital.
- Have a simple and transparent corporate structure driven solely by business needs.

- Prioritizing stakeholders' relationships.

#### 1.1 Key Board activities during the year

The Board provides and critically evaluates strategic direction of the Company, management policies and their effectiveness. Their main function is to ensure that both short term and long-term interests of the stakeholders are being served. The agenda for Board is comprised of the detailed analysis and review of annual strategic / operational plans/ budgeting and capital allocation. The Board also reviews the business plans of all business segments including future business developments.

#### 1.2 Role of the Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to Directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters, protects interests of shareholders and provides information to stakeholders.

#### 1.3 Selection and Appointment of New Directors on the Board

Considering the requirements of the skill-sets on the Board and the broad guidelines, eminent persons having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment of new Directors on the Board. The number of directorships and memberships in various committees of other companies by such persons is also considered.

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience required for the



## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

Board as a whole and for individual member. Board members are expected to possess expertise, leadership skills required to manage and guide a high growth.

### 1.4 Familiarization Program of Independent Directors

The Independent directors of Kamdhenu Limited are eminent personalities having wide experience in the field of business, finance, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. Independent Directors are appointed as per the policy of the Company, with management expertise and wide range of experience. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings. The new Board members are also requested to access the necessary documents / brochures, Annual Reports and internal policies available at our website to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. The details of the familiarization programme have been disclosed on the Company's website [https://www.kamdhenulimited.com/Financial-Results/Familiarisation-Programme-for-Independent-Directors\\_Kamdhenu.pdf](https://www.kamdhenulimited.com/Financial-Results/Familiarisation-Programme-for-Independent-Directors_Kamdhenu.pdf)

### 1.5 Prevention of Insider Trading

Pursuant to SEBI(Listing Obligations And Disclosure Requirements) Regulation 2015 ("Listing Regulations") read with Code of Fair Disclosure Practices for Prevention of Insider Trading and Code of Conduct to regulate, monitor and report Trading by Insiders, the objective of the Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of Unpublished Price Sensitive Information. Under this Code, Designated persons (Directors, Advisors, Officers and other concerned employees / persons etc) are prevented from dealing in the Company's shares during the closure of Trading Window and while in possession

of Unpublished Price Sensitive Information. All the designated employees are also required to disclose related information periodically as defined in the Code. The aforesaid Code is available at the website of the Company ([www.kamdhenulimited.com](http://www.kamdhenulimited.com)). [https://www.kamdhenulimited.com/Financial-Results/Code-of-Practices-Procedures-for-Fair-Disclosure-of-UPSI\\_new.pdf](https://www.kamdhenulimited.com/Financial-Results/Code-of-Practices-Procedures-for-Fair-Disclosure-of-UPSI_new.pdf)

### 1.6 Vigil Mechanism

Your Company has established a mechanism called 'Vigil Mechanism' for directors and employees to report to the appropriate authorities of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the directors and employees to report their concerns directly to the Ethics Counsel or/Chairman of the Audit Committee of the Company. The policy with the name and address of the Chairman of the Audit Committee has been communicated to the employees by uploading the same on the website of the Company [https://www.kamdhenulimited.com/Financial-Results/Whistle-Blower-Policy\\_Kamdhenu.pdf](https://www.kamdhenulimited.com/Financial-Results/Whistle-Blower-Policy_Kamdhenu.pdf) The employees can directly contact the Chairman of the Audit Committee in case of any concern.

## 2. BOARD OF DIRECTORS

In consonance with the requirements of Regulation 17 of the Listing Regulations, the Board of Directors of the Company is constituted of an appropriate mix of executive and non-executive independent directors to maintain the Board's independence, and to ensure exercising effective governance and control over its executive functioning. The Company follows the prescribed Board procedures and furnishes detailed notes in advance on the businesses to be dealt with at the Board Meetings. The Board has been meeting regularly ensuring that the gap between two consecutive meetings does not exceed one hundred and twenty days.

The composition of the Board of Directors of the Company is in conformity with Regulation 17 of the Listing Regulations and Section 149 of the Companies Act, 2013 ('the Act').

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### 2.1 Composition of Board

The Board of Directors, of the Company comprises of Eight (8) Directors, which includes Chairman & Managing Director i.e. Mr. Satish Kumar Agarwal (DIN: 00005981) and three (3) Whole Time Directors i.e. Mr. Sunil Kumar Agarwal, (DIN:00005973), Mr. Saurabh Agarwal (DIN:00005970) and Mr. Sachin Agarwal (DIN:01188710). The remaining Four (4) are Non-Executive Independent Directors i.e. Mr. Mahendra Kumar Doogar (DIN: 00319034), Mr. Ramesh Chand Surana (DIN: 00089854), Mr. Ramesh Chandra Jain(DIN: 00038529), Woman Director i.e. Mrs. Nishal Jain(DIN: 06934656).

All statutory and material information was made available to the Board of Directors to ensure adequate disclosures and transparent decision making.

The Company currently has right mix of Directors on the Board who possess the requisite qualifications, experience and expertise in General Corporate Management, Finance, Banking, Marketing, Information Technology, Taxation, Safety & Corporate Social Responsibility and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Detailed profile of the Directors is available on the Company's website at <https://www.kamdhenulimited.com/about.php#borad>

### 2.2 Non-Executive Directors' compensation and disclosures

The Non-Executive Directors are paid sitting fee within the limits prescribed under Section 197(5) read with Rule 4 of Companies (Appointment & Remuneration of

Managerial Personnel) Rules, 2014 of the Companies Act, 2013. No stock options were granted to Non-Executive Directors during the year under review. The Non-Executive Directors did not have any pecuniary relationship or transactions with the Company except the payment of sitting fees during the financial year 2019-20.

Terms and conditions of appointment of independent directors have been disclosed on the Company's website at <https://www.kamdhenulimited.com/Financial-Results/Terms-and-Conditions-of-appointment-of-the-Independent-Directors.pdf>

### 2.3 Board Meetings held and Directors attendance record.

The Board comprises of Mr. Satish Kumar Agarwal as Chairman & Managing Director, Mr. Sunil Kumar Agarwal, Mr. Saurabh Agarwal and Mr. Sachin Agarwal as Whole Time Directors Mr. Mahendra Kumar Doogar, Mr. Ramesh Chand Surana, Mr. Ramesh Chandra Jain and Mrs. Nishal Jain as Independent Directors amongst them.

During the year 2019-20, 04 (Four) Board meetings were held on 2nd May, 2019, 14th August, 2019, 12th November, 2019 and 31st January, 2020.

Pursuant to the provisions of Para C of Schedule V to the Listing Regulations, the names and categories of the Directors on the Board, number of Board Meetings held during the year under review (FY 2019-20) and their attendance at Board Meetings and at the last Annual General Meeting (AGM) held on 30th September, 2019 and also the number of Directorships and Committee positions held by them in other companies as on 31st March, 2020 is given hereunder.

S. No	Name of Directors	Category	Board Meetings attended out of four meetings held during the year 2019-20	Attendance at last AGM held on September 30, 2019	Directorship held in other Companies	Chairmanship/ Memberships held in other Companies	
						Membership	Chairmanship
1.	Mr. Satish Kumar Agarwal	Executive Director, Chairman, Managing Director, Promoter	4	Y	4		
2.	Mr. Sunil Kumar Agarwal	Executive Director-, Whole time Director, Promoter	3	Y	11		



**ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)**

S. No	Name of Directors	Category	Board Meetings attended out of four meetings held during the year 2019-20	Attendance at last AGM held on September 30, 2019	Directorship held in other Companies	Chairmanship/ Memberships held in other Companies	
						Membership	Chairmanship
3.	Mr. Saurabh Agarwal	Executive Director-, Whole Time Director	4	Y	11		
4.	Mr. Sachin Agarwal	Executive Director, Whole Time Director	4	Y	7		
5.	Mr. Mahendra Kumar Doogar	Non- Executive, Independent Director	4	Y	7		
6.	Mr. Ramesh Chand Surana	Non- Executive, Independent Director	4	No	3		
7.	Mrs. Nishal Jain	Non -Executive, Independent Director	4	No	5		
8.	Mr. Ramesh Chand Jain	Non- Executive, Independent Director	3	No	1		

@ Represents Chairmanships / Memberships of Audit Committee and Stakeholders Relationship Committee of Indian Companies

**Name of the listed entities where the person is the director and the category of the directorship.**

Name of Directors	Category	Name of listed Companies where the person is a director	Category of the directorship
Mr. Satish Kumar Agarwal	Executive Director, Chairman, Managing Director, Promoter	N.A	N.A
Mr. Sunil Kumar Agarwal	Executive Director-Whole time Director, Promoter	N.A	N.A
Mr. Saurabh Agarwal	Executive Director-Whole Time Director	N.A	N.A
Mr. Sachin Agarwal	Executive Director-Whole Time Director	N.A	N.A
Mr. Mahendra Kumar Doogar	Non Executive, Independent Director	Sanghi Industries Limited	Director
		Dalmia Refractories Limited	Director
		Morgan Ventures Limited	Director
		Frick India Limited	Director
Mr. Ramesh Chand Surana	Non Executive, Independent Director	N.A	N.A
Mrs. Nishal Jain	Non Executive, Independent Woman Director	Omaxe Limited	Director
Mr. Ramesh Chandra Jain	Non Executive, Independent Director	The Hi-Tech Gears Limited	Director
		Frick India Limited	Director



## **ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)**

### **BOARD DIVERSITY POLICY**

The Company recognizes and embraces the benefits of having a diverse Board of Directors that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company's Board Diversity Policy is a reflection of its belief that Board appointments should be based on merit, that compliments and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time for it to function effectively.

The matrix setting out the skills/expertise/competence of the Board of Directors are mentioned below:

**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.**

- i. Industry: Experience in and knowledge of the industry in which the organisation operates i.e Steel and Paints.
- ii. Technical: Technical/Professional skills and specialist knowledge to assist with ongoing aspects of the board's role.
- iii. Governance: The essential governance knowledge and understanding that all directors should possess or develop if they are to be effective board members.
- iv. Behavioural: The attributes and competencies enabling individual board members to use their knowledge and skills to function well as team members and to interact with key stakeholders.
- v. Strategic expertise – the ability to understand and review the strategy;
- vi. Legal – the board's responsibility involves overseeing compliance with numerous laws as well as understanding an individual director's legal duties and responsibilities;
- vii. Risk management – experience in managing areas of major risk to the organisation;

- viii. Managing people and achieving change – including experience
- ix. Industry knowledge – experience in similar industries.
- x. Integrity – fulfilling a director's duties and responsibilities, putting the organisation's interests before personal interests, acting ethically;
- xi. Curiosity and courage – a director must have the curiosity to ask questions and the courage to persist in asking or to challenge management and fellow board members where necessary;
- xii. Interpersonal skills – a director must work well in a group, listen well, be tactful but able to communicate their point of view frankly;
- xiii. Genuine interest – in the organisation and its business;
- xiv. Instinct – good business instincts and acumen, ability to get to the crux of the issue quickly;
- xv. An active contributor

### **Confirmation of the board of directors**

The Board of Directors of your Company hereby confirms that in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

- a) None of the Directors hold directorship in more than 20 companies of which directorship in public Company's does not exceed 10 as per provisions of Section 165 of the Companies Act, 2013 and Regulation 26 of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015
- b) As per regulation 26 of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015, None of the Directors on the Board hold membership of more than 10 Committees nor Chairmanship of more than 5 Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions including the changes in other listed companies as on 31st March, 2020 have been made by the Directors.



## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

- c) None of Whole Time Director of the Company holds the position of Independent Director in more than three (3) listed companies.
- d) None of the Independent Directors of the Company holds the position of Independent Directors in more than seven(7) listed companies.

The Board periodically reviews compliance reports of all laws applicable to the Company prepared by the Company.

### Relationship between directors inter-se

Inter-se relationship between Directors is given below within the meaning of the term "relative" as per Section 2(77) of the Companies Act, 2013 and read with Listing Regulations.

Sr. No.	Name of Director	Designation	Relationship with other Directors
1.	Mr. Satish Kumar Agarwal	Chairman & Managing Director	1. Father of Mr. Saurabh Agarwal & Mr. Sachin Agarwal 2. Brother of Mr. Sunil Kumar Agarwal
2.	Mr. Sunil Kumar Agarwal	Whole Time Director	Brother of Mr. Satish Kumar Agarwal
3.	Mr. Saurabh Agarwal	Whole Time Director	1. Son of Mr. Satish Kumar Agarwal 2. Brother of Mr. Sachin Agarwal
4.	Mr. Sachin Agarwal	Whole Time Director	1. Son of Mr. Satish Kumar Agarwal 2. Brother of Mr. Saurabh Agarwal
5.	Mr. Mahendra Kumar Doogar	Independent Director	Not Related to any Director
6.	Mr. Ramesh Chand Surana	Independent Director	Not Related to any Director
7.	Mr. Ramesh Chandra Jain	Independent Director	Not Related to any Director
8.	Mrs. Nishal Jain	Independent Director	Not Related to any Director

**Number of shares and convertible instruments held by non-executive directors: NIL**

### 2.4 Code of Conduct

The Board of Directors has laid Code of Conduct for Board Members & Senior Management Personnel of the Company. The copies of Code of Conduct as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company at [https://www.kamdhenulimited.com/Financial-Results/Code-of-Conduct-for-Senior-Management-Persinnel\\_Kamdhenu.pdf](https://www.kamdhenulimited.com/Financial-Results/Code-of-Conduct-for-Senior-Management-Persinnel_Kamdhenu.pdf).

The Members of the Board and Senior Management Personnel have affirmed the compliance with the Code applicable to them at the year ended on 31st March, 2020.

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### 2.5 Remuneration paid to Directors during the Financial Year 2019-20

(₹ in Lakhs)

Name	Fixed Salary				Bonus/ Incentives/ Commission	Sitting Fee	Total	Stock Options	No. of equity Shares Held
	Basic	Perquisites/ Allowances	Retrials Benefits	Total fixed salary					
Mr. Satish Kumar Agarwal (CMD)	150	0.79	0	150.79	0	0	150.79	0	1281842
Mr. Sunil Kumar Agarwal (WTD)	147	0.79	0	147.79	0	0	147.79	0	1545292
Mr. Saurabh Agarwal (WTD)	144	0.79	0	144.79	0	0	144.79	0	826500
Mr. Sachin Agarwal (WTD)	144	0.79	0	144.79	0	0	144.79	0	923719
Mr. Mahendra Kumar Doogar (ID)	0	0	0	0	0	3.65	3.65	0	0
Mr. Ramesh Chandra Jain (ID)	0	0	0	0	0	1.20	1.20	0	0
Mr. Ramesh Chand Surana (ID)	0	0	0	0	0	3.50	3.50	0	0
Mrs. Nishal Jain (ID)	0	0	0	0	0	2.80	2.80	0	0

Service contracts: N.A.

Notice period: N.A.

Severance Fees: N.A.

Non -executive directors have no pecuniary relationship and transactions with the Company during the Financial Year under review, Criteria for making payments to Non-Executive directors of the Company are disclosed in the Nomination and Remuneration Policy available in the website of the Company at [https://www.kamdhenulimited.com/Financial-Results/Nomination-Remuneration-Policy\\_Kamdhenu.pdf](https://www.kamdhenulimited.com/Financial-Results/Nomination-Remuneration-Policy_Kamdhenu.pdf)

### 3. COMMITTEES OF THE BOARD

#### 3.1 Audit Committee

The Audit Committee is formed in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations.

##### A. Functions

Its functioning is as under:

- The Audit Committee presently consists of the three Non-Executive Independent Directors, and a Whole Time Director;
- All members of the Committee are financially literate and having the requisite accounting and financial management expertise;

- The Chairman of the Audit Committee is an Independent Director;
- The Chairman of the Audit Committee was present at the last Annual General Meeting held on 30th September, 2019.

##### B. Terms of reference

The terms of reference of the Audit Committee include inter-alia:

- 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;



## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

- iii. Examination of the financial statement and the auditors' report thereon;
- iv. Approval or any subsequent modification of transactions of the company with related parties;
- v. Scrutiny of inter-corporate loans and investments;
- vi. Valuation of undertakings or assets of the Company, wherever it is necessary;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. Monitoring the end use of funds raised through public offers and related matters.
- ix. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.
- x. The Audit Committee shall have authority to investigate into any matter in relation to the items specified.
- xi. The auditors of a Company and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.
- xii. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- xiii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- xiv. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- xv. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to :
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
- xvi. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- xvii. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- xviii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- xix. Discussion with internal auditors any significant findings and follow up there on.
- xx. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xxi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xxii. To look into the reasons for substantial defaults in the payment to shareholders (in case of non payment of declared dividends) and creditors.
- xxiii. To review the functioning of the Whistle Blower mechanism.

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

- xxiv. Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
- xxv. To review the Management discussion and analysis of financial condition and results of operations;
- xxvi. To review a Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- xxvii. To review Internal audit reports relating to internal control weaknesses;
- xxviii. To review the appointment, removal and terms of remuneration of the internal auditor;
- xxix. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

### C. Composition of the Committee, Meetings held and attendance of the Members of the Committee:

#### Composition and attendance:

The Audit Committee consists of four Members i.e. Mr. Mahendra Kumar Doogar, Chairman and Mr. Sunil Kumar Agarwal and Mr. Ramesh Chand Surana and Mrs. Nishal Jain as members of the Committee. During the year, four (4) Audit Committee meetings were held on 2nd May, 2019, 14th August, 2019, 12th November, 2019 and 31st January, 2020.

The maximum time gap between any two consecutive meetings did not exceed 120 days during the year.

Names	Category	Meetings held during FY 2019-20	Number of meetings attended
Mr. Mahendra Kumar Doogar	Non Executive Independent Director	4	4
Mr. Sunil Kumar Agarwal	Executive Whole-Time Director	4	3
Mr. Ramesh Chand Surana	Non Executive Independent Director	4	4
Mrs. Nishal Jain	Non Executive Independent Director	4	4

The Committee meetings were attended by invitation by Mr. Harish Kumar Agarwal, Chief Financial Officer, the representatives of Statutory Auditors and representatives of the Internal Auditors. The Company Secretary of the Company continues to act as Secretary to the Audit Committee.

During the year under review, Board has accepted all the recommendations of the Audit Committee.

### 3.2 Nomination and Remuneration Committee:

Nomination and Remuneration Committee is formed in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations.

#### A. Composition:

Nomination and Remuneration Committee consists of following members:

1. Mr. Mahendra Kumar Doogar, Non Executive-Independent Director
2. Mr. Ramesh Chand Surana, Non Executive-Independent Director
3. Mrs. Nishal Jain, Non Executive-Independent Director

Mr. Mahendra Kumar Doogar acts as a Chairman and Mr. Jogeswar Mohanty, Company Secretary of the Company continues to act as Secretary to the Nomination and Remuneration Committee.

#### B. Terms of reference

Terms of reference of the Nomination and Remuneration Committee include:

- To identify persons who are qualified to become directors and who may be appointed in Senior

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To consider and fix the remuneration package of non-executive and executive Directors including any compensation payment.

- All elements of remuneration package of Director such as benefits, bonus, stock options, pension etc.
- Any other works and policy related and incidental to the objectives of the committee as per provisions of the Act and rules made thereunder.

### C. Meetings and attendance during the year

During the Financial Year 2019-20, the Nomination and Remuneration Committee met 2 (Two) times on 2nd May, 2019 and 31st January, 2020.

The composition of the Nomination and Remuneration Committee and number of meetings attended by the Members during the year are given below:

Names	Category	Number of meetings Held	Number of meetings Attended
Mr. Mahendra Kumar Doogar	Non- Executive Independent Director	2	2
Mr. Ramesh Chand Surana	Non- Executive Independent Director	2	2
Mrs. Nishal Jain	Non- Executive Independent Director	2	1

### D. Nomination & Remuneration policy

The Executive Directors of the Company are paid, as approved by the Board of Directors, on the recommendation of the Nomination & Remuneration Committee. The remuneration was decided, considering various factors such as qualification, experience, expertise, remuneration prevailing in the industry, financial position of the Company. The Company pays sitting fees only to its Non- Executive Independent Directors for attending the meetings of the Board.

Non-Executive Independent Directors do not hold any equity shares in the Company. There has been no pecuniary relationship or transactions other than above, of the Non-Executive Independent Directors with the Company during the year under review.

### E. Board Performance evaluation

In compliance with the provisions of the Companies Act, 2013 and Listing Regulations, Nomination and Remuneration Committee has approved the process, attributes, criteria and format for the performance evaluation of the Board, Committees of the Board

and Individual Directors including the Chairman and Managing Director.

The process provides that the performance evaluation shall be carried out on an annual basis. During the year, the evaluation process was completed by the Company which included evaluation of the Board as a whole, Board Committees and individual Directors including the Chairman and Managing Director.

Performance of the Board and Board Committees were evaluated on various parameters such as structure, composition, quality, diversity, experience, competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness.

Performance of individual Directors was evaluated on parameters such as attendance at the meetings, participation and contribution, responsibility towards stakeholders and independent judgment.

Performance of Chairman and Managing Director was evaluated on certain additional parameters such as performance of the Company, leadership, relationships and communications.

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

All directors participated in the evaluation survey and review was carried out through a peer-evaluation excluding the Director being evaluated. The result of evaluation was discussed in the Independent Director's meeting, respective Committees meetings and in the Board Meeting. The Board members noted the suggestions / inputs of independent directors, HR, Nomination and Remuneration Committee and respective committee Chairman and also discussed various initiatives to further strengthen Board effectiveness.

### 3.3 Stakeholders Relationship Committee

The Stakeholder's Relationship is formed in accordance with Section 178 of the Act and Regulation 20 of the Listing Regulations to look into various aspects of

interest of shareholders and other security holders, if any. The Committee considers and resolves the grievances of the Shareholders of the Company including complaints related to transfer of shares, non-receipt of annual report or non- receipt of declared dividends

#### A. Composition, Members, its meetings and attendance

During the financial year 2019-20, the Committee met Four (4) times on 2nd May, 2019, 14th August, 2019, 12th November, 2019 and 31st January, 2020.

The composition of the Stakeholders Relationship Committee and number of meetings attended by the Members during the year are given below:

Mr. Mahendra Kumar Doogar, Non Executive Independent Director is heading the Committee as the Chairman.

Names	Category	Number of meetings held during the year	Number of meetings attended
Mr. Mahendra Kumar Doogar	Non Executive Independent Director-Chairperson	4	4
Mr. Saurabh Agarwal	Executive Director	4	4
Mr. Ramesh Chand Surana	Non Executive Independent Director	4	4

#### B. Terms of reference

##### BRIEF DESCRIPTION OF TERMS OF REFERENCE

1. The Committee supervises the system of redressal of investor grievances and ensures cordial Investor relations. The scope and functions of the Committee also include approval of transfer and transmission of shares within stipulated time period.
2. The Committee resolves the grievances of the Shareholders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report/dividends,

issue of new/duplicate certificates, general meetings, etc.

3. It reviews measures taken for effective exercise of voting rights by the shareholders.
4. It reviews the adherence to the services standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
5. It reviews various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/Annual Reports/statutory notices by the shareholders of the Company.



## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### C. Complaints received and redressed during the year 2019-20

Number of Shareholders Complaints received during the Financial Year 2019-20	15
Number of Shareholders Complaints solved to the satisfaction of shareholders during the Financial Year 2019-20	15
Number of Shareholders Complaints not solved to the satisfaction of shareholders during the Financial Year 2019-20	0
Number of Shareholders Complaints pending at the end of Financial Year 2019-20	0

### D. Details of Compliance Officer

Name : Mr. Jogeswar Mohanty  
 Designation : Company Secretary and Compliance Officer

### E. Transfer of Unclaimed Dividend to Investor Education and Protection Fund ("IEPF")

During the year under review, unpaid and unclaimed dividend which was declared in the F.Y. 2011- 2012 amounting to ₹ 1,93,458/-(Rupees one Lakh ninety three thousand four hundred and fifty eight only) has been transferred to IEPF on 12.11.2019 within the time frame. Due care is being taken to comply with the legal requirements relating to such matter.

### 3.4 Corporate Social Responsibility (CSR) Committee

Pursuant to Section 135 of the Companies Act, 2013, CSR Committee was constituted on 29th May, 2014. The Company's CSR Policy covers all permitted activities under Schedule VII to the Companies Act, 2013. The Committee is entrusted with the task ascertaining the amount which the Company is supposed to spend on CSR activities during a particular year in pursuance of Section 135 of the Companies Act, 2013. Further Committee monitors the progress of the designated projects and ensures that the funds allocated are appropriately utilized for the designated projects/ activities.

The CSR policy of the Company has been uploaded on the website of the Company and be accessed at <https://www.kamdhenulimited.com/Financial-Results/CSR-Policy.pdf>

### A. Composition of CSR Committee

The committee comprises of Mr. Satish Kumar Agarwal as Chairman, Mr. Sunil Kumar Agrawal, Member and Mr. Mahendra Kumar Doogar, Member.

### B. Terms of Reference

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and also reviewing the CSR Policy of the Company from time to time.
- Reviewing annual budgets with respect to CSR Policy;
- Work with management to establish, develop and implement the requisite framework w.r.t. CSR matters;
- Receive reports on the Company's CSR performance to assess the effectiveness of the CSR Policy of the Company;
- Review the findings or recommendations arising out of any audit of Company's CSR matters;
- Carry out any other duties and responsibilities delegated to it by the Board from time to time that are related to the purpose of the Committee.

During the year, two CSR Committee meetings were held on 2nd May, 2019 and 14th August, 2020 and number of meetings attended by the Members during the year is given below:

Names	Category	Number of meetings Held	Number of meetings Attended
Mr. Satish Kumar Agarwal	Chairman	2	2
Mr. Sunil Kumar Agrawal	Member	2	2
Mr. Mahendra Kumar Doogar	Member	2	2

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### 4. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings of the shareholders of the Company are as follows:

For the year ended	Location of AGM	Date of AGM	Time	Details of Special Resolutions passed at AGM
31.03.2019	Hotel Pride Plaza, Aero City, New Delhi-110037	30.09.2019	10.00 A.M	<ol style="list-style-type: none"> <li>1. Special Resolution to appoint Mr. M.K Doogar as an Independent Director.</li> <li>2. Special Resolution to appoint Mr. Ramesh Chand Surana as an Independent Director.</li> <li>3. Special Resolution to appoint Mr. Ramesh Chandra Jain as an Independent Director.</li> <li>4. Special Resolution to appoint Mrs. Nishal Jain as an Independent Director.</li> <li>5. Special Resolution to Re-appoint Mr. Satish Kumar Agarwal as Whole-Time Director of the Company and approval of remuneration payable to him with effect from 1st April, 2020 upto 31st March, 2023.</li> <li>6. Special Resolution to Re-appoint Mr. Satish Kumar Agarwal as Whole-Time Director of the Company and approval of remuneration payable to him with effect from 1st April, 2020 upto 31st March, 2023.</li> <li>7. Special Resolution to Re-appoint Mr. Satish Kumar Agarwal as Whole-Time Director of the Company and approval of remuneration payable to him with effect from 1st April, 2020 upto 31st March, 2023.</li> <li>8. Special Resolution to Re-appoint Mr. Satish Kumar Agarwal as Whole-Time Director of the Company and approval of remuneration payable to him with effect from 1st April, 2020 upto 31st March, 2023.</li> </ol>
31.03.2018	Hotel Mapple Emerald, NH-8, Rajokari, New Delhi-110038	24.09.2018	10.00 A.M	<ol style="list-style-type: none"> <li>1. Special Resolution to increase the remuneration payable to Shri Satish Kumar Agarwal with effect from 1st April, 2018 upto 31st March, 2020.</li> <li>2. Special Resolution to increase the remuneration payable to Shri Sunil Kumar Agarwal with effect from 1st April, 2018 upto 31st March, 2020</li> <li>3. To increase the remuneration payable to Shri Saurabh Agarwal with effect from 1st April, 2018 upto 31st March, 2020.</li> <li>4. To increase the remuneration payable to Shri Sachin Agarwal with effect from 1st April, 2018 upto 31st March, 2020.</li> </ol>
31.03.2017	Hotel Mapple Emerald, NH-8, Rajokari, New Delhi-110038	29.09.2017	1:00 P.M	NIL

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### 4.1 Postal Ballot during the Financial Year 2019-20

During the Financial Year 2019-20, one postal ballot proceeding has been conducted through which three (3) Special resolutions were passed.

#### Person conducting the Postal Ballot / E-voting

Mr. Satish Kumar Agarwal, Chairman & Managing Director of the Company and Mr. Jogeswar Mohanty, Company Secretary of the Company are the persons who were responsible for the entire postal ballot process.

Mr. Praveen Kumar Bharti, Advocate of M/s Rajeev Goel & Associates, Advocates & Solicitors, Delhi were appointed as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

#### Procedure followed for postal ballot/ e-voting

The notice of postal ballot containing resolutions, explanatory statement, postal ballot forms, e-voting user IDs and passwords and a self-addressed pre-paid business reply envelop (as applicable) were sent to the members and others concerned persons including statutory auditors, Directors, stock exchanges etc. through courier/email. The dispatch of notice of postal ballot along with postal ballot forms and business reply envelope (postage prepaid) was completed on 15th day of February, 2020.

The notice of postal ballot/e-voting was also placed on the website of the Company. The intimation about completion of dispatch of the postal ballot form/e-voting password along with instructions and last date for receipt of reply from shareholders was also intimated to the members by way of publication of advertisement in newspapers on 19th February, 2020 in English Language in Financial Express (All India Editions) and in Hindi Newspaper, Jansatta, (Delhi Edition).

Members were advised to carefully read the instructions before casting their votes and were also advised to vote through electronic mode on or before the closure of e-voting period on 18th March, 2020 at 5:00 P.M. and return the duly completed forms in the attached self-addressed pre-paid envelop, on or before the close of business hours on 18th March, 2020.

The Scrutinizer completed the scrutiny of postal ballot forms received physically and the votes polled electronically upto the close of the working hours on 18th March, 2020 (being the last date fixed for the receipt of duly filled postal ballot forms) and submitted his report on 19th March, 2020.

On the basis of the report of the Scrutinizer, Mr. Satish Kumar Agarwal, Chairman & Managing Director of the Company, declared the results of the postal ballot/e-voting on 20th March, 2020 at 5:00 PM.

#### Voting Results

- Special Resolution: Shifting of Registered Office of the Company from State of Rajasthan to State of Haryana.

Names	E-votes		Physical voting		Total	
	No. of Share-holders	No. of Votes	No. of Share holders	No. of Votes	No. of Share holders	No. of Votes
Total Votes Cast	44	17659387	16	196	60	17659583
Total Valid Votes	44	17659387	16	196	60	17659583
Total Invalid Votes	0	0	0	0	0	0
Total Votes in favour of Resolution	44	17659387	4	135	48	17659522
Total Votes against the Resolution	0	0	12	61	12	61

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

2. Special Resolution: Amendment of Kamdhenu Employees Stock Option Scheme, 2017.

Names	E-votes		Physical voting		Total	
	No. of Share-holders	No. of Votes	No. of Share holders	No. of Votes	No. of Share holders	No. of Votes
Total Votes Cast	44	17659387	16	196	60	17659583
Total Valid Votes	43	17659377	16	196	59	17659573
Total Invalid Votes	1	10	0	0	1	10
Total Votes in favour of Resolution	41	17366217	4	135	45	17366352
Total Votes against the Resolution	2	293160	12	61	14	293221

3. Special Resolution: Designate Mr. Satish Kumar Agarwal as Chairman & Managing Director of the Company and continuation of his appointment even after attaining the age of 70 years for a period of 3 consecutive years with effect from 1st April, 2020 upto 31st March, 2023.

Names	E-votes		Physical voting		Total	
	No. of Share-holders	No. of Votes	No. of Share holders	No. of Votes	No. of Share holders	No. of Votes
Total Votes Cast	44	17659387	16	196	60	17659583
Total Valid Votes	44	17659387	16	196	60	17659583
Total Invalid Votes	0	0	0	0	0	0
Total Votes in favour of Resolution	43	17659377	3	130	46	17659507
Total Votes against the Resolution	1	10	13	66	14	76

### 4.2 Means of Communications

#### Stock Exchange Intimations:

#### A. Financial Results

The quarterly/half-yearly/annual financial results are displayed under 'Investors' section of the Company's website viz., [www.kamdhenulimited.com](http://www.kamdhenulimited.com). They are also filed with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) within prescribed time limit as per Listing Regulations.

- A. The quarterly/half-yearly/annual financial results are normally published in the following Newspapers.

Financial Express- National Daily (All India Editions)

Jansatta – Hindi Daily (Delhi Edition only)

- B. Websites where results are displayed

[www.nseindia.com](http://www.nseindia.com)

[www.bseindia.com](http://www.bseindia.com)

[www.kamdhenulimited.com](http://www.kamdhenulimited.com)

- C. Company is also giving the Press release on Financial Results.

- D. Presentations are being made to investors or to the analysts as per the schedule as intimated to stock exchanges.

### 5. GENERAL SHAREHOLDER INFORMATION

#### A. 26th Annual General Meeting

Date and Time : 28th September, 2020 at 10:00 A.M

Mode : Video Conferencing.

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### B. Financial Year

Financial year of the Company starts on 1st April and ends on 31st March of the following year.

Financial Calendar 2020-21:

Event	On or before
Financial Results for the 1st Quarter ended 30th June, 2020	14.08.2020
Financial Results for the 2nd Quarter ended 30th September, 2020	14.11.2019
Financial Results for the 3rd Quarter ended 31st December, 2020	14.02.2021
Audited Financial Results for the financial year ended 31st March, 2021	30.05.2021

### C. Dividend

Board of directors of the Company in their meeting held on 29th June, 2020 has recommended a dividend of ₹ 0.50/-per equity share of face value of ₹ 10/- fully paid-up each subject to approval of the same in the ensuing Annual General Meeting to be held on 28th September, 2020. If the dividend is declared, shall be paid on or before 27th October, 2020.

**D. Book Closure Period :** From 22nd September, 2020 to 28th September, 2020 (both days inclusive)

### E. Listing on Stock Exchanges

The shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for the financial year 2019-20 have been paid to these Stock Exchanges within due dates.

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,

Bandra(E), Mumbai-400 051

BSE Limited,

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai- 400 001

### F. Stock Code/ Script Id

BSE Limited : 532741  
 National Stock Exchange of India Limited : KAMDHENU  
 ISIN NO. : INE390H01012

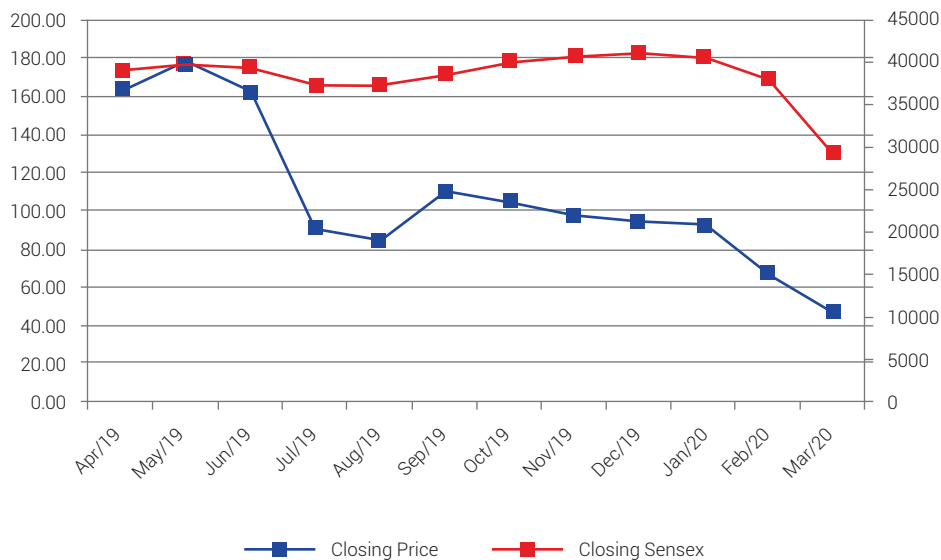
### G. Stock Market Price data

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, during the period under review are as follows:

Month	BSE				NSE			
	High	Low	Closing	Volume	High	Low	Closing	Volume
	(₹)	(₹)	(₹)	(No.)	(₹)	(₹)	(₹)	(No.)
Apr-19	215.70	162.60	164.25	189757	216.00	162.55	164.60	1330853
May-19	185.90	152.00	178.00	85295	190.00	151.50	183.15	422668
Jun-19	185.00	154.00	163.00	66125	181.50	156.00	162.50	278972
Jul-19	167.50	90.20	91.25	80068	167.45	89.40	90.30	407195
Aug-19	100.00	74.00	85.00	30723	99.95	76.05	84.90	272358
Sep-19	121.00	83.85	110.10	44376	122.25	77.75	110.45	178594
Oct-19	112.00	97.00	105.65	17293	113.00	92.95	104.70	124867

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

Month	BSE				NSE			
	High	Low	Closing	Volume	High	Low	Closing	Volume
	(₹)	(₹)	(₹)	(No.)	(₹)	(₹)	(₹)	(No.)
Nov-19	110.70	96.30	98.35	28182	111.25	96.40	98.30	236518
Dec-19	103.90	83.75	95.10	39670	104.70	84.10	94.45	284647
Jan-20	114.00	90.60	93.05	103618	114.20	90.00	93.05	921992
Feb-20	95.90	66.20	68.25	49790	97.00	66.20	68.40	292751
Mar-20	69.75	44.80	47.15	44670	76.40	40.95	46.85	521555



[Source: www.bseindia.com, www.nseindia.com ]

(Based on month ended closing price of Company on BSE and month ended BSE Sensex)

**H. Securities of the Company has not been suspended from trading during the year under review.**

**I. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad:**

Not Applicable as there is no debt instruments or fixed deposit programme or any scheme or proposal of involving mobilisation of funds, whether in India or abroad.

**J. Registrar to an issue and Share Transfer Agents**

M/s Kfin Technologies Private Limited (Formerly Karvy Fintech Private Limited) is the Registrar and Share Transfer Agent (RTA) of the Company in respect of shares held in physical and Demat form. The Members are requested to correspond to the Company's Registrars & Share Transfer Agent - M/s Kfin Technologies Private Limited (Formerly Karvy Fintech Private Limited) quoting their Folio Number, Client ID and DP ID at the following address:

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

M/s Kfin Technologies Private Limited  
(Formerly KarvyFintech Private Limited)  
Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda  
SerilingampallyMandal, Hyderabad – 500032, India  
P : +91 040 6716 1518, M : +91 9866515032  
E-mail: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)  
[suresh.d@karvy.com](mailto:suresh.d@karvy.com)  
[www.Kfintech.com](http://www.Kfintech.com)

### K. Compliance Officer Details

#### Mr. Jogeswar Mohanty

Company Secretary & Compliance Officer

#### Corporate Office:

2nd Floor, Tower-A, Building No. 9,  
DLF Cyber City, Phase-III,  
Gurgaon - 122 002 (Haryana),  
Telephone: 0124-4604534  
Fax: 0124-4218524

#### Registered Office:

A-1112 & A-1114, RIICO Industrial  
Area Phase-III Bhiwadi Alwar-301019  
Rajasthan.  
Telephone: 011 - 26784596  
Fax: 011 - 26784596

**Email:** [jmohanty@kamdhenulimited.com](mailto:jmohanty@kamdhenulimited.com)

Website : [www.kamdhenulimited.com](http://www.kamdhenulimited.com)

### L. Share Transfer System

The Company has a Share Transfer Committee, a sub-committee of Stakeholders Relationship Committee to look into various issues relating to the investors including share transfers/transmissions, duplicate share certificates, splitting, consolidation of share certificates, dematerialisation of shares etc. This Share Transfer Committee of the Board of Directors of the Company meets as and when required and the requests received from the Registrar and Share Transfer Agent (RTA) to give effect to the transfers/transmissions of shares, issuance of duplicate share certificates, splitting, consolidation of share certificates, Dematerialisation of shares.

M/s Kfin Technologies Private Limited (Formerly Karvy Fintech Private Limited), RTA process the share transfers / transmission, splitting, consolidation of share certificates in physical form and the same are approved by the Share Transfer Committee. Transfer of shares in physical form are registered and dispatched within 1 month of their receipt, subject to documents being valid and complete in all respects. The Board is regularly updated on the matters transacted at the Share Transfer Committee meetings.

### M. Distribution of Shareholding as at 31st March, 2020.

Category (Shares)	No. of Cases	Percentage to cases	No of Shares	Percentage to Shares
1-5000	9247	87.9494	1216745	4.5840
5001- 10000	659	6.2678	538061	2.0271
10001- 20000	307	2.9199	481984	1.8158
20001- 30000	91	0.8655	229793	0.8657
30001- 40000	36	0.3424	125242	0.4718
40001- 50000	34	0.3234	158223	0.5961
50001- 100000	52	0.4946	389374	1.4669
100001& Above	88	0.837	23403828	88.1724
<b>Total</b>	<b>10514</b>	<b>100</b>	<b>26543250</b>	<b>100</b>

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### N. Shareholding Pattern as at 31st March, 2020.

#### I. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR as on 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR as on 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	8486742	1000000	9486742	35.93	9511742	0	9511742	35.83	-0.10
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	7804145	0	7804145	29.56	7804145	0	7804145	29.40	-0.16
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>16290887</b>	<b>1000000</b>	<b>17290887</b>	<b>65.50</b>	<b>17315887</b>	<b>0</b>	<b>17315887</b>	<b>65.24</b>	<b>-0.26</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>16290887</b>	<b>1000000</b>	<b>17290887</b>	<b>65.50</b>	<b>17315887</b>	<b>0</b>	<b>17315887</b>	<b>65.24</b>	<b>-0.26</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	293160	0	293160	1.11	293160	0	293160	1.10	-0.01
(b)	Financial Institutions /Banks	35992	0	35992	0.14	2408	0	2408	0.01	-0.13
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00



**ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR as on 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR as on 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>329152</b>	<b>0</b>	<b>329152</b>	<b>1.25</b>	<b>295568</b>	<b>0</b>	<b>295568</b>	<b>1.11</b>	<b>-0.13</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	2167026	700000	2867026	10.86	2558641	0	2558641	9.64	-1.22
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	2541087	7025	2548112	9.65	2880110	7013	2887123	10.88	1.23
	(ii) Individuals holding nominal share capital in excess of ₹ 1 Lakhs	2926374	300000	3226374	12.22	3345830	0	3345830	12.61	0.38
(c)	Others									
	CLEARING MEMBERS	8541	0	8541	0.03	17403	0	17403	0.07	0.03
	NBFC	15995	0	15995	0.06	8000	0	8000	0.03	-0.03
	NON RESIDENT INDIANS	90662	0	90662	0.34	80993	0	80993	0.31	-0.04
	NRI NON-REPATRIATION	23251	0	23251	0.09	33805	0	33805	0.13	0.04
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>7772936</b>	<b>1007025</b>	<b>8779961</b>	<b>33.26</b>	<b>8924782</b>	<b>7013</b>	<b>8931795</b>	<b>33.65</b>	<b>0.39</b>
	<b>Total B=B(1)+B(2) :</b>	<b>8102088</b>	<b>1007025</b>	<b>9109113</b>	<b>34.50</b>	<b>9220350</b>	<b>7013</b>	<b>9227363</b>	<b>34.76</b>	<b>0.26</b>
	<b>Total (A+B) :</b>	<b>24392975</b>	<b>2007025</b>	<b>26400000</b>	<b>100.00</b>	<b>26536237</b>	<b>7013</b>	<b>26543250</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>24392975</b>	<b>2007025</b>	<b>26400000</b>	<b>100.00</b>	<b>26536237</b>	<b>7013</b>	<b>26543250</b>	<b>100.00</b>	

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### ii) Shareholding of Promoters

Sl no	Name of the Share Holder	No of Shares held as on 01/04/2019	Change in Share holding	No of Shares Held As on 31/03/2020	% Change in Shareholding	Reason for change	Pledge Shares as on 31/03/2019	Pledge Shares as on 31/03/2020
1	KAMDHENU OVERSEAS LIMITED	3050000	0	3050000	0.00		0	0
2	KAMDHENU PAINT INDUSTRIES LIMITED	1521801	0	1521801	0.00		0	0
3	KAMDHENU CONCAST LIMITED	1428510	0	1428510	0.00		0	0
4	SARITA AGARWAL	1604450	12500	1616950	0.05	Market Purchase	0	0
5	SUNIL KUMAR AGARWAL	1545292	0	1545292	0.00		0	0
6	SATISH KUMAR AGARWAL	1281842	0	1281842	0.00		0	0
7	SHAFALI AGRAWAL	763842	0	763842	0.00		0	0
8	SACHIN AGARWAL	923719	0	923719	0.00		0	0
9	KAMDHENU INFRADEVELOPERS LIMITED	614900	0	614900	0.00		0	0
10	KAMDHENU NUTRIENTS PRIVATE LIMITED	600000	0	600000	0.00		0	0
11	KAY2 STEEL LIMITED	588934	0	588934	0.00		0	0
12	SAURABH AGARWAL	826500	0	826500	0.00		0	0
13	RADHA AGARWAL	541877	0	541877	0.00		0	0
14	SATISH KUMAR AGARWAL	365900	0	365900	0.00		0	0
15	SHATUL AGARWAL	337700	0	337700	0.00		0	0
16	SUNIL KUMAR	300280	0	300280	0.00		0	0
17	SHIVANI AGARWAL	255235	0	255235	0.00		0	0
18	PRIYANKA AGARWAL	244129	12500	256629	0.05	Market Purchase	0	0
19	ISHITA AGARWAL	210716	0	210716	0.00		0	0
20	SOMYA AGARWAL	144660	0	144660	0.00		0	0
21	AYUSH AGARWAL	90600	0	90600	0.00		0	0
22	AYUSH AGARWAL	50000	0	50000	0.00		0	0
	<b>Total:</b>	<b>17290887</b>	<b>25000</b>	<b>17315887</b>	<b>0.10</b>		<b>0</b>	<b>0</b>

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	17290887	65.50		65.50
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	25000 (Purchase)	0.10	17315887	65.50
	<b>At the End of the year</b>		<b>65.60</b>	<b>17315887</b>	<b>65.50</b>

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

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 01/04/2019 AND 31/03/2020									
Sl no	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	Opening Balance	JATALIA FINANCE COMPANY LIMITED	607651	2.49	30/03/2019			607651	2.49
	Purchase				21/06/2019	38972	Transfer	646623	2.45
	Sale				21/06/2019	-35	Transfer	646588	2.45
	Purchase				28/06/2019	3030	Transfer	649618	2.46
	Purchase				05/07/2019	3070	Transfer	652688	2.47
	Sale				12/07/2019	-9500	Transfer	643188	2.44
	Sale				26/07/2019	-133974	Transfer	509214	1.92
	Sale				02/08/2019	-3114	Transfer	506100	1.91
	Purchase				30/08/2019	123335	Transfer	629435	2.37
	Sale				20/09/2019	-4893	Transfer	624542	2.35
	Sale				27/09/2019	-9372	Transfer	615170	2.32
	Sale				30/09/2019	-2311	Transfer	612859	2.31
	Sale				04/10/2019	-1340	Transfer	611519	2.30
	Sale				11/10/2019	-1569	Transfer	609950	2.30
	Sale				18/10/2019	-1636	Transfer	608314	2.29
	Sale				25/10/2019	-2076	Transfer	606238	2.28
	Sale				01/11/2019	-4877	Transfer	601361	2.27
	Sale				08/11/2019	-1983	Transfer	599378	2.26
	Sale				06/12/2019	-500000	Transfer	99378	0.37
	Closing Balance				31/03/2020			99378	0.37
2	Opening Balance	MONEYPLUS FINANCIAL SERVICES PRIVATE LIMITED	604241	2.48	30/03/2019			604241	2.48
	Sale				12/04/2019	-100000	Transfer	504241	2.07
	Purchase				02/08/2019	75	Transfer	504316	1.90
						200000	Conversion	704316	
	Closing Balance				31/03/2020			704316	2.65

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 01/04/2019 AND 31/03/2020									
Sl no	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
3	Opening Balance	MUKUL MAHAVIRPRASAD AGRAWAL	516831	2.12	30/03/2019			516831	2.12
	Purchase				11/10/2019	20000	Transfer	536831	2.02
	Closing Balance				31/03/2020			536831	2.02
4	Opening Balance	INDO JATALIA HOLDINGS LIMITED	50	0.00	30/03/2019			50	0.00
						500000	conversion	500050	
	Closing Balance				31/03/2020			500050	1.88
5	Opening Balance	ASHA MUKUL AGRAWAL	471736	1.93	30/03/2019			471736	1.93
	Closing Balance				31/03/2020			471736	1.78
6	Opening Balance	RAJSONIA CONSULTANCY SERVICES PRIVATE LIMITED	0	0.00	30/03/2019			0	0.00
	Purchase				06/12/2019	500000	Transfer	500000	1.88
	Sale				27/12/2019	-6008	Transfer	493992	1.86
	Sale				31/12/2019	-14015	Transfer	479977	1.81
	Sale				03/01/2020	-83966	Transfer	396011	1.49
	Sale				10/01/2020	-15256	Transfer	380755	1.43
	Sale				17/01/2020	-15000	Transfer	365755	1.38
	Sale				20/03/2020	-30000	Transfer	335755	1.26
	Purchase				27/03/2020	2689	Transfer	338444	1.28
	Closing Balance				31/03/2020			338444	1.28
7	Opening Balance	NIRDOSH GAUR	0	0.00	30/03/2019			0	0.00
						300000	conversion	300000	1.23
	Closing Balance				31/03/2020			300000	1.13
8	Opening Balance	SANGEETHA S	295900	1.21	30/03/2019			295900	1.21
	Closing Balance				31/03/2020			295900	1.11
9	Opening Balance	BOI AXA TRUSTEE SERVICES PVT LTD A/C BOI AXA MANUF	293160	1.20	30/03/2019			293160	1.20
	Closing Balance				31/03/2020			293160	1.10



## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 01/04/2019 AND 31/03/2020									
Sl no	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
10	Opening Balance	THREE DEE EXIM PRIVATE LIMITED	234500	0.96	30/03/2019			234500	0.96
	Closing Balance				31/03/2020			234500	0.88

### v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Satish Kumar Agarwal, Chairman & Managing Director	1281842	4.85	01.04.19	0	NA	1281842	4.85
	Closing Balance			31.03.20			1281842	4.85
2	Sunil Kumar Agarwal, Wholetime Director	1545292	5.85	01.04.19	0	NA	1545292	5.85
	Closing Balance			31.03.20			1545292	5.85
3	Saurabh Agarwal, Wholetime Director	826500	3.13	01.04.19	0	NA	826500	3.13
	Closing Balance			31.03.20			826500	3.13
4	Sachin Agarwal, Wholetime Director	923719	3.50	01.04.19	0	NA	923719	3.50
	Closing Balance			31.03.20			923719	3.50
5	Mahendra Kumar Doogar, Independent Director	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
6	Ramesh Chand Surana, Independent Director	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
7	Ramesh Chandra Jain	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
8	Nishal Jain, Independent Director	0	0	01.04.19	0	NA	0	0
	Closing Balance			31.03.20			0	0
9	Harish Kumar Agarwal, Chief Financial Officer	0	0	01.04.19	0		0	0
				02.05.19	18750	ESOP		
	Closing Balance			31.03.20			18750	0
10	Jogeswar Mohanty, Company Secretary	0	0	01.04.19	0		0	0
				02.05.19	3750		3750	
	<b>Closing Balance</b>			<b>31.03.20</b>		<b>ESOP</b>	<b>3750</b>	<b>0</b>

## **ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)**

### **O. Dematerialisation of Shares & liquidity**

Equity shares of your company are in compulsory Demat settlement mode and can be traded only in demat form. Except 7013 equity shares out of total issued capital of the Company, all the shares of the Company are in demat form.

International Securities Identification Number (ISIN) allotted to the Company by NSDL and CDSL is INE390H01012.

### **P. Outstanding GDRs/ADRs/Warrants/Options/FCCBs**

There is no outstanding security as on 31st March, 2020.

### **Q. Commodity price risk or foreign exchange risk and hedging activities. N.A**

### **R. Plant locations**

#### **Steel Division**

A-1112 & A-1114, RIICO Industrial Area, Phase-III, Bhiwadi, District Alwar-301019, Rajasthan  
Phone: 01493-520401-430 Fax:01493-520428

#### **Paint Division**

E-538-539 A, Industrial Area, Chopanki, Distt.Alwar, Rajasthan,  
Phone: 01493-306801-820 Fax:01493-306810

### **S. Address for Correspondence**

**Kamdhenu Limited:** 2nd Floor, Tower A, Building No. 9, DLF Cyber City, Phase-III, Gurgaon-122002 (Haryana)  
Phone:0124-4604500 (30 Lines) Fax: 0124-4218524,  
Email: kamdhenu@kamdhenulimited.com

### **T. Unclaimed / Unpaid Dividend**

Members, who have not received / encashed their dividend for the financial year 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 may approach the Registrar & Share transfer Agent and/or the Company for payment of such unpaid dividend.

### **U. Nomination facility**

In terms of Section 72 of the Companies Act, 2013, shareholders holding shares in Demat and physical form may in their own interest register their nomination with the DP and R&T Agent, respectively.

## **6. DISCLOSURES**

### **A. Related Party Transaction**

The Company has not entered into any materially significant transactions with the related parties viz. Promoters, Directors or the Management, their relatives which may have potential conflicts with the interest of the company at large.

Transactions with related parties as per AS-18 have been disclosed in the note 48 forming part of Financial Statements.

In terms of Listing Regulations, the Company has formulated a policy on materiality on related party transaction and also on dealing with the related party transactions which is disclosed on the company's website at <https://www.kamdhenulimited.com/Financial-Results/Related-Party-Transaction-Policy.pdf>

### **B. Details of Non Compliance, if any**

The Compliance status of all applicable law is reviewed by the Board on quarterly basis. In the opinion of your Directors, there has been no non-compliance by the Company, no penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authority, on any matter relating to the capital markets during the last three years more-so in terms of Para C(10)(b) and Para C(13) of Schedule V to the Listing Regulations.

### **C. Compliance of Corporate Governance**

The Company has fully complied with the Mandatory Requirements of Listing Regulations.

The Company has so far not implemented any non-mandatory requirement specified in Regulation 27 read with Part-E of Schedule II to the Listing Regulations.

### **D. Vigil mechanism/ Whistle blower policy**

Your Company has established a mechanism called 'Vigil Mechanism' for directors and employees to report to the appropriate authorities of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the directors and employees to report their concerns directly to the Ethics Counsel or/Chairman of the Audit Committee of



## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

the Company. The policy with the name and address of the Chairman of the Audit Committee has been communicated to the employees by uploading the same on the website of the Company. The employees can directly contact the Chairman of the Audit Committee. The details of establishment of above vigil mechanism forms part of Directors Report. The vigil mechanism is uploaded on the website of the Company and can be accessed at [www.kamdhenulimited.com](http://www.kamdhenulimited.com). During the year under review, neither any case was reported under the Vigil Mechanism Policy nor was anyone denied the access to the Ethics Counsel or/Chairman of the Audit Committee of the Company.

### E. Material Subsidiaries

The Company has no Material Subsidiaries.

### F. Commodity Price Risk and Commodity Hedging

The Company is not dealing in Commodity trading and hedging.

### G. Accounting Treatment/ Accounting Policies

The financial statements of the Company have been prepared in accordance with the IndAS to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act, as applicable.

The financial statements have been prepared on accrual basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### CEO/CFO Certification

The Managing Director & CEO and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations pertaining to CEO/CFO certification for the year ended 31st March, 2020

### H. Proceeds from public issues, right issues, preferential issues etc.

The Company has allotted 1,43,250 (One Lakh Forty three thousand two hundred fifty only) Equity Shares to the employees of the Company under Kamdhenu Employees Stock Option Scheme, 2017 on exercise of equal no of options vested at a price of ₹ 59/- per share

of face value ₹ 10 fully paid up. The Company has received a sum of ₹ 71,62,500/- from the issue during the year under review. The proceeds of the preferential issue during the period under review has been used by the Company to augment the business operations, expansion and meet the working capital requirements, and general corporate purpose.

### I. Certificate from a company secretary in practice 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.

A Certificate from a Company Secretary in Practice has been obtained certifying 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.

### J. Any recommendation of any committee of the board not accepted by the board which is mandatorily required, in the relevant financial year, along with reasons thereof.

There is no recommendation of any committee of the board which has not accepted by the board of directors which is mandatorily required to be accepted during in the relevant financial year.

### K. Total fees for all services paid by the listed entity 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.

#### PAYMENT TO AUDITORS

Particulars	Year ended 31st March, 2020 (Amount in ₹)
Statutory audit fee	5,36,000
Taxation matters	60,000
Total	5,96,000

#### Payment to all entities in the network firm/network entity of which the statutory auditor is a part.

NIL

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

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

The Company has complied with the provision relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the FY 2019-20, the Company received no complaint on sexual harassment under The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Regarding this a detailed information has been given in Directors' Report

Number of complaints pending at beginning of the financial year : 0

Number of complaints filed during the financial year : 0

Number of complaints disposed of during the financial year : 0

Number of complaints pending as on end of the financial year : 0

### M. Secretarial Audit Report

The Annual Secretarial Audit Report from the Company Secretary in practice for compliance with Section 204(1) of the Companies Act, 2013, Listing Regulations, SEBI Regulations on Takeover, Insider Trading and Depositories & Participants is annexed as annexure IV as part of the Directors' Report.

### N. Management Discussion and Analysis Report

The Management Discussion and Analysis Report have been included separately as Annexure VI to the Directors' Report.

### O. Shareholders

- i. The quarterly results and Shareholding Patterns have been put on the Company's website [www.kamdhenulimited.com](http://www.kamdhenulimited.com) under the investor zone Section.
- ii. The Company will send Annual Report through email to those Shareholders who have registered their email ids with Depository Participant and physical Annual Report will be sent by post/courier to other shareholders.

### 7. COMPLIANCE ON CORPORATE GOVERNANCE

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer of the Company.

Pursuant to the Listing Regulations the Certificate from Practising Company Secretary on in compliance of conditions of Corporate Governance forms part of this Report.

### 8. CODE OF CONDUCT

As per the requirement of the Listing Regulations, Company has formulated Code of Conduct for the Board members and senior management personnel of the Company so that the Company's business is conducted in an efficient and transparent manner without having any conflict of personal interests with the interests of the Company. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

#### Declaration by the Chairman & Managing Director

It is hereby declared that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Regulation 26(3) of the Listing Regulations for the year ended 31st March, 2020.

Code of conduct declaration annexed as annexure to this Report.

### 9. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT

There are no shares in the De-mat suspense account or unclaimed suspense account. Hence the disclosures required to be made in Directors' Report 2019-20 as per clause (F) (1) (a) to (e) of Schedule V of Listing Regulations are not applicable.

### 10. DISCRETIONARY REQUIREMENTS UNDER REGULATION 27(1) OF THE LISTING REGULATIONS

The Company has not disclosed and adopted the discretionary requirements as specified in Part-E of Schedule II under Listing Regulations.



## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### 11. COMPLIANCE WITH THE MANDATORY REQUIREMENTS AS SPECIFIED IN REGULATIONS 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF THE LISTING REGULATIONS

The Board of Directors periodically reviews the compliance of all applicable laws. The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under the Listing Regulations.

#### CONFIRMATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46

Particulars	Regulation Number	Compliance status
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1), 17(1A) & 17(1B)	Yes
Meeting of Board of directors	17(2)	Yes
Quorum of Board Meeting	17(2A)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Recommendation of Board	17(11)	Yes
Maximum number of Directorships	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Quorum of Nomination & Remuneration Committee	19(2A)	Yes
Meeting of Nomination & Remuneration Committee	19(3A)	Yes
Composition of Stakeholder Relationship Committee	20(1),(2) & (2A)	Yes
Meeting of Stakeholder Relationship Committee	20(3A)	Yes
Composition and Role of Risk Management Committee	21(1),(2),(3),(4)	Yes
Meeting of Risk Management Committee	21(3A)	Yes
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1), (1A),(5),(6) & (7)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	NA
Disclosure of related party transactions on consolidated basis	23(9)	Yes
Composition of Board of Directors of unlisted material subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Annual Secretarial Compliance Report	24(A)	Yes
Alternate Director to Independent Director	25(1)	NA
Maximum Tenure	25 (2)	Yes

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

Particulars	Regulation Number	Compliance status
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Declaration from Independent Directors	25(8) & (9)	Yes
D & O Insurance for Independent Directors	25(10)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non- Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
Disclosure on the website of the Company	46(2)	Yes

### 12. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

A certificate from the Practicing Company Secretary 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 forms integral part of this Report.

#### BY ORDER OF THE BOARD OF DIRECTORS OF KAMDHENU LIMITED

**(Satish Kumar Agarwal)**  
Chairman & Managing Director  
DIN: 00005981

**(Sunil Kumar Agarwal)**  
Whole Time Director  
DIN: 00005973

Date: 29th June, 2020  
Place: Gurgaon



## **ANNEXURE-V** CORPORATE GOVERNANCE REPORT (Contd.)

### **ANNEXURE TO THE CORPORATE GOVERNANCE REPORT**

29th June, 2020

To,

The Board of Directors

**Kamdhenu Limited**

**A-1112 & 1114, RIICO Industrial Area,**

**Bhiwadi, District- Alwar, Rajasthan**

**Subject: Code of Conduct- Declaration under Para D of Schedule V and other applicable regulations of the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)**

**Dear Sirs/ Madam,**

This is to certify that pursuant to the Para D of Schedule V and other applicable regulations of the Listing Regulations, the Board of Directors has adopted a Code of Conduct for its members and Senior Management, for the financial year ended 31st March, 2020, a confirmation that they are in compliance with the Company's Code of Conduct.

**For Kamdhenu Limited**

**Name: Satish Kumar Agarwal**

**Designation: Chairman & Managing Director**

**DIN: 00005981**

## **ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)**

### **CERTIFICATE**

We, Satish Kumar Agarwal, Chairman & Managing Director and Harish Kumar Agarwal, Chief Financial Officer of Kamdhenu Limited, to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2020 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading and;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

#### **BY ORDER OF THE BOARD OF DIRECTORS OF KAMDHENU LIMITED**

**(Satish Kumar Agarwal)**

Chairman & Managing Director

DIN: 00005981

**(Harish Kumar Agarwal)**

Chief Financial Officer

Date: 29th June, 2020

Place: Gurgaon





## **ANNEXURE-V** CORPORATE GOVERNANCE REPORT (Contd.)

### **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,

The Members

**KAMDHENU LIMITED**

**A-1112 & A-1114, RIICO Industrial**

**Area Phase-III Bhiwadi Alwar-301019**

**Rajasthan.**

We have examined all relevant records of KAMDHENU LIMITED ("the Company") for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March, 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate 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.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Chandrasekaran Associates**  
Company Secretaries

**Shashikant Tiwari**

Partner

Membership No. ACS 28994

Certificate of Practice No. 13050

UDIN: A028994B000389750

Date: 27.06.2020

Place: Delhi

## ANNEXURE-V CORPORATE GOVERNANCE REPORT (Contd.)

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,

**KAMDHENU LIMITED**

**A-1112 & A-1114, RIICO Industrial**

**Area Phase-III Bhiwadi Alwar-301019**

**Rajasthan.**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kamdhenu Limited and having CIN L27101RJ1994PLC067034 and having registered office at A-1112 & A-1114, RIICO Industrial Area Phase-III Bhiwadi Alwar- 301019, Rajasthan(hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

S. No.	Name of director	DIN	Date of appointment in Company
1	SATISH KUMAR AGARWAL	00005981	12.09.1994
2	SUNIL KUMAR AGARWAL	00005973	01.01.2003
3	SAURABH AGARWAL	00005970	01.01.2003
4	SACHIN AGARWAL	01188710	14.04.2007
5	MAHENDRA DOOGAR KUMAR	00319034	22.09.2006
6	RAMESH CHAND SURANA	00089854	30.05.2012
7	NISHAL JAIN	06934656	31.07.2014
8	RAMESH CHANDRA JAIN	00038529	02.05.2019

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

For **Chandrasekaran Associates**  
Company Secretaries

**Shashikant Tiwari**

Partner

Membership No. ACS 28994

Certificate of Practice No. 13050

UDIN: A028994B000389739

Date: 27.06.2020

Place: Delhi

## ANNEXURE-VI

### ANNEXURE FORM NO. AOC.1

**Statement containing salient features of the financial statement of  
Subsidiary (ies)/Associate Companies/Joint Ventures  
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies  
(Accounts) Rules, 2014)**

#### Part "A": Subsidiary (ies)

(Information in respect of each subsidiary to be presented with amounts in ₹)

Serial Number.	1
Name of the subsidiary	Kamdhenu Ventures Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period is same as that of the Company.
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	N.A
Share Capital	3,04,000
Reserves & Surplus	(86,537)
Total Assets	3,65,538
Total Liabilities	1,48,075
Investments	3,04,000
Turnover	0
Profit before taxation	(87,975)
Provision for taxation	(1,438)
Proposed Dividend	0
% of shareholding	100
Names of subsidiaries which are yet to commence operations	Kamdhenu Ventures Limited
Names of subsidiaries which have been liquidated or sold during the year.	N.A

Serial Number.	2
Names of subsidiaries which are yet to commence operations	Kamdhenu Colour and Coatings Limited
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Reporting period is same as that of the Company.
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	N.A
Share Capital	3,04,000
Reserves & Surplus	(87,917)
Total Assets	2,34,983
Total Liabilities	18,900
Investments	0
Turnover	0
Profit before taxation	(90,342)
Provision for taxation	(2,424)
Proposed Dividend	0
% of shareholding	100

## ANNEXURE-VI (Contd.)

Note: Part "B" is not applicable as the Company has no Associates and Joint Ventures.

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures		Name 1	Name 2	Name 3
1.	Latest audited Balance Sheet Date			
2.	Shares of Associate/Joint Ventures held by the Company on the yearend			
	No.			
	Amount of Investment in Associates/Joint Venture			
	Extend of Holding %			
Name of Associates/Joint Ventures		Name 1	Name 2	Name 3
3.	Description of how there is significant influence			
4.	Reason why the associate/Joint Venture is not consolidated			
5.	Networth attributable to Shareholding as per latest audited Balance Sheet			
6.	Profit / Loss for the year			
i.	Considered in Consolidation			
i.	Not Considered in Consolidation			

1. Names of Associates or Joint Ventures which are yet to commence operations.
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year.

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC LANDSCAPE

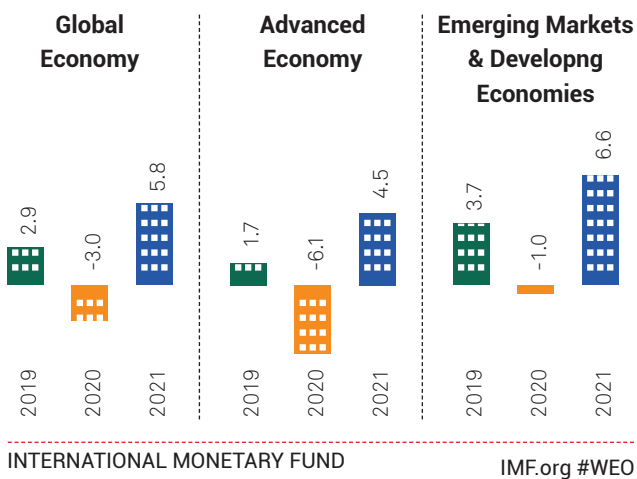
#### Global Economy

The International Monetary Fund (IMF) October 2019, the World Economic Outlook (WEO) had estimated the world output to grow by 2.9%, 3.5%, and 3.1% in 2019, 2020 and 2021, respectively. However, the year 2020 saw the health crisis of COVID-19 pandemic severely impact the economic activities the world over. Consequently, as per the IMF, April 2020, WEO, the world output estimation, after taking the COVID-19 situation into consideration, was corrected with the forecast of growth by 2.9%, (3.0%), and 5.8% in 2019, 2020, and 2021, respectively. Output of Advanced Economies is estimated to grow by 1.7%, (6.1%), and 4.5% in 2019, 2020 and 2021, respectively. Output of Developing and Emerging Economies is estimated to grow by 3.7%, (1.0%), and 6.6% in 2019, 2020 and 2021, respectively.

#### World Economic Outlook April 2020

#### Growth Projections (In %)

The COVID-19 health crisis will severely impact the economic activities in 2020



#### COVID-19 Pandemic and The Great Lockdown

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are critically impacting economic activities. As a result of the pandemic, the global economy is projected to contract sharply by (3%) in 2020, much worse than the one experienced during the 2008–09 financial crisis. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8% in 2021 as economic activity normalises, backed by policy support. The risks for even more severe outcomes, however, are substantial. Effective policies are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically.

#### Indian Economy

The Indian economy is estimated to grow by 4.2%, 1.9%, and 7.4% in 2019, 2020 and 2021, respectively. All the sectors of the economy have been under severe pressure in 2020. This growth forecast reflects severe impact of COVID-19 outbreak in all sectors around the world, more specifically in advanced economies. At the same time when the world economy, advanced economies and emerging markets and developing economies are forecasted to decline significantly in 2020, India's growth is expected to be positive at 1.9% in 2020. And it is worth noting here that India is also expected to grow at a high rate of 7.4% in 2021. This indicates that India is expected to come out victorious from this emergency of COVID-19 outbreak.

India witnessed a GDP growth rate of 4.2% in the FY 2019-20 as compared to 7.1% over the previous year. This surge could be attributed to an upswing in investment and consumption. The investment was powered by the 'Indian policy framework.' The method marks the inclusion

## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

of the idea of decentralising states in decision-making and positioning them against each other for natural resources available which are attracting funds. Rapid urbanization is fuelling consumption and ushering in latest technologies by transforming demographics. Reforms, taken in the last few years, had been essential in maintaining the pace of the growth. It backed India's emergence as one of the fastest growing economies in the world. This reform was further cushioned by increasing credit offtake, settled GST implementation, growing demand and capacity expansion. Latest infrastructures pitted 20+ smart cities, against each other, with all aiming high. In the process, they are seeking support in innovation. At the same time, this year the Indian budget brought in some diversification. The budget placed emphasis on the upliftment of agriculture, healthcare infrastructure creation, and improving education, among many. All these factors would lead to an increase in employment, urbanization, and a better standard of living.

### KEY DEVELOPMENTS IN INDIA

#### Aatma Nirbhar Bharat Abhiyaan

The Government of India announced the Aatma Nirbhar Bharat Abhiyaan in May 2020 under which many initiatives were announced to be taken including few which have already been implemented in response to combat the outbreak of COVID-19 pandemic. Making India self reliant and march forward on the path of development. The stimulus package involves a total amount of ₹ 20,00,000 Crores to support and explore the national development in many areas including MSME sector, Mudra loans facility, Housing CLSS-MIG, Agri Infrastructure and many more. Proper implementation of these scheme initiatives will boost the economy and consequently the industries will be benefited in terms of business growth.

#### GST

The Goods and Services Tax (GST) came into effect across India from 1st July, 2017. This has resulted in a reduction seen in the local production cost. It is also expected to transform unorganised businesses into organised ones. Along with that, ease in tax compliance and production

efficiency will attract more foreign direct investment (FDI).

#### GST Collection in 2019-20

Month	Amount collected (₹ in Crores)
April 2019	1,13,865
May 2019	1,00,289
June 2019	99,939
July 2019	1,02,083
August 2019	98,202
September 2019	91,916
October 2019	95,330
November 2019	1,03,492
December 2019	1,03,184
January 2020	1,10,818
February 2020	1,05,366
March 2020	97,597

(Source: Ministry of Finance, Government of India)

During the FY 2019-20, the monthly average of GST revenue stood at ₹ 1,01,658 Crores, which was 3.6% higher than the last financial year. The growth occurred on account of reconciliations by businesses of outward and inward supplies, intelligent data analytics, related tax leakage detection and consequent GST payment by businesses. However, the performance in the FY 2020-21 is expected to be adversely affected due to outbreak of COVID-19 and its consequent effect on the economy in total.

#### Infrastructure Push

Building infrastructure and improving logistics are at the core of actions taken by the Indian Government. The Government has infused ₹ 7 Trillion in a five-year plan to build 83,677 km of roads which is already in progress. The Bharatmala Pariyojana Programme will include 24,800 km of extensive highways. The National Highway Authority of India and the Ministry of Road Transport and Highways would develop another 10,000 km.

The Sagarmala Programme focuses on connectivity by sea. The target is to modernise existing ports. This will heighten the water transportation ratio, which is economical in nature



## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

and will ensure the enhancement of the logistic and GDP of the country.

### World Bank Logistics Performance Index

#### Top performing lower middle income economics, 2018

Economy	2018	
	Rank	Score
Vietnam	39	3.27
<b>India</b>	<b>44</b>	<b>3.18</b>
Indonesia	46	3.15
Cote d'Ivoire	50	3.08
Philippines	60	2.90
Ukraine	66	2.83
Egypt, Arab Rep	67	2.82
Kenya	68	2.81
Lao PDR	82	2.70
Jordan	84	2.69

(Source: World Bank)

### COMPANY OVERVIEW

The past two decades have witnessed Kamdhenu Limited starting from the scratch to make an indelible presence in the home building materials segment. The Company has made a name for itself by consistently supplying the best quality building materials to real estate and infrastructure developers and individual home builders across the country. The product categories include TMT Bars, Structural Steel,

and Colour-Coated Sheets. In 2008, the Company forayed into decorative paints business. The success it achieved is evident in the paint segment's returns, made over the years. In 2013, Kamdhenu launched SS 10000 TMT Bar, a premium product with double rib, double strength and double safety suitable for the highly seismic zone. Kamdhenu is known for its strict adherence to quality benchmarking process in-tandem with the international best practices. Along with the intent to deliver the best, the strong Pan-India presence has helped the Company in commanding a superior brand value for its steel and paints products. Figures from reports could speak volumes about the achievement. But one tops all, Kamdhenu TMT Bar is now the largest selling brand in retail segment in India.

### Our Success Drivers

- Mix of manufacturing and franchisee-based model, leading to improved efficiency and higher ROE, ROCE and margins;
- Rapidly-growing decorative paints sector through strong customer understanding and expertise developed over the years;
- Quick delivery through Pan-India franchise, dealer and distribution network;
- Strong R&D to deliver innovative products across segments;
- Extensive product range in the decorative paint segment from premium to regular to niche product with high potential;
- Strong brand image derived out of excellent quality and valued customer service;

## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### FINANCIAL PERFORMANCE REVIEW

#### 1. Financial highlights of the Company

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	<b>96,196.45</b>	1,23,239.62	<b>96,196.45</b>	-
Other Income	<b>63.38</b>	37.64	<b>63.38</b>	-
Total Revenue	<b>96,259.83</b>	1,23,277.26	<b>96,259.83</b>	-
Total Expenses	<b>93,785.74</b>	1,19,782.65	<b>93,786.70</b>	-
Profit before Exceptional Items and Tax	<b>2,474.09</b>	3,494.61	<b>2,473.13</b>	-
Total Tax Expenses	<b>(233.10)</b>	1247.55	<b>(233.10)</b>	-
Profit for the Year	<b>188.25</b>	2247.06	<b>187.29</b>	-
Total Comprehensive Income for the Year	<b>197.34</b>	2255.87	<b>196.38</b>	-
Paid up Capital (in ₹)	<b>26,54,32,500</b>	26,40,00,000	<b>26,54,32,500</b>	-
Earnings per Share of Face Value of ₹ 10 Each Basic (in ₹)	<b>0.71</b>	8.98	<b>0.71</b>	-
Diluted (in ₹)	<b>0.70</b>	8.90	<b>0.70</b>	-

#### 2. Operating Results and Business Operations and State of Affairs of the Company

The Annual Audited Financial Statements for the year have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS), prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices and policies to the extent applicable. Necessary disclosures as regards to the key impact areas and other adjustments upon transition to Ind-AS reporting have been made under the Notes to Financial Statements.

Your Company's Revenue from Operations reached ₹ 96,196.45 Lakhs during the year under review as against ₹ 1,23,239.62 Lakhs during the previous financial year, a decline of around 21.94% y-o-y. The Total Income declined around 21.91% from ₹ 1,23,277.26 Lakhs in FY 2018-19 to ₹ 96,259.83 Lakhs in FY 2019-20.

Decline in Revenue of the Company in FY 2019-20 was due to substantial fall in trading sales during the year under review i.e. 45% fall in trading sales as compared to FY 2018-19. This was the strategy of the

Company to focus on high margin business, shifting eyes on own manufacturing capabilities, emphasis on asset-light model of business, developments and innovation of newer products for ensuring consistent growth, consequently achieving better working capital management, improved return ratios and ensuring growth in market share of the Company. Specific other factors behind decline in the Revenue were economic recession; fall in steel prices and stiff competition, outbreak of COVID-19 with other factors beyond the control of the Company's management.

However, the Company performed well in its core area, i.e. franchisee business model, both in turnover and quantity of sales. The Company's royalty income increased from ₹ 8,404 Lakhs in FY 2018-19 to ₹ 9,416 Lakhs in FY 2019-20, registering a growth of 12%. The Company faced the challenges in shifting its strategy with conviction to ensure growth in future.

The total expenses in FY 2019-20 decreased by around 21.70% to ₹ 93,785.74 Lakhs as compared to ₹ 1,19,782.65 Lakhs in FY 2018-19, mainly on account of sales volume and consequent expenses.

## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Profit before Exceptional Items and Tax recorded at ₹ 2,474.09 Lakhs in FY 2019-20, as compared to ₹ 3,494.61 Lakhs in FY 2018-19. Profit for the Year recorded at ₹ 188.25 Lakhs in FY 2019-20 compared to ₹ 2,247.06 Lakhs in FY 2018-19. Total Comprehensive Income for the Year was recorded at ₹ 197.34 Lakhs in FY 2019-20 as compared to ₹ 2,255.87 Lakhs in FY 2018-19.

Decline in profit in FY 2019-20 was mainly due to availing the resolution of the pending tax disputes under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019. The Company incurred one time tax expense of ₹ 2,438.84 Lakhs in settlement of pending Excise & Service tax disputed amount to the tune of ₹ 4,907.77 Lakhs Crores under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019. Another major reason of decline in profits was the outbreak of fire in the Company's paint factory in which the entire factory was damaged substantially including stocks and production which was totally disrupted, causing major loss of assets and revenue. However, the Company has effectively managed to streamline the supply of paints products in market by outsourcing production immediately in the midst of challenges of revival of paints unit with recovery of losses from insurance claim and infuse positive climate among employees of the paint division for achieving the long term goal of the Company insuring successful implementation of Scheme of Arrangement outlined in this Report. In dealing with those accidental incidents, the Company compromised with the profits during the year under review with hope of better performance in future. Other non regular factors contributing for the loss of profits

are NGT impact in the month of November, 2019, outbreak of COVID-19. Management of the Company is of conclusion that the Company has performed well in all fronts, but incurred heavy expenses due to out of control events resulting in decline in profits, but hopes to perform in line with its track record in time to come.

Basic Earnings per Share (EPS) reached ₹ 0.71/- compared to ₹ 8.98/- in the previous year. Due to substantial fall in profits, its affect on EPS is obvious.

It may be noted that the Company maintained the track record of payment of dividend despite inadequate current profits, but out of retained earnings with a hope to have more distributable profits in time to come.

Followings are the performance parameters of the Consolidated financial statement of the Company which are almost at equal footing with the parameters of the Standalone performance of the Company. As the Consolidated Financial statement is not available for the FY 2018-19, comparative analysis can not be made.

(₹ in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Revenue from Operations	96,196.45	-
Other Income	63.38	-
Total Revenue	96,259.83	-
Total Expenses	93,786.70	-
Profit before Exceptional Items and Tax	2,473.13	-
Total Tax Expenses	(233.10)	-
Profit for the Year	187.29	-
Total Comprehensive Income for the Year	196.38	-

## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The Company considers its business segments as the primary segments to monitor the performance of each of its business segments on regular basis and therefore these have been considered as reportable segments under Ind-AS 108 on Segment Reporting. The reportable segments represent "Steel" and "Paints". The financial numbers given below for each of the business segments are as per Ind-AS.

### Segmentwise Revenue, Results, Assets and Liabilities

(₹ in Lakhs)

Particulars	Standalone		Consolidated
	Year Ended 31st March, 2020	Year Ended 31st March, 2019	Year Ended 31st March, 2020
<b>A. Segment Revenue</b>			
- Steel	73,628.98	96,256.99	73,628.98
- Paints	22,567.47	26,982.63	22,567.47
<b>Gross Revenue from Operations</b>	<b>96,196.45</b>	1,23,239.62	<b>96,196.45</b>
<b>B. Segment Results</b>			
- Steel	2,810.83	5,462.93	2,810.83
- Paints	(479.84)	820.04	(479.84)
Profit/(Loss) before finance cost, Tax & unallocable items	2,330.99	6,282.98	2,330.99
Less: Finance cost	1,190.19	1,150.94	1,190.19
Less: Other Unallocable Expenditure net of Income	1,185.65	1,637.43	1,186.60
<b>Total Profit/(Loss) before Tax</b>	<b>(44.85)</b>	3,494.61	<b>(45.81)</b>
<b>C. Segment Assets</b>			
- Steel	22,305.59	21,077.55	22,305.59
- Paints	22,845.86	19,911.18	22,845.86
- Unallocable	1,253.52	525.37	1,254.24
<b>Total Segment Assets</b>	<b>46,404.97</b>	41,514.10	<b>46,405.69</b>
<b>D. Segment Liabilities</b>			
- Steel	10,257.86	6,676.71	10,257.86
- Paints	17,516.50	15,734.86	17,516.50
- Unallocable	560.83	988.23	562.50
<b>Total Segment Liabilities</b>	<b>28,335.19</b>	23,399.80	<b>28,336.86</b>

## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### SEGMENT-WISE PERFORMANCE

Our persistent efforts over the last 24 years have made us a force to have faith in. Effective operation management and asset-light franchisee model give us a competitive edge over our peers, but it is not the time to get complacent. We have taken a pledge to take this endeavour forward. In the future, we are planning to introduce new products, doing business with more franchisee and dealers and increasing margin.

#### Steel

This year our Steel business contributed 77% to the revenue. The total revenue decreased from ₹ 96,256.99 Lakhs in FY 2018-19 to ₹ 73,628.98 Lakhs in FY 2019-20.

Revenue of the Steel division was affected mainly due to shifting of the Company's focus on its manufacturing and branding with emphasis on adequate margin business where the Company performed satisfactorily. Though temporary effect was faced on the top line, but it will have enduring effect in future performance of the Company, both on top line and bottom line.

Profit (before interest, tax, and unallocable items) from steel division decreased by 48.54% as compared to the previous year, reaching ₹ 2,810.83 Lakhs during FY 2019-20 from ₹ 5,462.93 Lakhs in FY 2018-19.

#### Paints

The paint division at Kamdhenu strategically built its brands over the years and made a good name for itself in the segment. It contributed 23% to the revenue of the business. The revenue of the business decreased from ₹ 26,982.63 Lakhs in FY 2018-19 to ₹ 22,567.47 Lakhs in the current financial year recording a decline of 16%.

Decline in revenue of the paints division was mainly due to the fire incident and consequent circumstances as described above and other factors having overall effect on the operation of the Company. This one time effect of fire incident will be eliminated and positive impact will be reflected in period to come.

Profit (before interest, tax, and unallocable items) from paint division incurred a loss of ₹ 479.84 Lakhs in FY 2019-20 compared to profit of ₹ 820.04 lakhs in FY 2018-19.

### Details of significant changes in ratios

		(₹ in Lakhs)		
Sl no.	Ratios	2019-20	2018-19	Change (%)
1	Trade Receivable Period (In Days)	81	66	22.73
2	Inventories Holding Period (In Days)	40	22	81.81
3	Interest Coverage Ratio	0.96	4.04	(76.16)
4	Current Ratio	1.39	1.49	(6.99)
5	Debt Equity Ratio	0.65	0.49	34.48
6	Operating Profit Margin (%)	1.19	3.77	(68.41)
7	Net Profit Margin (%)	0.20	1.82	(89.27)
8	Return on Net Worth (%)	1.04	12.40	(91.60)

## **ANNEXURE-VII** MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### **Trade Receivable Period**

The trade receivable period increased from 66 days in FY 2018-19 to 81 days in FY 2019-20 which indicates more time taken to realise trade receivables and more credit sales. In the time of economic recession and stief competition, the Company had liberal credit policy to sustain in the market and maintain the turnover at satisfactory level.

### **Inventories Holding Period**

Inventories Holding Period increased from 22 days in FY 2018-19 to 40 days in FY 2019-20, resulting in a growth of 81.81% which is due to mainainance of sufficient stock level and adopting conservative approach to sustain in the situation of stiff competition and maintain the production level to reduce cost of production on economis of scale.

### **Interest Coverage Ratio**

Interest Coverage Ratio decreased from 4.04 in FY 2018-19 to 0.96 in FY 2019-20, showing a downward trend of 76.16% which was not due to increase in finance cost, but because of substantial fall in profit to cover the finance cost.

### **Current Ratio**

Current Ratio deprived to 1.39 in FY 2019-20 from 1.49 in FY 2018-19 which is due to combined effect of fall of Current assets as well as Current liabilities level but current liabilities did not fall proportionately as compared to current assets showing a decrease of 6.99% despite substantial fall in the profit level.

### **Debt Equity Ratio**

Debt Equity Ratio reached 0.65 in FY 2019-20 compared to 0.49 in FY 2018-19 which increased by 34.48% and this rise in the ratio is because of marginal increase in borrowing, but still the ratio is below the general industry level and satisfactory for the financial position of the Company. It is to be noted here that the Company has a long standing of financial regularity in discharging the borrowings both capital and interest.

### **Operating Profit Margin**

Operating Profit Margin decreased by 68.41% from 3.77% in FY 2018-19 to 1.19% in FY 2019-20 which was due to burden of expenses incurred in resolution of tax disputes under Sabka Vishwas (Legal Dispute Resolution) Scheme, 2019, and allied matters not regular in nature. Those are one time settlements and the margin will maintain the level in next period of time.

### **Net Profit Margin**

Net Profit Margin dropped by 89.27% from 1.82% in FY 2018-19 to 0.20% in FY 2019-20 which was due to the reasons as mentioned above in case of Operating Profit Margin.

### **Return on Net Worth**

Return on Net Worth dropped by 91.60% to 1.04% in FY 2019-20 from 12.40% in FY 2018-19. Again this downfall was due to substantial fall in margin because of reasons cited above.

## **INDUSTRY STRUCTURE AND DEVELOPMENT**

### **Steel Industry**

Global steel demand is expected to contract this year as coronavirus-induced lockdowns and disruptions have impacted industrial activities, according to the latest Short Range Outlook from the World Steel Association ("WSA"), the international trade body for the iron and steel industry.

The WSA predicts steel demand to drop 6.4% to 1,654 million tons (Mt) in 2020 due to the coronavirus pandemic. The association, however, envisions demand to recover next year and rise 3.8% y-o-y to 1,717 Mt.

The outlook for 2020 assumes that lockdowns in most countries continue to be eased during June and July and major steel-making economies do not suffer from substantial secondary waves of the virus outbreak.

A faster recovery in China than the rest of the world is expected to mitigate the anticipated decline in this year's global steel demand. Demand in China, the world's top steel consumer, is predicted to rise 1% in 2020.

The association expects steel demand to drop significantly in most countries, in particular in the second quarter, as coronavirus-led shutdowns and disruptions in supply chains have hurt consumption. While lockdowns have hurt all steel-consuming sectors, automotive and mechanical machinery, in particular, are highly exposed to a protracted demand shock. The situation is forecasted to get better with the easing of restrictions that started in May, but the path of recovery is likely to be slow.

A rebound in economic activities is expected in the third quarter of 2020 as most countries have been gradually reopening from lockdowns since May, the WSA noted.

The economic recovery in China, which came out of the lockdown ahead of other countries, started in late February and is rapidly approaching normalcy. China's GDP shrank



## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

6.8% y-o-y in the first quarter of 2020, the first contraction in decades, as travel restrictions and quarantine measures hurt industrial production.

The WSA said that all major steel-consuming sectors in China were back to near full productivity by the end of April. It expects a rebound in steel demand in China in the second half of 2020, driven by the construction sector that has already attained full productivity. Construction will be supported by infrastructure investment driven by Beijing's new infrastructure push. The automotive industry is also expected to be backed by incentive measures. However, the recovery in China's manufacturing sector is expected to be slow due to the global economic slowdown.

Meanwhile, the WSA expects steel demand in the developed economies to fall 17.1% in 2020. Demand in the European Union (EU) is forecast to contract 15.8% this year. The manufacturing sector in the EU was expected to rebound in 2020 following a recession in 2019. However, it has been pushed into a deeper recession amid lockdowns that led to a significant decline in orders. The WSA envisions the automotive sector in the region to be the worst hit.

In the United States, the trade body predicts steel demand to drop 22.9% in 2020. The pandemic has led to a sharp manufacturing recession in the United States that is expected to hit the bottom in the second quarter. A decline in oil prices has put pressure on investment in the energy sector while lower income and confidence due to rising unemployment has impaired residential construction. Non-residential construction is also expected to decline in 2020.

Steel demand in Japan is forecast to decline 19.1% in 2020 as automotive and machinery sectors in the country have been hurt by lower exports and stalling investments. The WSA also sees demand in South Korea to dip 12.7% this year as a weak domestic economy and weaker export markets are expected to lead to a double-digit drop in major steel-using sectors.

Meanwhile, steel demand in the developing economies (excluding China) is projected to contract by 11.6% in 2020. Stricter lockdown measures in certain countries due to inadequate health capacity, limited fiscal support, lower commodity prices and currency depreciation are among the factors that are expected to contribute to the decline.

Notably, the WSA expects India to witness a 18% decline in steel demand in 2020. Industrial activities in India have been ground to a halt as the country has implemented the most stringent nationwide lockdown measures in the world. The recovery in the country's construction sector is expected to be slow due to labor shortages while the automotive sector will be hit hard by slower demand recovery and supply chain disruptions, the associate noted.

Shares of steel companies have gotten punished this year amid the coronavirus outbreak. In particular, worries over a slump in steel demand has triggered a broad-based sell off in U.S. steel stocks. The pandemic has dealt another blow to the embattled U.S. steel industry which reeled under the effects of a sharp decline in domestic steel prices and damaging impacts of the U.S.-China trade war last year.

*(Source: <https://finance.yahoo.com/news/steel-demand-slump-2020-coronavirus-114111483.html>)*

### Paints Industry

The Indian paint industry has been witnessing a gradual shift in the preferences of people from the traditional whitewash to high-quality paints like emulsions and enamel paints, providing the basic stability for growth of Indian paint industry. Besides, it is creating a strong competitive market, where players are utilising different strategies to tap the growing demand in the market for a larger share. Moreover, rise in disposable income of the average middle class, coupled with increasing investment on education, urbanisation, development of the rural market and various launches of many innovative products like friendly, odour free, and dust & water-resistant paints, are major drivers that are propelling the growth of the paint market in India.

### Outlook

As the industry keeps moving forward, the paint companies have started to incline towards manufacturing water-based paints which are less sensitive to the movement in crude oil prices. Effect of the easing in the input costs may continue to aid gross margins for the paint companies. This, along with India's consumers preference for branded, high quality products, applied with trusted service provider, is estimated to propel the industry growth back to 10% pa (2x GDP growth), post the COVID-19 landscape in FY 2020-21 *(Source: Elara Capital report, 25th May, 2020).*





## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### RISKS AND CONCERNS

Risks include both short-term and long-term perspective. They can be segmented into industry and market risks, commercial risks, operational risks, and compliance risks. Kamdhenu's risk management principles apply universally across business verticals. Each operational unit is given the onus of owning and managing its risks mitigation measurements. Decisions are made or escalated according to a defined delegation of authority.

Risks are dealt through strategies, annual planning, target setting, continuous monitoring with monthly and quarterly meetings, and during operational processes.

#### Industry Risk

##### Implication:

Downturn in the end-user industry could impact turnover and profitability.

##### Mitigation Measures:

At Kamdhenu, we are strategically placed to leverage opportunities rising out of the real estate and infrastructural segment. Our strong brand repute, combined with the high quality of the product, makes us a preferred supplier for the above-mentioned industries.

#### Competition Risk

##### Implication:

Increasing competitive pressure may impact the Company's market share and the overall profitability.

##### Mitigation Measures:

The Company initiated effective business model, quality, services and increased its focus on research and development to counter competition. This allows the Company to build a strong mind share amongst its stakeholders, leading to managing consistent market share.

#### Finance and Credit Risk

##### Implication:

Increasing finance cost and inability to pay off debt obligations in time may impact Company's credit worthiness.

##### Mitigation Measures:

Effective management of financial resources helped Kamdhenu in consistently maintaining lower debt-equity ratio over the years. Internal accruals have always been the major contributor to the expansion funding, leading to lower

borrowings and controlled credit risks. Besides, operating a franchise-based model eases out costs of owning assets.

#### Capacity Risk

##### Implication:

Inability to produce and deliver the desired volumes, owing to the lack in capacity, may adversely impact the Company's brand image.

##### Mitigation Measures:

The Company has effectively built an asset-light model by appointing franchisee units across the country. The Company reviews production capacities of the franchisee, along with the desired skill sets to ensure optimum outcome from each unit. This leads to timely availability of end products for its customers across the length and breadth of the country.

#### Input Risk

##### Implication:

Fluctuating raw material prices or unavailability of key inputs may hamper the overall operations of the Company, leading to delays and cost inflation.

##### Mitigation Measures:

Ingot/Billet is the main raw material needed for TMT bars. They are sourced on spot-basis to hedge against the price fluctuation. The natural price rise of raw materials is passed on to the customers. For paint segment, petroleum/alkyd resin/titanium dioxide prices are dependent on the international crude oil prices. To tackle this, the Company is shifting its focus towards water-based paint which is sustainable in nature.

#### Supply Risk

##### Implication:

Inefficient supply management, logistics, and distribution may lead to delay in the delivery of end products to the customers, adversely impacting the Company's brand image.

##### Mitigation Measures:

The Company has built strong supply chain management, right from the procurement of best quality raw material to





## ANNEXURE-VII MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

efficient production process to strong distribution network, spread across India, close to their customers.

### Reputational Risk

#### Implication:

Any sub-standard product manufactured by the franchisee unit can affect the Company's brand. Besides, poor quality or customer service may impact future business opportunities.

#### Mitigation measures:

As a countermeasure, the Company sets stringent quality parameters and technical specifications which need to be adhered by franchisee units. All the employees are trained at the Company's manufacturing plant before being deployed at the franchisee unit.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

At Kamdhenu, we believe in preminent staffing, captivating retention, effective training and staff growth for the customers during the year. We focus on creating value for our employees by providing a stress-free environment and fostering continuous improvement and development. This enabled several employees to realize their career aspirations during the year. The constructive strategies, abided by us, helped in attracting the best external talents and promote internal talents to higher roles and responsibilities.

Our employees drive the Company ahead in an ever-changing competitive scenario. That is why we believe in nurturing our employees through various initiatives taken by leveraging technology and by organising workshops to enhance their potential and making them capable of realising their goals. The industrial relations of Kamdhenu Limited remained harmonious and peaceful during the year. As on 31st March, 2020, we had 879 employees.

### Disclosure of Accounting Treatment

In the preparation of financial statements, no accounting treatment other than the prescribed Accounting Standard was followed.

### Internal Control System and its Adequacy

The core components of the Company principles are legal and ethical business. Kamdhenu Limited has a comprehensive internal control system, equipped with qualified and experienced personnel in various departments such as Accounts, Finance, Administration, Corporate affairs and Technical, ensuring the adequacy and efficiency of

various operations.

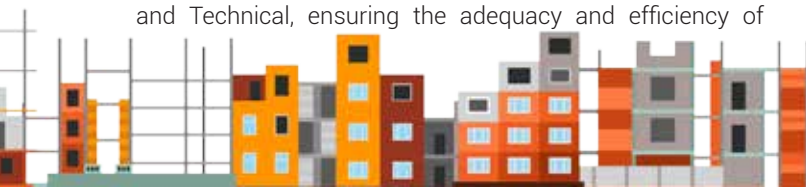
The workflow has been kept transparent as much as possible. We believe in bringing in clarity to simplify operations. The entire mechanism is created and operated under the vision and guidance of the Audit Committee and Board of Directors. It enables the entire process to become independent, objective and achieve reasonable mechanism, ensuring the adequacy and effectiveness of the Company's risk management, governance processes, and control. The Internal Control Systems enable quality of management and smooth corporate functioning within the Company. Each transaction is duly authorised, recorded and reported.

Further, the Company has properly defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for making and reviewing the annual and long-term business plans have been laid down. The Internal audit is carried out in consultation with the Statutory Auditors and the Audit Committee based on the internal audit plan, which is reviewed each year. The Internal Audit process is designed precisely to review the internal control checks in the system by covering all significant areas of the Company's operations such as Sales, Purchases, Inventory, Debtors, Creditors, Fixed Assets and legal compliance. The Company is not pursuing any conflicting transaction to avoid jeopardising the system. There are no materially significant financial and commercial transactions with related parties that could raise doubts against the interest of the Company during the financial year under review.

### Cautionary Statement

The statement in the Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be 'forward-looking statements' within the meaning, if applicable, of securities laws and regulations.

Although we believe that our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties. This could cause actual outcomes and results to be materially different from given or implied details. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations. The Company is not responsible in respect of the forward-looking statements herein, which may undergo changes in the future based on subsequent development, information or events and holds no obligation to update these in the future.



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KAMDHENU LIMITED

#### REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

##### Qualified Opinion

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

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

##### Basis for Qualified Opinion

a) *The Company has recognized income on account of Insurance claim receivable amounting to ₹ 4,203.58 Lakhs against loss of inventory, property plant & equipment due to the fire at paint factory of the Company on the midnight of 27th & 28th April, 2019, which is pending for approval by the insurance Company. The recognition of income on account of insurance claim recoverable, when there is no certainty that the ultimate collection will be made, is not in accordance with Indian Accounting Standard and accounting principles generally accepted in India. Had the Company not accounted for such claim, the loss of the Company before tax for the year ended 31st March, 2020 would have been higher by ₹ 4,203.58 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 4,055.04 Lakhs (net of Taxes) (Refer*

*Note No. 33 & 52 to financial Statements).*

b) *As per accounting policy of the Company, Equity settled share based payments to employees are measured at fair value at grant date and such fair value determined are expensed over vesting period. During the year ended 31st March, 2020, 392250 Equity Shares were vested to employees (net of lapses) in pursuance of Amended Employees Stock Option Scheme 2017 approved by shareholders through Postal ballot on 18th March, 2020 but fair value on such date of approval of ₹ 43.78 was taken to expense the share based payment instead of fair value at grant date. Had the Company taken fair value at grant date as basis to expense Share based payment till vesting period, there would have been additional expense of ₹ 832.32 Lakhs in statement of Profit & Loss and the loss of the Company before tax would have been higher by ₹ 832.32 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 683.78 Lakhs (net of Taxes) (Refer Note No. 49 to financial statements).*

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

##### Key Audit Matters

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



## INDEPENDENT AUDITOR'S REPORT (Contd.)

basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the Key Audit Matter was addressed:
<p>The Company had outstanding Excise &amp; Service tax for various fiscal years 2004 to 2012 amounting to ₹ 4,907.47 Lakhs. The Company opted to settle the demand of excise &amp; service tax disputes under Sabka Vishwas (Legacy Dispute Resolution) scheme 2019 and the amount of settlement of net demand as per the provisions of aforesaid scheme worked out to be ₹ 2,441.66 Lakhs, and paid the amount of settled demand.</p> <p>Accordingly, a sum of ₹ 2,438.84 Lakhs (net of ₹ 2.82 Lakhs already charged in books of accounts) have been debited to statement of Profit &amp; Loss and shown as "Exceptional items". The Company have been legally advised that the settled amount paid is allowable business expenditure under section 43B of Income Tax Act, 1961 and accordingly dealt with. (Refer note no. 51 to Standalone financial statements).</p>	<p>We have relied upon the legal opinion taken by the Company on allowability of amount paid while computing provision for income tax.</p>

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this Auditor report.

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

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

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

### Management's Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole

## INDEPENDENT AUDITOR'S REPORT (Contd.)

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

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

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

future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

### Other Matters

On account of COVID-19 related lockdown restrictions, Management of the Company was not able to perform the year end physical verification of inventories at all locations of Depot and also at factory.



## INDEPENDENT AUDITOR'S REPORT (Contd.)

Consequently, we have performed alternative audit procedures to audit existence of inventory as per guidance provided by SA-501 "Audit Evidence- Specific consideration to selected items" which includes subsequent physical counts/cyclical counts performed by the management, roll forward procedures and have obtained sufficient audit evidence.

Our qualified opinion is not modified with respect to above other matters.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **BSD & Co.**

Chartered Accountants

Firm's registration number: 000312S

**Surendra Khinvasra**

Partner

Membership number: 070804

UDIN: 20070804AAAABX8879

Place: New Delhi

Date: 29th June, 2020

## **ANNEXURE - B**

### **TO THE AUDITOR'S REPORT**

#### **THE ANNEXURE REFERRED TO IN INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020, WE REPORT THAT:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of conveyance deed / registered sale deeds provided to us, we report that, the title deeds, comprising all immovable properties of land and building which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the Standalone Financial Statements, the lease agreements are in the name of the Company.
- (ii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, physical verification of the inventory has been conducted at reasonable intervals by the management and discrepancies noticed which were not material in nature have been properly dealt with in the books of accounts.
- (iii) According to the information and explanation given to us, during the year the Company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted during the year in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 (i) of the Companies Act, 2013 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 such cost records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employee state insurance, income-tax, duty of customs, Cess, Goods & Service Tax (GST) and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities other than reversal of GST on inventory / Plant & Machinery lost in fire amounting to ₹ 457.81 Lakhs resulting in payment of liability amounting to ₹ 457.81 Lakhs which remained unpaid as at 31st March, 2020 and have not been deposited as at the date of approval of the standalone financial statement.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income tax, duty of customs, Cess, Goods & Service Tax (GST) and other material statutory dues were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable except GST of ₹ 457.81 Lakhs which remained unpaid and have not been deposited till the date of approval of standalone financial statements due to liability arising out of reversal of input tax credit on Inventory / Plant & Machinery lost in fire (Refer Note No 33 & 52).





## ANNEXURE - B

### TO THE AUDITOR'S REPORT (Contd.)

- (b) According to the information and explanations given to us, there are no material dues of income tax, duty of custom, or duty of excise, or value added tax, Cess or Goods & Service Tax (GST) which have not been deposited with the appropriate authorities on account of any dispute except as under:-

Name of the Statutes	Nature of Dues	Amount in Lakhs	Financial Year to which amount relates	Forum where dispute is pending
Central Excise Act	Penalty	282.00	2008-09	CESTAT-Mumbai/ Delhi /Allahabad
Rajasthan VAT Act	VAT & Entry Tax	76.29	2014-15, 2015-16, 2016-17, 2017-18	Appellate Authority, Commercial Tax, Alwar

- (viii) The Company has not defaulted in repayment of loan or borrowing to a financial institution or bank, government. There are no debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). According to the information and explanation given to us, no term loans were raised during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **BSD & Co.**

Chartered Accountants

Firm's registration number: 000312S

**Surendra Khinvasra**

Partner

Membership number: 070804

UDIN: 20070804AAAABX8879

Place: New Delhi

Date: 29th June, 2020

## **ANNEXURE - A**

### **TO THE AUDITORS' REPORT**

#### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

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

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

## **ANNEXURE - A**

### **TO THE AUDITORS' REPORT (Contd.)**

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

#### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BSD & Co.**  
Chartered Accountants  
Firm's registration number: 000312S

**Surendra Khinvasra**

Partner  
Membership number: 070804  
UDIN: 20070804AAAAABX8879

Place: New Delhi  
Date: 29th June, 2020

## STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	1	7,940.02	8,967.38
(b) Capital Work in Process	1	112.32	78.07
(c) Right of Use Assets		676.21	-
(d) Financial Assets			
(i) Investment in subsidiary	2	3.04	-
(ii) Other Investment	2	267.60	270.01
(iii) Loans	3	-	6.52
(iv) Other Financial Assets	4	287.44	207.80
(e) Other Non-Current Assets	5	1,089.56	347.53
<b>Total Non-Current Assets</b>		<b>10,376.19</b>	<b>9,877.31</b>
<b>2. Current Assets</b>			
(a) Inventories	6	7,824.21	5,769.26
(b) Financial Assets			
(i) Investment	7	353.30	-
(ii) Trade Receivables	8	21,211.20	22,280.18
(iii) Cash and Cash Equivalents	9	265.03	927.10
(iv) Bank Balances other than (iii) above	10	225.79	213.22
(v) Loans	11	48.38	41.89
(vi) Other Financial Assets	12	4,223.16	63.14
(c) Other Current Assets	13	1,877.71	2,342.00
<b>Total Current Assets</b>		<b>36,028.78</b>	<b>31,636.79</b>
<b>Total Assets</b>		<b>46,404.97</b>	<b>41,514.10</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	2,654.33	2,640.00
(b) Other Equity	15	15,415.45	15,474.30
<b>Total Equity</b>		<b>18,069.78</b>	<b>18,114.30</b>
<b>Liabilities</b>			
<b>1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	43.51	48.62
(ii) Lease Liabilities	17	658.20	-
(iii) Other Financial Liabilities	18	729.27	812.47
(b) Provisions	19	399.91	362.51
(c) Deferred Tax Liabilities (Net)	20	560.84	988.24
<b>Total Non-Current Liabilities</b>		<b>2,391.73</b>	<b>2,211.84</b>
<b>2. Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	11,747.82	8,741.22
(ii) Lease Liabilities	23	165.34	-
(iii) Trade Payables	24		
- total outstanding dues of micro enterprises and small enterprises		1,649.77	1,821.85
- total outstanding dues of creditors other than micro enterprises and small enterprises		10,559.44	9,200.72
(iv) Other Financial Liabilities	25	869.98	733.88
(b) Other Current Liabilities	26	894.04	642.10
(c) Provisions	27	57.07	43.18
(d) Current Tax Liabilities (Net)		-	5.01
<b>Total Current Liabilities</b>		<b>25,943.46</b>	<b>21,187.96</b>
<b>Total Liabilities</b>		<b>28,335.19</b>	<b>23,399.80</b>
<b>Total Equity and Liabilities</b>		<b>46,404.97</b>	<b>41,514.10</b>

Significant Accounting Policies

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

**For B S D & CO.**

Chartered Accountants  
Firm Registration No. 000312S

**(Surendra Khinvasra)**

Partner  
Membership No.070804

Date : 29th June, 2020

Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**

Chairman & Managing Director  
DIN: 00005981

**(Harish Kumar Agarwal)**

Chief Financial Officer

Date : 29th June, 2020

Place : Gurgaon

**(Sunil Kumar Agarwal)**

Whole Time Director  
DIN: 00005973

**(Jogeswar Mohanty)**

Company Secretary



## STANDALONE STATEMENT OF PROFIT AND LOSS

### FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>I Revenue from Operations</b>	28	96,196.45	1,23,239.62
<b>II Other Income</b>	29	63.38	37.64
<b>III Total Income (I+II)</b>		<b>96,259.83</b>	<b>1,23,277.26</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	30	34,341.13	38,969.44
Purchases of Stock-in-Trade	31	40,071.01	56,724.17
Changes in Inventory of Finished Goods, Work-in-Progress and Stock-in-Trade	32	(3,362.70)	1,600.04
Employee Benefits Expense	34	5,019.40	4,724.27
Finance Costs	35	1,190.19	1,150.94
Depreciation & Amortization Expense	36	838.24	737.88
Other Expenses	37	15,688.47	15,875.91
<b>Total Expenses (IV)</b>		<b>93,785.74</b>	<b>1,19,782.65</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>2,474.09</b>	<b>3,494.61</b>
<b>VI Exceptional Items (Net) (Refer note no. 33)</b>	33	2,518.94	-
<b>VII Profit/(Loss) before tax (V-VI)</b>		<b>(44.85)</b>	<b>3,494.61</b>
<b>VIII Tax Expenses:</b>	21		
(1) Current Tax		148.54	1,225.31
(2) Deferred Tax		(384.73)	27.94
(3) Income Tax of earlier years		3.09	(5.70)
<b>Total Tax Expenses (VIII)</b>		<b>(233.10)</b>	<b>1,247.55</b>
<b>IX Profit for the year after Tax (VII-VIII)</b>		<b>188.25</b>	<b>2,247.06</b>
<b>X Other Comprehensive Income:</b>			
<b>A. Items that will not be reclassified to profit or loss:</b>			
(i) Fair Value of Investments in Equity		(2.40)	0.05
(ii) Actuarial (Losses)/ Gain on defined benefit plans		9.32	8.09
(iii) Tax impact on above		2.17	0.67
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>197.34</b>	<b>2,255.87</b>
<b>XII Earnings per equity share of face value of ₹10 each</b>	39		
Basic ( In Rupees)		0.71	8.98
Diluted ( In Rupees)		0.70	8.90

#### Significant Accounting Policies

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

#### For B S D & CO.

Chartered Accountants  
Firm Registration No. 000312S

#### (Surendra Khinvasra)

Partner  
Membership No.070804

Date : 29th June, 2020  
Place : New Delhi

For and on behalf of board of directors

#### (Satish Kumar Agarwal)

Chairman & Managing Director  
DIN: 00005981

#### (Harish Kumar Agarwal)

Chief Financial Officer

Date : 29th June, 2020  
Place : Gurgaon

#### (Sunil Kumar Agarwal)

Whole Time Director  
DIN: 00005973

#### (Jogeswar Mohanty)

Company Secretary

## STANDALONE STATEMENT OF CASH FLOW

### FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) Before Tax</b>	(44.85)	3,494.61
Non cash adjustment to Profit Before Tax:		
Interest Income	(34.90)	(24.22)
Depreciation and amortization	838.24	737.88
Interest Expenses	1,190.19	1,150.94
Share Based Payments to Employees	81.90	292.73
Remeasurement of the Defined Benefit Plan	60.61	58.77
Loss/ (Gain) on disposal of Property, Plant and Equipment	2.83	(2.31)
Unrealised Loss on valuation of PMS measured at fair value	146.70	-
Ind AS adjustment for Fair Value of Rent & Security Deposit	(7.08)	10.90
Provision for Expected Credit Loss	332.35	303.91
<b>Operating profit before working capital changes</b>	<b>2,565.99</b>	<b>6,023.21</b>
<b>Net Change in</b>		
Inventories	(4,039.22)	1,182.60
Trade Receivables	736.63	(3,948.46)
Other Bank Balances	(12.57)	(19.07)
Other Financial Assets	59.27	(56.85)
Other Current Assets	464.29	545.52
Other Non Current Assets	(742.03)	(26.87)
Trade Payables	1,146.75	377.44
Other Current Financial Liabilities	12.15	296.34
Other Current Liabilities	(205.87)	(545.50)
Other Non-Current Financial Liabilities	(82.59)	(58.70)
<b>Cash Used from Operation</b>		
Income Taxes paid (net)	(156.64)	(1,293.60)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(253.84)</b>	<b>2,476.06</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for acquisition of Property, Plant and Equipment & Capital WIP	(1,479.36)	(2,637.85)
Payment for investment in PMS-IIFL	(500.00)	-
Payment for investment in Equity shares of Kamdhenu Ventures Ltd	(3.04)	-
Proceeds from sale of Property, Plant and Equipment	74.51	35.76
Interest Received	26.13	23.99
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(1,881.76)</b>	<b>(2,578.10)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(973.11)	(1,059.43)
Payment of Lease Liabilities	(214.76)	-
Net Change in Borrowings	2,908.47	85.33
Money Received against ESOP issued	71.63	-
Money Received against share warrant	-	1,500.00
Dividend paid and tax thereon	(318.69)	(286.45)
<b>Net Cash from Financing Activities (C)</b>	<b>1,473.54</b>	<b>239.45</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(662.07)</b>	<b>137.41</b>
<b>Opening Balance Cash and Cash Equivalents</b>	<b>927.10</b>	<b>789.69</b>
<b>Closing Balance Cash and Cash Equivalents</b>	<b>265.03</b>	<b>927.10</b>



## STANDALONE STATEMENT OF CASH FLOW

### FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

#### Componantes of Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Banks	224.03	884.54
Cheques on hand	-	-
Cash on hand	37.60	38.73
Deposits with maturity for less than 3 month	3.40	3.83
<b>Total</b>	<b>265.03</b>	<b>927.10</b>

#### Reconciliation Statement of Cash & Bank Balances

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and Cash Equivalent as per above	265.03	927.10
Add: Balance with Bank in dividend/ unclaimed dividend account	15.99	14.69
Deposits with maturity for more than 3 month but less than 12 month	209.80	198.53
Fixed Deposits with bank having maturity period more than 12 months	2.11	1.13
<b>Total</b>	<b>492.93</b>	<b>1,141.45</b>

#### DISCLOSURE AS REQUIRED BY IND AS 7

##### Reconciliation of liabilities arising from financing activities

(₹ in Lakhs)

31st March, 2020	Opening Balance	Cash Flows	Non Cash Changes	Closing Balanes
Short term secured borrowings	8,794.10	2,913.58	92.29	11,799.97
Long term secured borrowings	48.62	(5.11)	-	43.51
<b>Total</b>	<b>8,842.72</b>	<b>2,908.47</b>	<b>92.29</b>	<b>11,843.48</b>

(₹ in Lakhs)

31st March, 2019	Opening Balance	Cash Flows	Non Cash Changes	Closing Balanes
Short term secured borrowings	8,697.76	96.34	-	8,794.10
Long term secured borrowings	59.63	(11.01)	-	48.62
<b>Total</b>	<b>8,757.39</b>	<b>85.33</b>	<b>-</b>	<b>8,842.72</b>

#### Significant Accounting Policies

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

#### For B S D & CO.

Chartered Accountants  
Firm Registration No. 000312S

#### (Surendra Khinvasra)

Partner  
Membership No.070804

Date : 29th June, 2020  
Place : New Delhi

For and on behalf of board of directors

#### (Satish Kumar Agarwal)

Chairman & Managing Director  
DIN: 00005981

#### (Harish Kumar Agarwal)

Chief Financial Officer

Date : 29th June, 2020  
Place : Gurgaon

#### (Sunil Kumar Agarwal)

Whole Time Director  
DIN: 00005973

#### (Jogeswar Mohanty)

Company Secretary



## STANDALONE STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31ST MARCH, 2020

#### A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Balance as at 1st April, 2018	Change in equity share capital during the year 2018-19	Balance as at 31st March, 2019	Change in equity share capital during the year 2019-20	Balance as at 31st March, 2020
2,340.00	300.00	2,640.00	14.33	2,654.33

#### B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserve and Surplus				Other Comprehensive Income		Money Received against Share Warrant	Total
	Capital Reserve	Securities Premium	Share Based Payment Reserve	Retained Earnings	Fair Value of Investments	Actuarial (Losses)/ Gain on defined benefit plans		
Balance as at 01.04.2018	181.29	2,091.70	52.92	8,217.64	4.70	(28.41)	1,500.00	12,019.84
Addition during the year	-	2,700.00	-	-	-	-	1,500.00	4,200.00
Profit / (Loss) for the year	-	-	-	2,247.06	3.55	5.27	-	2,255.88
Employee stock option outstanding	-	-	292.73	-	-	-	-	292.73
Utilisation against Share Warrant	-	-	-	-	-	-	3,000.00	3,000.00
Dividend	-	-	-	244.00	-	-	-	244.00
Tax on dividend	-	-	-	50.15	-	-	-	50.15
<b>Balance as at 31.03.2019</b>	<b>181.29</b>	<b>4,791.70</b>	<b>345.65</b>	<b>10,170.55</b>	<b>8.25</b>	<b>(23.14)</b>	<b>-</b>	<b>15,474.30</b>
Balance as at 01.04.2019	181.29	4,791.70	345.65	10,170.55	8.25	(23.14)	-	15,474.30
Adjustment on account of transitional impact on adoption of Ind AS 116 (net of deferred tax)	-	-	-	(75.39)	-	-	-	(75.39)
Addition during the year	-	352.35	-	-	-	-	-	352.35
Profit / (Loss) for the year	-	-	-	188.25	2.11	6.97	-	197.33
Employee stock option outstanding (net)	-	-	(213.15)	-	-	-	-	(213.15)
Utilisation against Share Warrant	-	-	-	-	-	-	-	-
Dividend	-	-	-	265.43	-	-	-	265.43
Tax on dividend	-	-	-	54.56	-	-	-	54.56
<b>Balance as at 31.03.2020</b>	<b>181.29</b>	<b>5,144.05</b>	<b>132.50</b>	<b>9,963.42</b>	<b>10.36</b>	<b>(16.17)</b>	<b>-</b>	<b>15,415.45</b>

As per our report of even date attached

#### For B S D & CO.

Chartered Accountants  
Firm Registration No. 000312S

#### (Surendra Khinvasra)

Partner  
Membership No.070804

Date : 29th June, 2020

Place : New Delhi

For and on behalf of board of directors

#### (Satish Kumar Agarwal)

Chairman & Managing Director  
DIN: 00005981

#### (Harish Kumar Agarwal)

Chief Financial Officer

Date : 29th June, 2020

Place : Gurgaon

#### (Sunil Kumar Agarwal)

Whole Time Director  
DIN: 00005973

#### (Jogeswar Mohanty)

Company Secretary



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### CORPORATE INFORMATION

Kamdhenu Limited ("The Company") is public limited company incorporated and domiciled in India under Companies Act, 1956 ("Act"). The Company's registered office is situated at A-1112 & A-1114, RIICO Industrial Area, Phase-III, Bhiwadi-301019, Alwar, Rajasthan, India. Its equity shares are listed at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The Company is engaged in manufacturing, marketing, branding and distribution of TMT Bars, structural steel, paints and allied products under brand name KAMDHENU. The Company is also integrated with independent producer efficacious Franchisee Business Association Model and streamlined the unorganized steel sector into organized sector. The standalone financial statement for the year ended 31st March, 2020 was approved and authorized by Board of Directors in their meeting held on 29th June, 2020.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Statement of Compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

#### 1.2 Basis of Preparation

The financial statements of the Company are consistently prepared and presented under historical cost convention on an accrual basis in accordance with Ind AS except for certain financial assets and liabilities that are measured at fair values.

The Company's functional currency and presentation currency is Indian National Rupees (INR). All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs, except otherwise indicated.

The Company presents its assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- a) expected to be realized or intended to be sold or consumed in normal operating cycle;
- b) held primarily for the purpose of trading;

- c) expected to be realized within twelve months after the reporting period; or
- d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- a) expected to be settled in normal operating cycle;
- b) held primarily for the purpose of trading;
- c) due to be settled within twelve months after the reporting period; or
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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 being a period within twelve months for the purpose of current and non-current classification of assets and liabilities. The statement of cash flows has been prepared under indirect method.

#### 1.3 Use of judgments, estimates and assumptions

The preparation of the Company's standalone financial statements required management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets & liabilities and the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in the future periods in the carrying amount of assets or liabilities affected.

In accounting policies, management has made judgments in respect of evaluation of recoverability of deferred tax assets, which has the most significant effect on the amounts recognized in the financial statements.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within:

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

- a) Useful life of property, plant & equipment and intangible assets: The Company has estimated useful life of the property, plant & equipment as specified in Schedule II to the Companies Act, 2013 or such other modified useful life as disclosed in para 1.4. However, the actual useful life for individual equipments could turn out to be different, there could be technology changes, breakdown, and unexpected failure leading to impairment or complete discard. Alternately, the equipment may continue to provide useful service well beyond the useful life assumed.
- b) Estimation of uncertainty related to Global Health Pandemic from COVID-19: The Company has considered the possible effects that may results from pandemic relating to COVID-19 on the carrying amount of financial assets including Trade receivable. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of the pandemic, the Company as at the date of approval of these financial statement has used internal and external source of information, on the expected future performance of the Company and based on estimates the Company expects that the carrying amount of financial assets will be recovered and the Company do not expect any significant impact of COVID-19 on the Company's financial statements as at the date of approval of these Standalone Financial Statements.
- c) Lease: The Company evaluates if an arrangement qualifies to be a lease as per the requirement of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.
- The Company determines the lease term as the non-cancellable period of lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In exercising whether the Company is reasonably certain to exercise an option to extend a lease or to exercise an option to terminate the lease, it considers all relevant facts and circumstances that create economic incentive for the Company to exercise the option to extend the lease or to exercise the option to terminate the lease. The Company revises lease term, if there is change in non-cancellable period of lease. The discount rate used is generally based on incremental borrowing rate.
- d) Fair value measurement of financial instruments: When the fair value of financial assets and financial liabilities cannot be measured based on quoted process in active market, the fair value is measured using valuation techniques including book value and the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not possible, a degree of judgment is required in establishing fair values.
- e) Taxes: Taxes have been paid/ provided, exemptions availed, allowances considered etc. are based on the extant laws and the Company's interpretation of the same based on the legal advice received wherever required. These could differ in the view taken by the authorities, clarifications issued subsequently by the government and courts, amendments to statutes by the government etc.
- f) Defined benefit plans: The cost of defined benefit plans and other post-employment benefit plans and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.
- g) Provisions: The Company makes provisions for leave encashment and gratuity based on report received from the independent actuary. These valuation reports use complex valuation models using not only the inputs provided by the Company but also various other economic variables. Considerable judgment is involved in the process.
- h) Contingencies: A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. However, the actual liability could be considerably different.

### 1.4 Property, Plant and Equipment

Freehold land is carried at historical cost. All other property, plant and equipment are stated at cost, net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, initial estimation of any decommissioning obligations and finance cost.

On transition to Ind AS, the fair value as on 1st April, 2016 in respect of class of asset comprising land & building and plant & machinery has been taken as carrying cost and subsequently the Company follows cost model. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Cost of software directly identified with hardware is recognized along with the cost of hardware.

Stores and spares which meet the definition of property, plant and equipment and satisfy recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.

Capital work-in-progress includes cost of property, plant and equipment which are not ready for their intended use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted prospectively.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013 using straight line method other than in case of rolling mill and tinting machine, where useful life based on management estimate has been taken twenty years and ten years respectively. Property, plant and equipment which are added/disposed of during the year, depreciation is provided on pro rata basis with reference to the month of addition/deletion.

In line with the provisions of Schedule II of the Companies Act, 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

### 1.5 Intangible Assets

Intangible assets are recognized only if they are separately identifiable and the Company expects to receive future economic benefits arising out of them. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Computer Software is amortized over a period of three years.

Intangible assets with finite lives are amortized on straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each year end. The amortized expense on intangible assets with infinite lives and impairment loss is recognized in the Statement of Profit and Loss.

## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

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

Gains or losses arising from de-recognition of an intangible asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment loss on intangible assets with indefinite life is recognized in the Statement of Profit and Loss.

### **1.6 Impairment of non-financial assets**

At each Balance Sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exists or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

### **1.7 Investment in Subsidiaries, Associates and Joint Ventures**

Investment in subsidiaries, associates and joint

ventures are carried at cost less impairment losses, if any. When an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of investment in subsidiary, associates and joint venture, the difference between net disposal proceeds and the carrying amount are recognized in statement of Profit & loss.

### **Investment in Equity Instruments**

All investment in equity instrument classified under financial assets are initially measured at fair value. The Company may on initial application irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument by instrument basis. Fair value change on an equity instrument is recognized as 'other income' in statement of profit & Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividend on an equity instrument measured at FVOCI are recognized in OCI. Amount recognized in OCI are not subsequently reclassified to statement of Profit & loss. Dividend income on investment in equity instrument are recognized as 'Other Income' in statement of Profit & Loss.

### **1.8 Inventories**

Inventories are valued as under:

Raw materials, packing materials, stores and spares are valued at lower of cost (on a weighted average basis) and net realizable value.

Stock in process is valued at lower of cost (on a weighted average basis) and net realizable value.

Finished goods (including in transit) are valued at cost (on a weighted average basis) or net realizable value whichever is lower. Cost for this purpose includes direct materials, direct labour, utilities, other variable direct cost and manufacturing overheads, based on the normal operating capacity and depreciation.

### **1.9 Cash and Cash Equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered as an integral part of the Company's cash management.

### Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### Bank Balances other than above

Dividend escrow account balances, deposits with banks as margin money for guarantees issued by the banks, deposits kept as security deposits for statutory authorities are accounted as bank balances other than Cash and Cash equivalents.

### 1.10 Non-current Assets held for Sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### 1.11 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.

#### A. Financial Assets:

##### (i) Classification:

The Company classifies financial assets as subsequently measured at amortized cost,

fair value through other comprehensive income, or fair value through profit and loss on the basis of its business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

##### (ii) Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recognized at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

##### (iii) Financial assets measured at amortized cost:

Financial assets are subsequently measured at amortized cost using Effective Interest Rate (EIR) method, if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The losses arising from the impairment are recognized in the Statement of Profit and Loss.

##### (iv) Financial assets at fair value through other comprehensive income:

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

##### (v) Financial assets measured at fair value through profit and loss:

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in profit and loss.

##### (vi) De-recognition of financial assets:



## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

### **AA. Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

### **B. Financial Liabilities**

#### **(i) Classification:**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### **(ii) Initial recognition and measurement:**

All financial liabilities are recognized initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### **(iii) Subsequent measurement:**

All financial liabilities are re-measured at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

#### **(iv) Loans and borrowings:**

Interest bearing loans and borrowings are subsequently measured at amortized cost using effective interest rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through EIR amortization process. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

#### **(v) De-recognition of financial liabilities:**

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

#### **(vi) Derivative financial instruments:**

The Company uses derivative financial instruments such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss in the fair values is taken to Statement of Profit and Loss at the end of every period. Profit or loss on cancellations/renewals of forward contracts and options are recognized as income or expense during the period.

### **C. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.



## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

### **1.12 Fair value measurement**

The Company measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

### **1.13 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs

that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### **1.14 Provisions, Contingent liabilities, Contingent Assets**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the changes in the provision due to the passage of time are recognized as an inane cost.

Contingent liabilities are disclosed in the case of:

- a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a present obligation arising from the past events, when no reliable estimate is possible; and
- c) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefit is probable.

### **1.15 Share Based Payment**

- a) Equity-Settled Share Based Payments to Employee (primarily Employee Stock Option Scheme) and others providing similar services are measured at the Fair Value of the Equity Instrument at the grant date.
- b) The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflect the revised estimate, with a corresponding adjustment to Share Based Payment reserve.

- c) The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**1.16 Employee Benefits**

**A. Defined Contribution Plans**

Retirement benefit in the form of contribution to provident fund and pension fund are charged to statement of Profit and Loss.

**B. Defined Benefit Plan (Unfunded)**

Gratuity is the nature of a defined benefit plan.

Provision for gratuity is calculated on the basis of actuarial valuation carried out at reporting date and is charged to statement of Profit and Loss. The actuarial valuation is computed using the projected unit credit method.

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

**C. Other Employee Benefits (Unfunded)**

Leave Encashment is recognized as an expense in the statement of Profit and Loss account as and when they accrue. The Company determines the liability using the projected unit credit method with actuarial valuations carried out as at Balance Sheet date.

**1.17 Revenue Recognition**

**Revenue from Sale of Goods and Services**

The Company derives its revenue from sale of manufactured goods & traded goods primarily from steel segment and paint segment and also from Royalty services in respect of franchisee arrangement. In accordance with Ind AS 115, the Company recognizes revenue from sale of products & services at a time when performance obligations are satisfied and upon transfer of control of promised products and services to the customer in an amount that reflects the consideration, the Company expects to receive in exchange for their products or services. The Company disaggregates the revenue based on nature of products.

**Dividend Income**

Dividend income is recognized when the right to receive is established and there is a reasonable certainty of its collection.

**Interest Income**

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit loss.

**Insurance Income**

Income in respect of insurance claims recognized on acceptance basis or when there is reasonable certainty that the ultimate collection will be made.

**Others**

Income in respect of other claims and commissions are measured at fair value and recognized when there is reasonable certainty that the ultimate collection will be made.

## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

### **1.18 Taxes on Income**

Income Tax expenses comprise current tax expenses and the net change in the deferred tax asset or liabilities during the year. Current and Deferred tax are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively.

#### **Current Tax**

The Company provides current tax based on the provisions of the Income Tax Act, 1961 applicable to the Company.

#### **Deferred Tax**

Deferred tax is recognized using the Balance Sheet approach. Deferred 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.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **1.19 Earnings Per Share**

Basic earnings per share are calculated by dividing the profit after tax or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. In case there are any dilutive securities during the period presented, the impact of the same is given to arrive at diluted earnings per share.

### **1.20 Segment Reporting**

The operating segments have been identified on the basis of nature of products and the same are accordingly evaluated by the Manager and Board of Directors. The Company's primary operating segment is Steel and Paint.

### **1.21 Leases**

The Company has applied Ind AS 116 w.e.f 1.4.2019. In accordance with Ind AS 116, the Company recognizes right of use assets representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of right of use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before commencement date less any lease incentive received plus any initial direct cost incurred and an estimate of cost to be incurred by lessee in dismantling and removing underlying asset or restoring the underlying asset or site on which it is located. The right of use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any re-measurement of lease liability. The right of use assets is 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 lives of right of use assets are determined on the same basis as those of Property, Plant and Equipment. Right of use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment

## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

loss, if any, is recognized in Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modification or to reflect revised-in-substance fixed lease payments. The Company recognizes amount of re-measurement of lease liability due to modification as an adjustment to write off use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount

of right of use assets is reduced to zero and there is further reduction in measurement of lease liability, the Company recognizes any remaining amount of the re-measurement in Statement of Profit and Loss.

The Company has elected not to apply the requirements of Ind AS 116 to short term leases of all assets that have a lease term of 12 months or less unless renewable on long term basis and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense over lease term.

### **1.22 Foreign exchange transactions**

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the reporting date. All exchange differences arising on translation of monetary items are dealt with in the Statement of Profit and Loss.

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020

### NOTE NO. 1

#### PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total	CWIP
Gross Carrying Value as on 01.04.2018	1,908.40	1,630.47	4,792.22	193.74	595.74	143.20	9,263.77	-
Additions during the year	-	44.86	2,425.85	7.90	109.49	29.20	2,617.30	78.07
Deductions/Adjustments	-	-	491.77	1.14	27.65	4.86	525.42	-
Gross Carrying Value as on 31.03.2019	1,908.40	1,675.33	6,726.31	200.50	677.58	167.54	11,355.65	78.07
Accumulated Depreciation as on 01.04.2018	-	133.80	1,186.88	155.89	241.89	105.58	1,824.04	-
Depreciation for the year	-	66.94	564.00	8.30	70.62	28.02	737.88	-
Deductions/Adjustments	-	-	155.70	0.45	12.93	4.57	173.65	-
Accumulated Depreciation as on 31.03.2019	-	200.74	1,595.18	163.74	299.58	129.03	2,388.27	-
<b>Carrying Value as on 31.03.2019</b>	<b>1,908.40</b>	<b>1,474.59</b>	<b>5,131.13</b>	<b>36.76</b>	<b>378.00</b>	<b>38.51</b>	<b>8,967.38</b>	<b>78.07</b>
Gross Carrying Value as on 01.04.2019	1,908.40	1,675.33	6,726.31	200.50	677.58	167.54	11,355.66	78.07
Additions during the year	-	270.78	1,030.97	28.42	65.28	84.92	1,480.37	121.76
Deduction on account of Property Plant & Equipment lost in fire (Refer note no. 33 & 51)	-	632.62	1,607.76	65.44	-	50.62	2,356.44	54.74
Deductions/Adjustments	-	-	28.18	-	78.60	5.22	112.00	32.77
Gross Carrying Value as on 31.03.2020	1,908.40	1,313.48	6,121.34	163.48	664.26	196.62	10,367.58	112.32
Accumulated Depreciation as on 01.04.2019	-	200.74	1,595.18	163.74	299.58	129.02	2,388.26	-
Depreciation for the year	-	25.92	542.94	4.33	78.39	24.74	676.32	-
Deduction on account of Property Plant & Equipment lost in fire (Refer note no. 33 & 51)	-	81.90	388.84	54.89	-	43.94	569.57	-
Deductions/Adjustments	-	-	1.76	-	60.72	4.96	67.44	-
Accumulated Depreciation as on 31.03.2020	-	144.76	1,747.52	113.17	317.25	104.86	2,427.56	-
<b>Carrying Value as on 31.03.2020</b>	<b>1,908.40</b>	<b>1,168.72</b>	<b>4,373.82</b>	<b>50.31</b>	<b>347.01</b>	<b>91.76</b>	<b>7,940.02</b>	<b>112.32</b>

Note: Carrying amount of Property Plant & Equipment lost in fire ₹ 1,841.60 Lakhs and shown as "Exceptional items" includes depreciation till the date of fire ₹ 13.70 Lakhs

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 2**

**INVESTMENTS - NON CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Investment in Subsidiary Company (Valued at Cost unless stated otherwise)</b>		
<b>Unquoted Equity instrument-Fully Paid</b>		
30,394 (31st March, 2019: Nil) equity share of M/s Kamdhenu Ventures Ltd.	3.04	-
	<b>3.04</b>	<b>-</b>
<b>Other Investment (Measured at Fair Value through Other Comprehensive Income)</b>		
15,42,605 (31st March, 2019: 15,42,605) equity shares of M/s Shree Bankey Bihari Ispat Pvt. Ltd.	-	-
2,68,220 (31st March, 2019: 2,68,220) equity shares of M/s Stelex Coating Ltd.	24.17	24.37
24,50,000 (31st March, 2019: 24,50,000) equity shares of M/s Orange Spa Hotels & Resorts Pvt. Ltd.	243.43	245.64
	<b>267.60</b>	<b>270.01</b>
<b>Total</b>	<b>270.64</b>	<b>270.01</b>

**NOTE: 2.1**

Aggregate book value of unquoted Investments	<b>345.22</b>	<b>342.18</b>
Aggregate fair value of unquoted investments measured at fair value through Other Comprehensive Income.	<b>267.60</b>	<b>270.01</b>
Aggregate amount of impairment in value of investments.	<b>74.58</b>	<b>72.17</b>

**NOTE NO. 3**

**LOANS - NON CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good, unless stated otherwise:</b>		
Advance to Employee	-	6.52
<b>Total</b>	<b>-</b>	<b>6.52</b>

**NOTE NO. 4**

**OTHER FINANCIAL ASSETS - NON CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Security deposits	285.33	206.67
Fixed Deposits with bank having maturity period more than 12 months	2.01	1.06
Interest accrued on Fixed Deposits	0.10	0.07
<b>Total</b>	<b>287.44</b>	<b>207.80</b>



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE NO. 5

#### OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital advance	82.06	62.02
Prepaid expenses	24.61	30.14
Tax Refundable (Net of Provision of ₹ 148.54 Lakhs)	901.62	3.66
Excise duty and Service tax deposited under protest	23.00	185.11
Duties and taxes refundable	58.27	66.60
<b>Total</b>	<b>1,089.56</b>	<b>347.53</b>

### NOTE NO. 6

#### INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials & Packing Materials	1,401.23	1,781.36
Stock-in-Process	44.17	49.10
Finished Goods	4,985.46	3,336.20
Stock-in-Trade	1,040.26	219.00
Stores, Spares & Fuel	320.76	374.72
Waste, Scraps, Runner Risers & Mill Scale	32.33	8.88
<b>Total</b>	<b>7,824.21</b>	<b>5,769.26</b>

### NOTE NO. 6.1

- a) The Company do not have any inventory which is expected to be sold in more than 12 months.
- b) Inventory of Raw/ Packing Material and Finished stock lost in Fire ₹ 19,84.27 Lakhs transferred to "Exceptional Items".

### NOTE NO. 7

#### INVESTMENT - CURRENT (Measured at Fair Value through Statement of Profit & Loss)

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investment in Portfolio Management Services through IIFL Asset Management Ltd.	353.30	-
<b>Total</b>	<b>353.30</b>	<b>-</b>

The above investment have been made with IIFL Asset Management Limited held for sale and is intended to be held for short term, accordingly classified as current Investment.

### NOTE: 7.1

Aggregate Cost of portfolio forming part of Portfolio Management Services	<b>500.00</b>	-
Aggregate Market value of portfolio forming part of Portfolio Management Services	<b>353.30</b>	-
Unrealized Gain (Loss) accounted in Statement of Profit & Loss	<b>(146.70)</b>	-



**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 8**

**TRADE RECEIVABLES - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivable - Unsecured		
Considered good	21,211.20	22,280.18
Credit Impaired	616.07	463.12
	<b>21,827.27</b>	<b>22,743.30</b>
Less: Allowance for Expected Credit Loss (ECL)	616.07	463.12
<b>Total</b>	<b>21,211.20</b>	<b>22,280.18</b>

**Note:**

- a) The Company has used a practical expedient by computing the Expected Credit Loss allowance based on a provision matrix. The expected credit loss allowance is based on the ageing of the days, the receivables are due and recognises impairment loss allowance based on lifetime expected loss on each reported date right from its initial recognition. The provision matrix at the end of each reporting period is as under :

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables	21,827.27	22,743.30
Trade Receivables not considered for ECL Matrix	17,459.74	21,085.95
Trade Receivables considered for ECL Matrix	4,367.52	1,657.35
Movement in allowance for doubtful debts	-	-
Balance at the beginning of the year	463.12	562.04
Addition during the year	322.35	303.91
Debtors written of as bad debts out of provision for ECL during the year	(169.40)	(402.83)
Balance at the end of the year	616.07	463.12

- b) The concentration of credit risk on trade receivable is limited due to the fact that the customer base is large and is unrelated to each other.
- c) No trade receivable is due from directors & other officers of the Company either singly or severally with any other person or from firm or private companies in which any director is interested as partner/ director.
- d) The Company has assessed the risk of recovery from trade receivable arising on account of Pandemic COVID-19 and based on its assessment, the management of Company do not foresee any impact on realisability of Trade receivable and is of the view that allowance for Expected credit loss created is sufficient and no further provisioning on this account is necessiated.

**NOTE NO. 9**

**CASH AND CASH EQUIVALENTS - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Banks	224.03	884.54
Cash on hand	37.60	38.73
Deposits with maturity for less than 3 month	3.40	3.83
<b>Total</b>	<b>265.03</b>	<b>927.10</b>

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE NO. 10

#### OTHER BALANCES WITH BANKS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance with bank in unpaid dividend accounts	15.99	14.69
Deposits with maturity for more than 3 month but less than 12 month	209.80	198.53
<b>Total</b>	<b>225.79</b>	<b>213.22</b>

There are no amount due and outstanding to be transferred to Investor Education and Protection Fund as at 31st March, 2020.

### NOTE NO. 11

#### LOANS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good, unless stated otherwise:</b>		
Loans and Advances to employees	48.38	41.89
<b>Total</b>	<b>48.38</b>	<b>41.89</b>

### NOTE NO. 12

#### OTHER FINANCIAL ASSETS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good, unless stated otherwise:</b>		
Interest accrued on Fixed Deposit	8.77	7.95
Advances recoverable	43.83	46.93
Insurance Claims and other receivables (Refer note no. 52)	4,170.56	8.26
<b>Total</b>	<b>4,223.16</b>	<b>63.14</b>

### NOTE NO. 13

#### OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good, unless stated otherwise:</b>		
Advances recoverable in Cash or in Kind for value to be received		
Considered good	1,526.95	2,269.38
Considered doubtful	10.00	-
	<b>1,536.95</b>	<b>2,269.38</b>
Less: Allowance for doubtful Advances	10.00	-
	<b>1,526.95</b>	<b>2,269.38</b>
Balances with statutory authorities	295.16	20.41
Duties and taxes refundable	1.13	1.13
Prepaid expenses	54.47	51.08
<b>Total</b>	<b>1,877.71</b>	<b>2,342.00</b>

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

The Reconciliation and movement in allowance for doubtful advances are as under:-

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	-	-
Addition during the year	10.00	-
Balance at the end of the year	10.00	-

**NOTE NO. 14**

**EQUITY SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised Share Capital:</b>		
3,00,00,000 (Previous year 3,00,00,000) Equity Shares of ₹ 10 each	3,000.00	3,000.00
<b>Issued, Subscribed and Paid up:</b>		
2,65,43,250 (Previous year 2,64,00,000) Equity Shares of ₹ 10 each	2,654.33	2,640.00
<b>Total</b>	<b>2,654.33</b>	<b>2,640.00</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	As at 31st March, 2020	As at 31st March, 2019
At the beginning of the year	2,64,00,000	2,34,00,000
Add: Issued during the year	1,43,250	30,00,000
Less: Bought back during the year	-	-
<b>At the end of the year</b>	<b>2,65,43,250</b>	<b>2,64,00,000</b>

**(b) Details of Shareholders holding more than 5 % Shares in the Company**

Name of the Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
Mr. Sunil Kumar Agarwal	15,45,292	5.82%	15,45,292	5.85%
Mrs. Sarita Agarwal	16,16,950	6.09%	16,04,450	6.08%
M/s Kamdhenu Overseas Limited	30,50,000	11.49%	30,50,000	11.55%
M/s Kamdhenu Paint Industries Limited	15,21,801	5.73%	15,21,801	5.76%
M/s Kamdhenu Concast Limited	14,28,510	5.38%	14,28,510	5.41%

## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS** **AS AT 31ST MARCH, 2020 (Contd.)**

### **(c) Term/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10/- Per Share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The repayment of Equity share capital in the event of Liquidation and buy back of Shares are possible subject to prevalent regulations. In the event of Liquidation, normally the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion of shareholding.

The Company has not allotted any fully paid up shares pursuant to contract(s) without payment being received in cash. The Company has neither allotted any fully paid up shares by way of bonus shares nor has bought back any class of shares during the period of five years immediately preceding the balance sheet date.

### **(d) Dividend**

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

The amount of per share dividend recognised as distributions to equity shareholders during FY 2019-20 pertaining to FY 2018-19 amounted to ₹ 319.99 Lakhs (including dividend distribution tax of ₹ 54.56 Lakhs) have been shown as deduction from retained earning.

The board of directors of the Company in their meeting held on 29th June, 2020 have proposed dividend of ₹ 0.50/- per share for the financial year ended 31st March, 2020 for the approval of shareholders.

### **(e) Employee Stock Option Scheme**

During the year ended 31st March, 2020, 143250 Equity Shares of ₹ 10 each were allotted to the eligible employees of the Company in pursuance of share option granted / vested and exercised by them at an exercise price of ₹ 50 each under ESOS-2017.

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 15**

**OTHER EQUITY**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>a. Capital Reserves</b>		
As per last Balance Sheet	181.29	181.29
Add: Addition during the year	-	-
Less: Deduction during the year	-	-
	<b>181.29</b>	<b>181.29</b>
<b>b. Securities Premium</b>		
As per last Balance Sheet	4,791.70	2,091.70
Add: Addition during the year	352.35	2,700.00
Less: Deduction during the year	-	-
	<b>5,144.05</b>	<b>4,791.70</b>
<b>c. Money Received against Share Warrant</b>		
As per last Balance Sheet	-	1,500.00
Add: Addition during the year	-	1,500.00
Less: Share issued during the year at premium	-	3,000.00
	-	-
<b>d. Share Based Payment Reserve</b>		
As per last Balance Sheet	345.65	52.92
Add: Addition during the year	81.90	316.68
Less: Deduction during the year	295.05	23.95
	<b>132.50</b>	<b>345.65</b>
<b>e. Other Comprehensive Income</b>		
As per last Balance Sheet	(14.89)	(23.71)
Add: Addition during the year		
Fair Value of Investments	2.11	3.55
Remeasurement (Losses)/ Gain on defined benefit Plan	6.97	5.27
Less: Deduction during the year	-	-
	<b>(5.81)</b>	<b>(14.89)</b>
<b>f. Retained Earnings</b>		
As per last Balance Sheet	10,170.55	8,217.64
Less: Adjustment on account of transitional impact on adoption of Ind AS 116 (net of deferred tax)	75.39	-
Add: Profit for the year	188.25	2,247.06
Less: Appropriations:		
Dividend on Equity Shares	265.43	244.00
Tax on Dividend Distribution	54.56	50.15
	<b>9,963.42</b>	<b>10,170.55</b>
<b>Total</b>	<b>15,415.45</b>	<b>15,474.30</b>



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE NO. 16

#### BORROWINGS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Vehicles Loans from Banks	95.66	101.50
	95.66	101.50
Less: Current maturities of long term debts (Refer note no. 25)	52.15	52.88
<b>Total</b>	<b>43.51</b>	<b>48.62</b>

#### a) Terms of Repayment of Vehicle Loans are as under:-

(₹ in Lakhs)

Particulars	Repayment Schedule			
	Rate of interest p.a	2020-21	2021-22	2022-25
Vehicle Loans	8% to 10%	52.15	14.19	29.32
<b>Total</b>		<b>52.15</b>	<b>14.19</b>	<b>29.32</b>

#### b) Nature of Security: Vehicle loans from Banks are secured by hypothecation of respective vehicle.

### NOTE NO. 17

#### LEASED LIABILITIES - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-Current lease liabilities	658.20	-
<b>Total</b>	<b>658.20</b>	<b>-</b>

### NOTE NO. 18

#### OTHER FINANCIAL LIABILITIES - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Security Deposits	656.43	812.47
Deferred Interest Accrued on Security Deposit	72.84	-
<b>Total</b>	<b>729.27</b>	<b>812.47</b>

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 19**

**PROVISIONS - NON CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provisions for Employee Benefits:		
Provisions for Gratuity	318.26	291.00
Provisions for Leave Encashment	81.65	71.51
<b>Total</b>	<b>399.91</b>	<b>362.51</b>

**NOTE NO. 20**

**DEFERRED TAX LIABILITIES (NET)**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred tax liability:</b>		
on Property, Plant and Equipment	975.53	1,365.66
<b>Deferred tax assets:</b>		
on Right of use Assets	37.08	-
on Fair value of Investments	102.40	72.25
on Employee Benefits	115.01	141.76
on Provision for Expected Credit Loss	157.57	161.83
on Other Items (Net)	2.63	1.58
<b>Net Deferred Tax Liability</b>	<b>560.84</b>	<b>988.24</b>

The Company estimates deferred tax credit/ (charge) using the substantively enacted rate of taxation on the impact of timing differences between financial statements and estimated taxable income.





## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### (a) Movement in Deferred Tax Balances

In accordance with Ind AS - 12, the Company has accounted for deferred taxes during the year as under:

Following are the major components of Deferred Tax Liabilities and Deferred Tax Assets:

(₹ in Lakhs)

Particulars	As at 31st March, 2020						
	Net Balance (01.04.2019)	Transition impact on adoption of Ind AS 116 (Refer Note No. 50)	Recognised in profit or (Loss)	Recognised in OCI	Net Deferred Tax	Deferred Tax Liability	Deferred Tax Assets
Property, plant and equipment	1,365.66		(390.13)	-	975.53	975.53	-
Right of use Assets	-	(40.50)	3.42	-	(37.08)	-	(37.08)
Employee Benefits - P&L	(129.34)		24.41	-	(104.93)	-	(104.93)
Employee Benefits - OCI	(12.42)		-	2.34	(10.08)	-	(10.08)
Investments	(72.25)		(25.64)	(4.51)	(102.40)	-	(102.40)
Provision for Expected Credit Loss	(161.83)		4.26	-	(157.57)	-	(157.57)
Other Items (Net)	(1.58)		(1.05)	-	(2.63)	-	(2.63)
<b>Deferred Tax (Assets) / Liabilities</b>	<b>988.24</b>	<b>(40.50)</b>	<b>(384.73)</b>	<b>(2.17)</b>	<b>560.84</b>	<b>975.53</b>	<b>(414.69)</b>

Particulars	As at 31st March, 2019					
	Net Balance (01.04.2018)	Recognised in P&L	Recognised in OCI	Net Deferred Tax	Deferred Tax Liability	Deferred Tax Assets
Property, plant and equipment	1,352.85	12.81	-	1,365.66	1,365.66	-
Employee Benefits - P&L	(124.05)	(5.29)	-	(129.34)	-	(129.34)
Employee Benefits - OCI	(15.25)	-	2.83	(12.42)	-	(12.42)
Investments - P&L	(68.75)	-	(3.50)	(72.25)	-	(72.25)
Provision for Expected Credit Loss	(195.88)	34.05	-	(161.83)	-	(161.83)
Other Items (Net)	12.06	(13.64)	-	(1.58)	-	(1.58)
<b>Deferred Tax (Assets) / Liabilities</b>	<b>960.98</b>	<b>27.93</b>	<b>(0.67)</b>	<b>988.24</b>	<b>1,365.66</b>	<b>(377.42)</b>

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 21**

**A) TAX EXPENSES**

The total tax expenses charged in Statement of Profit and Loss as under (₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current Tax	148.54	1,225.31
Deferred Tax	(384.73)	27.94
Income Tax of earlier years	3.09	(5.70)
<b>Total</b>	<b>(233.10)</b>	<b>1,247.55</b>

**B) RECONCILIATION OF EFFECTIVE TAX RATE WITH TAX EXPENSE IN STATEMENT OF PROFIT AND LOSS**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit/(loss) before Tax	(44.85)	3,494.61
Applicable tax rate	25.17%	34.94%
Tax at the Indian tax rate of 25.168% (previous year - 34.944%)	(11.28)	1,221.16
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	388.72	433.92
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income:	(228.90)	(429.77)
<b>Current tax (Normal Rate) (A)</b>	<b>148.54</b>	<b>1,225.31</b>
Incremental Deferred tax Liability on timing Differences (Net)	(384.73)	27.94
<b>Deferred Tax (B)</b>	<b>(384.73)</b>	<b>27.94</b>
<b>Tax Expenses for earlier year (net) (C)</b>	<b>3.09</b>	<b>(5.70)</b>
<b>Tax expenses recognised in the statement of profit and loss (A+B+C)</b>	<b>(233.10)</b>	<b>1,247.55</b>
<b>Effective Tax rate</b>	<b>-</b>	<b>35.70%</b>

The Company has elected to exercise the option permitted under section 115BAA of Income Tax Act, 1961 as introduced by Taxation laws (Amendment) Ordinance 2019. Accordingly, the Company has recognised provision for current tax/ deferred tax for the year ended 31st March, 2020 and also remeasured its deferred tax liability on the basis of rate as prescribed in the said section. Due to exercising option for lower tax rate as above, the deferred tax liability as at 31st March, 2020 has reduced by ₹ 148.13 Lakhs.

**NOTE NO. 22**

**BORROWINGS - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured - Working Capital Loan from Bank:		
State Bank of India	8,276.32	5,594.28
Allahabad Bank	3,471.50	3,146.94
<b>Total</b>	<b>11,747.82</b>	<b>8,741.22</b>

Nature of Security: Working Capital Loans from Banks are secured by way of:

- Pari passu charge by way of hypothecation of present and future stocks, book debts & Other current assets of the Company.
- Pari passu charge over the immovable assets including equitable mortgage of land & building at Plot No.A-1112 & A-1114, RIA, Bhiwadi, Rajasthan & Plot No. E-538-539A RIA, Chopanki, Rajasthan & Personal guarantee of whole time directors.



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE NO. 23

#### LEASED LIABILITIES - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current lease liabilities	165.34	-
<b>Total</b>	<b>165.34</b>	<b>-</b>

### NOTE NO. 24

#### TRADE PAYABLES - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Due to Micro and Small Enterprises	1,649.77	1,821.85
Due to Others:		
- for Goods	7,767.00	6,208.90
- for Services	2,792.44	2,991.82
<b>Total</b>	<b>12,209.21</b>	<b>11,022.57</b>

#### a) Details of dues to Micro and Small Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount	1,609.88	1,800.09
- Interest amount	39.89	21.76
- Total of (i) & (ii)	1,649.77	1,821.85
- The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under MSMED Act, 2006.	39.89	21.76
- The amount of interest accrued and remaining unpaid at the end of each accounting period.	61.65	21.76
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	61.65	21.76

#### b) The amount of interest due and payable for the year due to delay in making payment under Micro, Small and Medium Enterprise Development Act 2006 is ₹ 39.89 Lakhs.

#### c) Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 25**

**OTHER FINANCIAL LIABILITIES - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long term debts (Refer note no. 16)	52.15	52.88
Payable for capital goods	389.03	266.26
Employee related liabilities	366.40	324.39
Deferred Interest on security received	45.80	23.18
Interest due but not paid	0.61	-
Unpaid Dividend	15.99	14.69
Other Payables	-	52.48
<b>Total</b>	<b>869.98</b>	<b>733.88</b>

**NOTE NO. 26**

**OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance from customers	130.32	61.61
Statutory dues payable	763.72	580.49
<b>Total</b>	<b>894.04</b>	<b>642.10</b>

**NOTE NO. 27**

**PROVISIONS - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provisions for Employee Benefits:		
Provisions for Gratuity	46.62	34.63
Provisions for Leave Encashment	10.45	8.55
<b>Total</b>	<b>57.07</b>	<b>43.18</b>

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### NOTE NO. 28

#### REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Sale of Products:</b>		
<b>1. Sale of Manufactured Goods:</b>		
(i) Steel Products	33,290.58	32,065.68
(ii) Paints Products	8,535.50	24,692.85
(iii) Power	132.19	137.45
<b>2. Sale of Traded Goods:</b>		
(i) Steel Products	30,534.45	55,286.01
(ii) Paints Products	13,770.18	2,068.24
(iii) Other Products	256.23	364.09
<b>Income from Services:</b>		
(i) Royalty	9,677.32	8,625.30
<b>Total</b>	<b>96,196.45</b>	<b>1,23,239.62</b>

#### a) The disclosures required by Ind AS 115 are as under:

The Company disaggregates revenue based on nature of products. The revenue disaggregation for the year ended 31st March, 2020 is as under:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Steel	63,825.03	87,351.69
Paint	22,305.68	26,761.09
Power	132.19	137.45
Royalty Income	9,677.32	8,625.30
Others	256.23	364.09
<b>Total</b>	<b>96,196.45</b>	<b>1,23,239.62</b>

#### b)

(₹ in Lakhs)

Reconciliation of Revenue	Year ended 31st March, 2020	Year ended 31st March, 2019
Gross value of Contracted Price	99,616.51	1,26,955.52
Less: Variable Component like Discount	3,420.06	3,715.90
<b>Total</b>	<b>96,196.45</b>	<b>1,23,239.62</b>

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

c) (₹ in Lakhs)

Reconciliation of Advance received from Customers - Contract liabilities	Year ended 31st March, 2020	Year ended 31st March, 2019
Balance at the beginning of the year	61.61	542.81
Less : Revenue recognised out of advance received from customers at beginning of year	38.60	539.96
Add : Advance received during the year from customers for which performance obligation is not satisfied and shall be recognised as revenue in next year	107.31	58.76
<b>Balance at the end of the year</b>	<b>130.32</b>	<b>61.61</b>

**NOTE NO. 29**

**OTHER INCOME**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Interest Income:</b>		
(i) Interest from Bank on Fixed Deposits	25.51	17.17
(ii) Interest Others	9.39	7.05
(iii) Interest components on measurement of financial assets/ liabilities at amortised cost (net)	7.08	-
<b>Other non-operating Income:</b>		
(i) Insurance Claims received	0.93	5.79
(ii) Bad Debts Recovered	20.05	-
(iii) Miscellaneous Incomes	0.42	4.77
(iv) Profit on Sale/discarding of Assets	-	2.31
(v) Interest on Income Tax / Sales Tax Refund	-	0.55
<b>Total</b>	<b>63.38</b>	<b>37.64</b>

**NOTE NO. 30**

**COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a. Raw Materials		
Opening Stock	1,490.85	842.11
Add : Purchases	33,785.70	37,140.39
Less : Closing Stock	1,146.12	1,490.85
<b>Total (a)</b>	<b>34,130.43</b>	<b>36,491.65</b>
b. Cost of Packing Materials		
Opening Stock	290.50	324.83
Add : Purchases	1,285.93	2,443.46
Less : Closing Stock	255.11	290.50
<b>Total (b)</b>	<b>1,321.32</b>	<b>2,477.79</b>
<b>Total (a+b)</b>	<b>35,451.75</b>	<b>38,969.44</b>
Less : Raw Material & Packing Material lost in Fire transferred to Exceptional Items in Statement of Profit & Loss (Refer Note no. 33 & Note No. 52)	1,110.62	-
<b>Total</b>	<b>34,341.13</b>	<b>38,969.44</b>



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 31

#### PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Purchases	40,071.01	56,724.17
<b>Total</b>	<b>40,071.01</b>	<b>56,724.17</b>

### NOTE NO. 32

#### CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a. Closing Stock		
Finished Goods	4,985.47	3,336.20
Stock in Process	44.17	49.10
Stock of Traded Goods	1,040.26	219.00
Waste, Scraps & Runner Risers	32.33	8.88
<b>Total (a)</b>	<b>6,102.23</b>	<b>3,613.18</b>
b. Opening Stock		
Finished Goods	3,336.20	4,223.34
Stock in Process	49.10	75.68
Stock of Traded Goods	219.00	927.78
Waste, Scraps & Runner Risers	8.88	43.94
<b>Total (b)</b>	<b>3,613.18</b>	<b>5,270.74</b>
<b>(Increase)/Decrease in stocks (b-a)</b>	<b>(2,489.05)</b>	<b>1,657.56</b>
Adjustment on account of Finished Goods used in PPE	-	57.52
Adjustment of Finished Goods lost in Fire transferred to Exceptional Items (Refer Note No. 33 and Note No. 52)	873.65	-
<b>Net (Increase)/Decrease in stocks</b>	<b>(3,362.70)</b>	<b>1,600.04</b>

### NOTE NO. 33

#### EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Raw Material & Packing Material lost in fire	1,110.62	-
Finished Goods lost in fire	873.65	-
GST Reversal on Raw Material and Others destroyed in fire	457.81	-
Property Plant & Equipment destroyed in fire & Non useable	1,841.60	-
Settlement amount of old show causes/demands under Excise and Service Tax under Sabka Vishwas (Legacy Dispute Resolution) scheme 2019 (Refer note no. 51)	2,438.84	-
<b>Total</b>	<b>6,722.52</b>	<b>-</b>
Income on account of Insurance Claim transferred to Exceptional Income (Refer note no. 52)	(4,203.58)	-
<b>Total</b>	<b>2,518.94</b>	<b>-</b>



**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 34**

**EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salary and Wages	4,615.07	4,152.40
Gratuity Expenses	77.63	68.95
Contribution to Provident Fund and Other Funds	190.53	157.76
Share Based Payments to Employees (net)	81.90	292.73
Staff Welfare Expenses	54.27	52.43
<b>Total</b>	<b>5,019.40</b>	<b>4,724.27</b>

\* For share options given by the Company to employees under employee stock option plan, (Refer note no. 49).

**NOTE NO. 35**

**FINANCE COSTS**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest on Loan	1,030.35	1,059.42
Interest Other	55.77	21.76
Interest on Lease Liability	84.29	-
Other Financial Charges	17.17	14.70
Interest on Income tax	2.61	18.87
Other financial assets/ liabilities carried at amortised cost	-	36.18
<b>Total</b>	<b>1,190.19</b>	<b>1,150.94</b>

**NOTE NO. 36**

**DEPRECIATION AND AMORTISATION EXPENSE**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation on Property Plant and Equipment	676.32	737.88
Depreciation on Right of use Assets	161.92	-
<b>Total</b>	<b>838.24</b>	<b>737.88</b>

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 37

#### OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Consumption of Stores and Spares	337.93	323.53
Audit Fees	5.25	5.25
Advertisement	534.02	629.97
Bad Debts (total bad debts written off ₹ 169.40 Lakhs out of provision for Expected Credit Loss) (P.Y. ₹ 402.83 Lakhs)	-	-
Bank and Other Charges	31.83	23.26
Commission on Sales	589.63	780.45
Director Sitting Fees	11.15	11.80
Electricity and Water Expenses	18.22	39.82
Freight and Forwarding Expenses	2,009.04	2,130.73
Fuel Charges	1,042.50	951.04
Insurance Charges	58.47	38.17
Legal and Professional Charges	220.28	178.83
Office Maintenance Exp.	28.77	38.11
Postage and Courier Charges	19.89	15.65
Printing and Stationery	53.55	46.01
Provision for Expected Credit Loss	332.35	303.91
Power Charges	1,904.35	2,180.50
Rates, Fee and Taxes	63.93	62.01
Operating Lease	-	269.01
Short term Lease	124.06	-
Repair and Maintenance	636.18	405.26
Sales Promotion	6,817.57	6,686.12
Telephone Expenses	65.45	72.17
Travelling and Conveyance	575.39	588.55
Unrealised Loss on valuation of PMS measured at fair value through profit or loss	146.70	-
Vehicle Running and Maintenance	39.16	52.44
CSR Expenses	4.83	26.00
Donation	4.11	3.90
Loss on Discarded Assets	2.83	-
Miscellaneous Expenses	11.04	13.42
<b>Total</b>	<b>15,688.47</b>	<b>15,875.91</b>

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 38**

**PAYMENT TO THE AUDITORS**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Statutory audit fee	4.65	4.65
Taxation matters	0.60	0.60
<b>Total</b>	<b>5.25</b>	<b>5.25</b>

**NOTE NO. 39**

**EARNING PER SHARE (EPS)**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Basic and Diluted Earnings Per Share</b>		
Profit after tax as per the Statement of Profit and Loss	188.25	2,247.06
No. of equity shares	2,65,43,250	2,64,00,000
Basic Earning Per Share (₹)	0.71	8.98
Diluted Earning Per Share (₹)	0.70	8.90

**NOTE NO. 40**

**THE COMPANY HAS INCURRED FOLLOWING EXPENDITURE ON RESEARCH AND DEVELOPMENT WHICH ARE INCLUDED IN THE RESPECTIVE HEADS OF EXPENSES.**

(₹ in Lakhs)

Revenue Expenditure	Year ended 31st March, 2020	Year ended 31st March, 2019
Employee Cost	53.97	49.39
Testing and Laboratory Expenses	3.57	3.82
Vehicle Running Maintenance	3.01	3.11
Material Consumed	0.89	0.46
<b>Total</b>	<b>61.44</b>	<b>56.79</b>

**NOTE NO. 41**

**DETAILS OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES AND SHORT FALL IN SPENDING IN CSR:**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
On providing Food / vehicle for food distribution	-	-
On promotion of education including provision for scholarship	-	0.05
On welfare for disabled persons	-	-
On provision for sanitation	-	-
On Flood relief activity	-	-
On animal and environment protection	-	-
On making available safe drinking water	-	6.00



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
On promotion of health care	4.83	19.95
<b>Total</b>	<b>4.83</b>	<b>26.00</b>
Total amount to be spent on CSR activities in accordance with the provisions of section 135 of the Companies Act 2013.	49.32	34.05
Total spent amount	4.83	26.00
Unspent amount on CSR activities	44.49	8.05

### NOTE NO. 42

#### CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>a. Contingent Liabilities</b>		
(i) Claims against the Company not acknowledged as debt		
- Central Excise and Service Tax	305.00	1,620.10
- VAT and Entry Tax	84.36	84.36
(ii) Guarantees issued by Bank	2.00	3.00
	<b>391.36</b>	<b>1,707.46</b>
<b>b. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	161.99	55.44
	<b>161.99</b>	<b>55.44</b>
<b>Total (a+b)</b>	<b>553.35</b>	<b>1,762.90</b>

### NOTE NO. 43

#### THE DISCLOSURE OF EMPLOYEES BENEFITS AS DEFINED IN THE INDIAN ACCOUNTING STANDARD-19 "EMPLOYEE BENEFITS" ARE AS FOLLOWS:

##### A) DEFINED BENEFIT PLAN - GRATUITY (UNFUNDED)

###### I) Assumptions

###### a) Financial Assumptions

- i) Discount Rate: The rate used to discount post-employment benefit obligations is determined by reference to market yields at the balance sheet date on government bonds. The currency and term of the government bonds is consistent with the currency and estimated term of the post-employment benefit obligations as under:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest Rate for Discounting	6.80%	7.60%

- ii) Salary Increase: Salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Salary Increase Rate	5.00%	6.00%

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

b) Demographic Assumptions

Particulars	As at 31st March, 2020	As at 31st March, 2019
Retirement Age	58 yrs	58 yrs

Mortality: Indian Assured Lives Mortality (2012-14) ult. (IALM 2012-14). Rates at specimen ages are as shown below:

Age (Years)	Rates	Age (Years)	Rates
15	0.000698	60	0.011162
20	0.000924	65	0.015932
25	0.000931	70	0.024058
30	0.000977	75	0.038221
35	0.001202	80	0.061985
40	0.001680	85	0.100979
45	0.002579	90	0.163507
50	0.004436	95	0.259706
55	0.007513	100	0.397733

Indian Assured Lives Mortality (2006-08) ultimate table are used of calculations as on 31st March, 2019.

Indian Assured Lives Mortality (2012-14) ultimate table are used of calculations as on 31st March, 2020.

Withdrawal: Withdrawal rates are for all causes in accordance with the following table:

Age	As at 31st March, 2020	As at 31st March, 2019
Up to 30 Years	4% per annum	4% per annum
31 to 45 Years	2% per annum	2% per annum
Above 45 Years	2% per annum	2% per annum

Disability: Leaving service due to disability is included in the provision made for withdrawals from service.

**II) Method of Valuation**

- Projected unit credit (PUC) actuarial method to assess the plan's liabilities allowing for retirements, deaths-in-service and withdrawals (Resignations / Terminations).
- Under the PUC method a projected accrued benefit is calculated at the beginning of the period and again at the end of the period for each benefit that will accrue for all active members of the plan. The projected accrued benefit is based on the plan accrual formula and service as at the beginning and end of the period, but using member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the projected accrued benefits as on the date of valuation.



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### III) Summary of Membership Data

Particulars	As at 31st March, 2020	As at 31st March, 2019
Number of Employees	854	710
Qualifying Monthly Salary for Gratuity Computation	137.12	120.00
Average Past Service	4.75 yrs	5.31 yrs
Average Age	36.81 yrs	37.52 yrs
Average Outstanding Service of Employees upto Retirement	21.19 yrs	20.48 yrs

### IV) Summary of Key Results

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>a) Balance Sheet</b>		
Present Value of Defined Benefit Obligation	364.88	325.63
Fair Value of Plan Assets	-	-
Restriction on Assets Recognised	-	-
Net Liability arising from Defined Benefit Obligation	364.88	325.63
<b>b) Statement of Profit or Loss</b>		
Defined Benefit Costs recognised in Profit or Loss	77.63	68.95
<b>c) Remeasurements - Other Comprehensive Income (OCI)</b>		
Remeasurements of the net defined benefit liability (asset)	(9.32)	(8.09)
<b>d) Break-up of Defined Benefit Obligation at end of the year as per Schedule III to the Companies Act, 2013:</b>		
Current Liability	46.62	34.63
Non-Current Liability	318.26	291.00
<b>Total Defined Benefit Obligation at end of the year</b>	<b>364.88</b>	<b>325.63</b>

### V) Actuarial measurements may differ in future from the current measurements due to factors such as:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in economic or demographic assumptions
- Changes in plan provisions or applicable law
- Significant events since last actuarial valuation

### VI) Movements in the present value of the Defined Benefit Obligations

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening defined benefit obligation	325.63	288.15
Current Service Cost	52.89	47.62
Interest Cost	24.75	21.32
Remeasurement (gains)/ losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(0.17)	-
- Actuarial (gains)/losses arising from changes in financial assumptions	(8.48)	(6.99)

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
- Actuarial (gains)/losses arising from experience adjustments	(0.66)	(1.10)
- Other	-	-
Past service cost, including losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Exchange differences on foreign plans	-	-
Benefit Paid	(29.07)	(23.37)
Others	-	-
Closing defined benefit obligation	364.88	325.63

**VII) Movements in the fair value of the Plan Assets**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening fair value of plan assets	-	-
Interest Income	-	-
Remeasurement gain/(loss):	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Others	-	-
Contributions from the employer	-	-
Benefits paid	-	-
Other	-	-
Closing fair value of plan assets	-	-

**VIII) Service Cost**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Service Cost	52.89	47.62
Past Service Cost including curtailment gains/losses	-	-
Gains or Losses on non routine settlements	-	-
<b>Total</b>	<b>52.89</b>	<b>47.62</b>





## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### IX) Net Interest Cost (Income)

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest Cost on Defined Benefit Obligation	24.75	21.32
Interest Income on Plan Assets	-	-
Net Interest Cost (Income)	24.75	21.32

### X) Remeasurement of Defined Benefits Liability/ (Assets) in Other Comprehensive Income

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gains)/ losses arising from changes in demographic assumptions	(0.17)	-
Actuarial (gains)/ losses arising from changes in financial assumptions	(8.48)	(6.99)
Actuarial (gains)/ losses arising from experience adjustments	(0.66)	(1.10)
Other	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Components of defined benefit costs recognised in other comprehensive income	(9.32)	(8.09)

### XI) Amount recognised in the Statement of Profit and Loss

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Service Cost	52.89	47.62
Net Interest Cost (Income)	24.75	21.32
Defined Benefit Cost recognized in statement of Profit or Loss	77.63	68.95

### XII) The amount included in the Balance Sheet

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Present value of defined benefit obligation	364.88	325.63
Fair value of plan assets	-	-
Funded status	(364.88)	(325.63)
Restrictions on asset recognised	-	-
Other	-	-
Net liability arising from defined benefit obligation	364.88	325.63

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**XIII) Illustration of the Component of Net Defined Benefit Obligation**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Net defined benefit liability at the start of the period	325.63	288.15
Service Cost	52.89	47.62
Net Interest Cost (Income)	24.75	21.32
Remeasurements	(9.32)	(8.09)
Contribution paid to the Fund	-	-
Benefits paid directly by the enterprise	(29.07)	(23.37)
Net defined benefit liability at the end of the period	364.88	325.63

**XIV) Plan Assets - Category wise description**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
GOI Securities	-	-
PSU Bonds	-	-
State/ Central Guaranteed	-	-
Special Deposits	-	-
Private Sector	-	-
Asset Invested in Insurance Scheme with the Insurer	-	-

**XV) Maturity Profile of Defined Benefit Obligation**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Weighted Average duration of the defined benefit obligation	16 yrs	16 yrs
b) Duration of defined benefit obligation		
Duration (Years)		
1	46.62	34.63
2	15.27	14.50
3	9.57	14.53
4	10.02	9.40
5	8.85	8.63
Above 5	274.55	243.94
<b>Total</b>	<b>364.88</b>	<b>325.63</b>
c) Duration of defined benefit payments		
Duration (Years)		
1	48.18	35.92
2	16.85	16.18
3	11.29	17.46
4	12.62	12.14
5	11.90	12.00
Above 5	791.50	801.12
<b>Total</b>	<b>892.33</b>	<b>894.82</b>



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### XVI) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- a) Changes in Defined benefit obligation due to 1% Increase/Decrease in Discount Rate, if all other assumptions remain constant.

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Defined benefit obligation	364.88	325.63
b) Defined benefit obligation at 1% Increase in Discount rate	329.24	293.94
c) Defined benefit obligation at 1% Decrease in Discount rate	407.11	363.07
d) Decrease in Defined benefit obligation due to 1% increase in discount rate (a-b)	35.65	31.69
e) Increase in Defined benefit obligation due to 1% decrease in discount rate (c-a)	42.22	37.44

- b) Changes in Defined benefit obligation due to 1% Increase/Decrease in Expected rate of Salary Escalation, if all other assumptions remain constant.

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Defined benefit obligation	364.88	325.63
b) Defined benefit obligation at 1% Increase in Expected Salary Escalation rate	407.45	363.30
c) Defined benefit obligation at 1% Decrease in Expected Salary Escalation rate	328.36	293.22
d) Increase in Defined benefit obligation due to 1% increase in Expected Salary Escalation rate (b-a)	42.57	37.66
e) Decrease in Defined benefit obligation due to 1% decrease in Expected Salary Escalation rate (a-c)	36.53	32.41

### XVII) Defined Benefit Obligation for Gratuity Benefit for Key Management Personnel

(₹ in Lakhs)

Key Management Personnel	As at 31st March, 2020	As at 31st March, 2019
Mr. Harish Kumar Agarwal	11.76	9.55
Mr. Jogeswar Mohanty	2.58	2.13

## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

### **XVIII) Risks associated with Plan Provisions**

Risks associated with the plan provisions are actuarial risks. These risks are: (i) investment risk, (ii) interest risk (discount rate risk), (iii) mortality risk and (iv) salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-14) ultimate table. A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

### **B) LEAVE ENCASHMENT**

The provision for leave encashment based on actuarial valuation has been included in provisions - current and non-current and does not require disclosure as mentioned in para 158 of Ind AS 19.

#### **NOTE NO. 44**

The Company makes contribution to Statutory Provident Fund in accordance with Employees Provident Funds and Miscellaneous Provisions Act 1952. This is the post employment benefit and is in the nature of defined contribution plan. The total amount contributed to provident fund during the financial year is ₹ 172.70 Lakhs (previous year ₹ 142.90 Lakhs) and is included in Note No. 34 " Employees Benefit expenses".

#### **NOTE NO. 45**

### **FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to variety of financial risks viz. commodity price risk, credit risk, liquidity risk and capital risk. These risks are managed by the senior management of the Company supervised by the Board of Directors to minimize potential adverse effects on the financial performance of the Company.

#### **i) Commodity Risk**

Demand/supply risk are inherent in the prices of Ingot/Billet, the main raw material and also the prices of TMT bar, the main product in Steel segment. The requirement of raw material is sourced on spot basis so as to float with fluctuations in the market and to guard against price volatility. The Company has also linked its sales to raw material prices so that the Company has adequate cushion to protect its margin in the event of any increase/decrease in raw material costs. The main raw material in paint segment is Alkyd Resin/Titanium Dioxide and its prices fluctuates based on change in international crude oil prices. In Paints segment, the volatility in final product prices is dependent on market forces.



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### ii) Credit Risk

Credit risk from cash and cash equivalents and bank deposits is considered immaterial in view of the credit worthiness of the banks, the Company works with. The Company has specific policies for managing customer credit risk on an ongoing basis; these policies factor in the customer's financial position, past experience and other customer specific factors.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company makes provision for doubtful debt or writes off when a debtor fails to make contractual payments based on provisioning matrix. When loans or receivables have either been provided for or written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognized in Statement of Profit and Loss. The Company has followed Expected Credit Loss (ECL) model to provide for provision for ECL allowance.

The Company do not envisage any financial difficulties resulting in additional credit risk higher than usual credit terms due to COVID-19 outbreak and allowance for expected credit loss is not estimated to exceed the amount already created in books of accounts.

### iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash and another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of surplus funds, bank overdrafts, bank loans. The Company considers liquidity risk as low risk.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

31st March, 2020	CONTRACTUAL CASH FLOWS				
	Carrying amount	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>Borrowings:</b>					
Vehicle Loan	95.66	52.15	14.19	29.32	-
Working Capital	11,747.82	11,747.82			
Leased Liabilities	823.54	165.34	152.34	505.86	
Trade Payables	12,209.21	12,209.21			
Other financial liabilities	1,547.10	817.83	729.27		

(₹ in Lakhs)

31st March, 2019	CONTRACTUAL CASH FLOWS				
	Carrying amount	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>Borrowings:</b>					
Vehicle Loan	101.50	52.88	39.56	9.06	
Working Capital	8,741.22	8,741.22			
Trade Payables	11,022.57	11,022.57			
Other financial liabilities	1,493.47	681.00	812.47		

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### iv) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using gearing ratio which is net debt divided by total equity. The Company's net debts includes interest and non interest bearing loans less cash and bank balances.

The Company's net debt to Equity ratio is as under:

Particulars	(₹ in Lakhs)	
	31st March, 2020	31st March, 2019
Total Bank Borrowings	11,843.48	8,842.72
Less: Cash and Cash Equivalents	265.03	927.10
Adjusted net debt	11,578.45	7,915.62
Total Equity	18,069.78	18,114.30
Adjusted net debt to total equity	64.08%	43.70%

The Company's total owned funds of ₹ 18,069.78 Lakhs is considered adequate by the management to meet its business interest and any capital risk it may face in future.

### v) Foreign Exchange Risk

The Company do not have any foreign currency exposure, hence no foreign currency risks.

#### NOTE NO. 46

### FINANCIAL INSTRUMENTS: ACCOUNTING CLASSIFICATION, FAIR VALUE MEASUREMENTS

(₹ in Lakhs)

31st March, 2020	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Assets:</b>							
Investment in Subsidiary	3.04			3.04			
Investment Other	620.90	353.30	267.60	-	353.30		267.60
Loans	48.38			48.38			
Other Financial Assets	4,510.60			4,510.60			
Trade Receivable	21,211.20			21,211.20			
Cash and cash equivalents	265.03			265.03			
Other Bank Balances	225.79			225.79			

(₹ in Lakhs)

31st March, 2020	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Liabilities:</b>							
Borrowings	11,843.48			11,843.48			
Leased Liabilities	823.54			823.54			
Trade Payables	12,209.21			12,209.21			
Other Financial Liabilities	1,547.10			1,547.10			



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(₹ in Lakhs)

31st March, 2019	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Assets:</b>							
Investment Other	270.01		270.01				270.01
Loans	48.41			48.41			
Other Financial Assets	270.94			270.94			
Trade Receivable	22,280.18			22,280.18			
Cash and cash equivalents	927.10			927.10			
Other Bank Balances	213.22			213.22			

(₹ in Lakhs)

31st March, 2019	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Liabilities:</b>							
Borrowings	8,842.72			8,842.72			
Trade Payables	11,022.57			11,022.57			
Other Financial Liabilities	1,493.47			1,493.47			

### NOTE NO. 47

#### A) OPERATING SEGMENT

Operating segments are established on the basis of those components that are evaluated regularly by the Management in deciding how to allocate resources and in assessing performance. The Company is principally engaged in two business segment viz., Steel and Paint.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting:

- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".**
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".**



**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Segment Revenue</b>		
- Steel	73,628.98	96,256.99
- Paints	22,567.47	26,982.63
<b>Gross Revenue from Operations</b>	<b>96,196.45</b>	<b>1,23,239.62</b>
<b>Segment Results</b>		
- Steel	2,810.83	5,462.93
- Paints	(479.84)	820.04
Profit/(Loss) before finance cost, Tax and unallocable items	2,330.99	6,282.98
Less: Finance cost	1,190.19	1,150.94
Less: Other Unallocable Expenditure net of Income	1,185.65	1,637.43
<b>Total Profit / (loss) before Tax</b>	<b>(44.85)</b>	<b>3,494.61</b>
<b>Segment Assets</b>		
- Steel	22,305.59	21,077.55
- Paints	22,845.86	19,911.18
- Unallocable	1,253.52	525.37
<b>Total Segment Assets</b>	<b>46,404.97</b>	<b>41,514.10</b>
<b>Segment Liabilities</b>		
- Steel	10,257.86	6,676.71
- Paints	17,516.50	15,734.86
- Unallocable	560.83	988.23
<b>Total Segment Liabilities</b>	<b>28,335.19</b>	<b>23,399.80</b>

**B) INFORMATION ABOUT GEOGRAPHICAL AREAS**

The following information discloses revenue from external customers based on geographical area.

**i) Revenue from external customers**

(₹ in Lakhs)

India	96,196.45	1,23,239.62
Outside India	-	-

**ii) None of the non-current assets are located outside India.**

**iii) Revenue from transactions with a single external customer amounting to 10% or more of the Company is as under**

Particulars	As at 31st March, 2020	As at 31st March, 2019
No. of customers	1	2
Amount (₹ in Lakhs)	14,153.77	30,067.57



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 48

#### RELATED PARTY DISCLOSURES

Related party disclosures as required by Indian Accounting Standard (Ind AS) -24 is as under:

#### A. Related Parties and their Relationship

Nature of Relationship	Name of Related Party
<b>Key Management Personnel</b>	Sh. Satish Kumar Agarwal, Chairman & Managing Director Sh. Sunil Kumar Agarwal, Whole Time Director Sh. Saurabh Agarwal, Whole Time Director Sh. Sachin Agarwal, Whole Time Director Sh. Harish Kumar Agarwal-Chief Financial Officer Sh. Jogeswar Mohanty-Company Secretary
<b>Other</b>	Ms. Somya Agarwal (D/o Sh. Sunil Kumar Agarwal - Whole Time Director)
<b>Subsidiary Company</b>	Kamdhenu Ventures Limited
<b>Step Subsidiary Company</b>	Kamdhenu Colour and Coatings Limited

#### B. Disclosure of Transactions with Related Parties, as required by Ind AS 24 'Related Party Disclosure' is given below:

(₹ in Lakhs)

Remuneration/Perquisites	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Short-term employee benefits to Key Managerial Personnel</b>		
Sh. Satish Kumar Agarwal, Chairman & Managing Director	150.79	150.79
Sh. Sunil Kumar Agarwal, Whole Time Director	147.79	147.79
Sh. Saurabh Agarwal, Whole Time Director	144.79	144.79
Sh. Sachin Agarwal, Whole Time Director	144.79	144.79
Sh. Harish Kumar Agarwal-Chief Financial Officer	35.06	32.03
Sh. Jogeswar Mohanty-Company Secretary	13.29	12.25
<b>Total</b>	<b>636.52</b>	<b>632.44</b>
<b>Defined Benefit Obligation - Gratuity</b>		
Sh. Harish Kumar Agarwal-Chief Financial Officer	11.76	9.55
Sh. Jogeswar Mohanty-Company Secretary	2.58	2.13
<b>Total</b>	<b>14.35</b>	<b>11.68</b>
<b>Share Based Payment- ESOS</b>		
Sh. Harish Kumar Agarwal-Chief Financial Officer	20.81	-
Sh. Jogeswar Mohanty-Company Secretary	4.16	-
<b>Total</b>	<b>24.97</b>	<b>-</b>
<b>Director Sitting Fee</b>		
Sh. Mahendra Kumar Doogar, Independent Director	3.65	3.70
Sh. Radha Krishna Pandey, Independent Director	-	3.40
Sh. Ramesh Chand Jain, Independent Director	1.20	-
Sh. Ramesh Chandra Surana, Independent Director	3.50	2.60
Mrs. Nishal Jain, Independent Director	2.80	2.10
<b>Total</b>	<b>11.15</b>	<b>11.80</b>

**NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

(₹ in Lakhs)

Remuneration/Perquisites	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Others Transactions</b>		
Ms. Somya Agarwal - Employee Benefits (D/o Sh. Sunil Kumar Agarwal - Whole Time Director)	28.65	17.97
<b>Total</b>	<b>28.65</b>	<b>17.97</b>

**NOTE NO. 49**

**EMPLOYEE STOCK OPTION SCHEME**

The Company had formulated "Kamdhenu Employee Stock Option Scheme, 2017" (ESOS-2017) which was initially approved by the Board of Directors on 20th April, 2017 and thereafter approved by the Shareholders on 5th June, 2017. The Company has got approval of the ESOS-2017 from NSE and BSE on 9th January, 2018 and 19th January, 2018 respectively. The Company, in the meeting of its Nomination & Remuneration Committee held on 29th January, 2018, granted 6,15,000 options at a price of ₹ 50/- per option, which is equal to one share of ₹ 10/-, to the employees of the Company based on the criteria set by the Committee. By virtue of ESOS-2017, employees can vest their right to exercise in four years i.e. 25% each year commencing from the end of the one year from the date of option granted. The exercise period commences from the date of vesting of the option and expires at the end of three months from the date of such vesting. During the year ended 31st March, 2019, 143250 share option got vested and 30750 share option got forfeited/ lapsed. During the year ended 31st March, 2020 following major amendments done in ESOS-2017

S. No.	Particular	Major Terms of Original ESOS-2017	Variation done during 2019-20 by way of Amendment
1	Exercise Period	3 Year from the respective date of each vesting as per vesting schedule in pursuance of this ESOS 2017	Six month from the date of completion of 2 year from the date of option originally granted
2	Vesting Schedule	2018-19	2019-20 392250 Shares ( Net of lapses)
		2019-20	
		2020-21	
		2021-22	
3	Exercise Price	50 ₹ Per Share	10 ₹ Per Share

The above amendments including few others carried out in Kamdhenu Employee Stock Option Scheme, 2017 was approved by Nomination & Remuneration committee and Board of Directors in their meeting held on 31st January, 2020 and also by shareholders of the company through postal ballot on 18th March, 2020

Accordingly, 392250 equity shares (net of lapses & forfeited) got vested itself on 18th March, 2020 during year ended 31st March, 2020.



## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

The disclosures are as under

### Details of options granted/ Vested

Financial Year	2017-18
No. of Share Granted	615000
Exercise Price	₹ 50
No. of Shares Vested & Exercised till 31st March, 2019 (Net of Lapses)	143250 Shares @ Exercise price of ₹ 50
No. of Shares Vested during 31st March, 2020 (Net of Lapsed)	392250 Shares @ Exercise price of ₹ 10
Fair Value on grant date	₹ 256
Fair Value on the date of approval of amended scheme	₹ 43.78

The Fair value on grant date and on date of approval of amended scheme has been determined using Black Schole Model which takes into account exercise price, terms of option, share price at the grant date and expected price volatility of the underlines shares, expected dividend yield and risk free interest rate for the term option. For the purpose of deriving fair value on date of amended Scheme, share price at that date has been taken.

The Fair value at grant date for 392250 (net of lapses) have been revised to ₹ 43.78 (being fair value on the date of amended scheme) owing to significant variation in share market price which was ₹ 256 on grant date and significantly dropped to ₹ 54 on date of amended scheme, accordingly fair value on date of amended Scheme less exercise price of ₹ 10 each i.e. ₹ 33.78 per share have been amortised till 31st March, 2020 and excess amount of ₹ 146.91 Lakhs earlier booked have been taken to credit of Statement of Profit & loss.

Had the fair value of ₹ 256 at grant date expensed on straight line basis over vesting period, additional amount of ₹ 832.32 Lakhs would have to be charged to statement of Profit & Loss. Had the company followed policy of expensing fair value at grant date over vesting period, the loss of the company before tax would have been higher by ₹ 832.32 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 683.78 Lakhs (net of Tax impact)"

### Movement of share options during the year

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of share options	exercise price (in ₹)	No. of share options	exercise price
Balance at the beginning of the year	4,41,000	10	6,15,000	50.00
Granted during the year	-	-	-	-
Forefeited/ Lapsed during the year	48,750	-	30,750	50.00
Vested during the year	3,92,250	-	1,43,250	50.00
Excercised during the year	-	-	-	-
Balance at the end of the year	-	-	4,41,000	50.00

(₹ in Lakhs)

Particular	Year ended 31st March, 2020	Year ended 31st March, 2019
Amount charged in Statement of Profit & loss towards Share based Payment	81.90	292.73

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 50

The Ministry of Corporate Affairs (MCA) through Companies (Indian Accounting Standard) Amendment Rules 2019 and Companies (Indian Accounting Standard) Second Amendment Rules has notified Ind AS 116 'leases' which replaces existing lease standard, Ind AS 17 Leases and other Interpretation. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single on balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116 effective annual reporting period beginning from 1st April, 2019 and applied the standard to its leases retrospectively with the cumulative effect of initially applying the standard, recognised on the date of initial application ( 1st April, 2019 ). Accordingly, the company has not restated comparative information, instead, the cumulative effect of initially applying Standard has been recognised as an adjustment to opening balance of retained earnings as on 1st April, 2019.

On Transition date i.e. 1st April, 2019, the company has recognised a lease liability measured at the present value of remaining lease payments. The right of use assets is recognised at its carrying amount as if the Standard had been applied since the Commencement of the lease but discounted using lessee incremental borrowing rate. Accordingly, right of use asset of ₹ 738.68 Lakhs and a corresponding lease liability of ₹ 854.55 Lakhs has been recognised. The Cumulative effect on transition adjusted in retained earnings as on 1st April, 2019 amounted to ₹ 75.39 Lakhs (net of deferred tax of ₹ 40.50 Lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The weighted average incremental borrowing rate of 10% has been applied to lease liability recognised in balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for right of use asset and finance cost for interest accrued on lease liability.

The detail of right of use asset held by the company is as follows:

(₹ in Lakhs)	
Particulars	Building
Balance as at 1st April, 2019	738.68
Addition in Right of use assets during the year ended 31st March, 2020	99.45
Amortisation of Right of use assets	(161.92)
Balance of Right of use assets as at 31st March, 2020	676.21

Depreciation on right of use asset is ₹ 161.92 Lakhs and interest on lease liability for year ended 31st March, 2020 is ₹ 84.29 Lakhs.

Lease Contracts entered by the Company majorly pertains to building taken on lease to conduct the business activities in ordinary course.

### Impact of COVID-19

The leases that the company has entered with lessors towards properties used as corporate office/office are long term in nature and no changes in terms of those leases are expected due to COVID-19.

The following is breakup of Current and Non-Current Lease Liability as at 31st March, 2020.

(₹ in Lakhs)	
Particulars	As at 31st March, 2020
Current lease liability	165.34
Non-Current lease liability	658.20
<b>Total</b>	<b>823.54</b>

## NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

The following is movement in Lease Liability during the year ended 31st March, 2020:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Balance at the beginning of the year 1st April, 2019	854.55
Addition during the year	99.45
Finance cost accrued during the year	84.29
Deletion	-
Payment of lease liability and Interest there on	214.76
Balance at the end of the year 31st March, 2020	823.54

The table below provides details regarding the Contractual Maturities of Lease Payment as at 31st March, 2020 on an Undiscounted basis:

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Less than one year	240.33
One to five year	808.13
More than five year	-

The Company do not foresee Liquidity Risk with regard to its Lease Liabilities as the Current Assets are Sufficient to meet the obligation related to Lease Liability as and when they fall due.

### NOTE NO. 51

The Company had outstanding Excise & Service tax for various fiscal years 2004 to 2012 amounting to ₹ 4,907.47 Lakhs. The Company opted to settle the demand of excise & service tax disputes under Sabka Vishwas (Legacy Dispute Resolution) scheme 2019 and the amount of settlement of net demand as per the provisions of aforesaid scheme worked out to be ₹ 2,441.66 Lakhs, and paid the amount of settled demand.

Accordingly, a sum of ₹ 2,438.84 Lakhs (net of ₹ 2.82 Lakhs already charged in books of account) have been debited to statement of Profit & Loss and shown as "Exceptional items". The company have been legally advised that the settled amount paid is allowable business expenditure under section 43 B of Income Tax Act, 1961 and accordingly dealt with.

### NOTE NO. 52

A major fire broke out in the Paint factory of the Company at Chopanki, Alwar, Rajasthan on the midnight of 27th & 28th April, 2019 due to which the inventory at the factory, property, plant & equipment got damaged substantially. There has been no human casualty in the said fire incidence.

The carrying amount of such Property Plant & Equipment and inventory on the date of such fire was earlier estimated to be ₹ 4,568.27 Lakhs against which the Company filed initial insurance claim of ₹ 4,500 Lakhs and disclosed as Exceptional items in financial statement for the quarter ended 30th June, 2020. The amount of assets lost in fire have been re-assessed (net of usable assets) as at 31st March, 2020 and based on revised estimates, the carrying amount of inventory, Property Plant & Equipment lost in fire worked out to be ₹ 4,283.69 Lakhs which have been shown in "Exceptional Items".

The process of assessment of claim settlement is still underway and has not been approved till the date of approval of standalone financial statement. The Company based on valid and subsisting insurance policies as also on the basis of various discussions with loss surveyor and also with insurance company have re-assessed the expected settlement amount of ₹ 4,203.58 Lakhs.

## **NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

Pending approval of insurance claim from the insurance company, the company has accounted Insurance claim receivable of ₹ 4,203.58 Lakhs in statement of Profit & Loss. Any deficit/Surplus in the amount of insurance claim shall be recognised as expenses/income upon final settlement of claim. The amount of insurance claim of ₹ 4,203.58 Lakhs recognised and amount of loss of fire of ₹ 4,283.69 Lakhs has been grouped as "Exceptional items" in the statement of profit & loss. Had the company not accounted such claim till Settlement thereof, the loss of the company before tax would have been higher by ₹ 4,203.58 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 4,055.04 Lakhs ( net of Tax)

The insurance claim amount of ₹ 4,203.58 Lakhs also includes company claim on account of reversal of GST input credit on inventory, Property, Plant & Equipment lost in fire amounting to ₹ 457.81 Lakhs The amount of GST input credit so reversed has resulted in output liability of ₹ 457.81 Lakhs, which pending receipt of claim amount from the insurance company have not been deposited with appropriate authorities and is grouped in statutory dues payable in Note no. 26. The amount of GST reversed shall be deposited with appropriate authorities upon receipt of claim amount.

### **NOTE NO. 53**

The Ministry of Corporate Affairs (MCA) notifies new Indian Accounting Standards or amendments there to. There is no such notification which would have been applicable from 01st April, 2020.

### **NOTE NO. 54**

#### **DISCLOSURE IN ACCORDANCE WITH REQUIREMENTS UNDER IND AS-10 EVENT AFTER THE REPORTING DATE:**

The Board of Directors of the Company have recommended dividend of ₹ 0.50/- per share for the financial year ended 31st March, 2020 for the approval of shareholders. The actual dividend outgo and tax thereon will be dependant on share capital outstanding as on record date.

### **NOTE NO. 55**

Previous years figures have been regrouped, rearranged or reclassified, whenever necessary to confirm the current year's classification.

As per our report of even date attached

#### **For B S D & CO.**

Chartered Accountants  
Firm Registration No. 000312S

#### **(Surendra Khinvasra)**

Partner  
Membership No.070804

Date : 29th June, 2020  
Place : New Delhi

For and on behalf of board of directors

#### **(Satish Kumar Agarwal)**

Chairman & Managing Director  
DIN: 00005981

#### **(Harish Kumar Agarwal)**

Chief Financial Officer

Date : 29th June, 2020  
Place : Gurgaon

#### **(Sunil Kumar Agarwal)**

Whole Time Director  
DIN: 00005973

#### **(Jogeswar Mohanty)**

Company Secretary





## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KAMDHENU LIMITED

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### Qualified Opinion

We have audited the accompanying consolidated financial statements of KAMDHENU LIMITED ("the Holding Company") and its subsidiary company incorporated in India (the Company and its subsidiary together referred to as "the Group") as per list annexed, which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

##### Basis for Qualified Opinion

a) *The Company has recognized income on account of Insurance claim receivable amounting to ₹ 4,203.58 Lakhs against loss of inventory, property plant & equipment due to the fire at paint factory of the Company on the midnight of 27th & 28th April, 2019, which is pending for approval by the insurance company. The recognition of income on account of insurance claim recoverable, when there is no certainty that the ultimate collection will be made, is not in accordance with Indian Accounting Standard and accounting principles generally accepted in India. Had*

*the Company not accounted for such claim, the loss of the Company before tax for the year ended 31st March, 2020 would have been higher by ₹ 4,203.58 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 4,055.04 Lakhs (net of Taxes) (refer note no 33 & 52 to financial Statements).*

b) *As per accounting policy of the Company, Equity settled share based payments to employees are measured at fair value at grant date and such fair value determined are expensed over vesting period. During the year ended 31st March, 2020, 403500 Equity Shares were vested to employees (net of lapses) in pursuance of Amended Employees Stock Option Scheme 2017 approved by shareholders through Postal ballot on 18th March, 2020 but fair value on such date of approval of ₹ 43.78 was taken to expense the share based payment instead of fair value at grant date. Had the Company taken fair value at grant date as basis to expense Share based payment till vesting period, there would have been additional expense of ₹ 832.32 Lakhs in statement of Profit & Loss and the loss of the Company before tax would have been higher by ₹ 832.32 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 683.78 Lakhs (net of Taxes) (Refer Note No. 49 to financial statements).*

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

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the

## INDEPENDENT AUDITOR'S REPORT (Contd.)

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. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the Key Audit Matter was addressed
<p>The Company had outstanding Excise &amp; Service tax for various fiscal years 2004 to 2012 amounting to ₹ 4,907.47 Lakhs.</p> <p>The Company opted to settle the demand of excise &amp; service tax disputes under Sabka Vishwas (Legacy Dispute Resolution) scheme 2019 and the amount of settlement of net demand as per the provisions of aforesaid scheme worked out to be ₹ 2,441.66 Lakhs, and paid the amount of settled demand.</p> <p>Accordingly, a sum of ₹ 2,438.84 Lakhs (net of ₹ 2.82 Lakhs already charged in books of account) have been debited to statement of Profit &amp; Loss and shown as "Exceptional items". The Company have been legally advised that the settled amount paid is allowable business expenditure under section 43B of Income Tax Act, 1961 and accordingly dealt with. (Refer note no. 51 to financial statements).</p>	<p>We have relied upon the legal opinion taken by the Company on allowability of amount paid while computing provision for income tax.</p>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this Auditor report.

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 during the course of our audit or otherwise appears to be materially misstated.

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

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the directors of Holding company.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



## INDEPENDENT AUDITOR'S REPORT (Contd.)

going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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

We communicate with those charged with governance of holding company and subsidiary company incorporated in India included in financial statement of which we are the independent auditors 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.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

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

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

### Other Matters

- a) The Consolidated annual financial results includes the results for the year ended 31st March, 2020 only, as Kamdhenu Ventures Limited became subsidiary of the Company during quarter ended 31st March, 2020, therefore previous year figures are not given.
- b) On account of Covid-19 related lockdown restrictions, Management of the Company was not able to perform the year end physical verification of inventories at all locations of Depot and also at factory.  
Consequently, we have performed alternative audit procedures to audit existence of inventory as per guidance provided by SA-501 "Audit Evidence- Specific consideration to selected items" which includes subsequent physical counts/cyclical counts performed by the management, roll forward procedures and have obtained sufficient audit evidence.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the holding Company as on 31st March, 2020 taken on record by the Board of Directors of the holding Company, and of subsidiary company incorporated in India, none of the directors of the holding Company and its subsidiary company incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy and the operating effectiveness of the internal financial control over financial reporting with reference to these consolidated financial statement of the Holding company and its subsidiary company incorporated in India, refer to our separate report in annexure 1 to this report.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us
- i. The consolidated financial statements discloses impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding Company and subsidiary company incorporated in India.

For **BSD & Co.**  
Chartered Accountants  
Firm's registration number: 000312S

**Surendra Khinvasra**  
Partner  
Membership number: 070804  
UDIN: 20070804AAAABZ2188

Place: New Delhi  
Date: 29th June, 2020

## **ANNEXURE - A**

### **TO THE AUDITORS' REPORT**

#### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of Kamdhenu Limited ("the Holding Company") as of that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Board of Directors of the Holding Company incorporated in India, and of subsidiary company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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



## ANNEXURE - A

### TO THE AUDITORS' REPORT (Contd.)

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

#### **OPINION**

In our opinion, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **BSD & Co.**

Chartered Accountants

Firm's registration number: 000312S

**Surendra Khinvasra**

Partner

Membership number: 070804

UDIN: 20070804AAAABZ2188

Place: New Delhi

Date: 29th June, 2020

#### **ANNEXURE I: LIST OF ENTITIES CONSOLIDATED AS AT 31ST MARCH, 2020**

- |  |
|--|
| 1. Kamdhenu Ventures Limited (Consolidated)- Wholly owned Subsidiary |
|--|



## CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2020
<b>ASSETS</b>		
<b>1. Non-Current Assets</b>		
(a) Property, Plant and Equipment	1	7,940.02
(b) Capital Work in Process	1	112.32
(c) Right of Use Assets		676.21
(d) Goodwill on Consolidation		0.83
(e) Financial Assets		
(i) Investment in subsidiary	2	-
(ii) Other Investment	2	267.60
(iii) Loans	3	-
(iv) Other Financial Assets	4	287.64
(f) Other Non-Current Assets	5	1,089.56
<b>Total Non-Current Assets</b>		<b>10,374.18</b>
<b>2. Current Assets</b>		
(a) Inventories	6	7,824.21
(b) Financial Assets		
(i) Investment	7	353.30
(ii) Trade Receivables	8	21,211.20
(iii) Cash and Cash Equivalents	9	267.76
(iv) Bank Balances other than (iii) above	10	225.79
(v) Loans	11	48.38
(vi) Other Financial Assets	12	4,223.16
(c) Other Current Assets	13	1,877.71
<b>Total Current Assets</b>		<b>36,031.51</b>
<b>Total Assets</b>		<b>46,405.69</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	14	2,654.33
(b) Other Equity	15	15,414.50
<b>Total Equity</b>		<b>18,068.83</b>
<b>Liabilities</b>		
<b>1. Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	16	43.51
(ii) Lease Liabilities	17	658.20
(iii) Other Financial Liabilities	18	729.27
(b) Provisions	19	399.91
(c) Deferred Tax Liabilities (Net)	20	560.84
<b>Total Non-Current Liabilities</b>		<b>2,391.73</b>
<b>2. Current Liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	22	11,748.82
(ii) Lease Liabilities	23	165.34
(iii) Trade Payables	24	
- total outstanding dues of micro enterprises and small enterprises		1,649.77
- total outstanding dues of creditors other than micro enterprises and small enterprises		10,560.11
(iv) Other Financial Liabilities	25	869.98
(b) Other Current Liabilities	26	894.04
(c) Provisions	27	57.07
(d) Current Tax Liabilities (Net)		-
<b>Total Current Liabilities</b>		<b>25,945.13</b>
<b>Total Liabilities</b>		<b>28,336.86</b>
<b>Total Equity and Liabilities</b>		<b>46,405.69</b>

Significant Accounting Policies

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

**For B S D & CO.**

Chartered Accountants  
Firm Registration No. 000312S

**(Surendra Khinvasra)**

Partner  
Membership No.070804

Date : 29th June, 2020

Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**

Chairman & Managing Director  
DIN: 00005981

**(Harish Kumar Agarwal)**

Chief Financial Officer

Date : 29th June, 2020

Place : Gurgaon

**(Sunil Kumar Agarwal)**

Whole Time Director  
DIN: 00005973

**(Jogeswar Mohanty)**

Company Secretary



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

### FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Note No.	Year ended 31st March, 2020
<b>I Revenue from Operations</b>	28	96,196.45
<b>II Other Income</b>	29	63.38
<b>III Total Income (I+II)</b>		<b>96,259.83</b>
<b>IV Expenses:</b>		
Cost of Materials Consumed	30	34,341.13
Purchases of Stock-in-Trade	31	40,071.01
Changes in Inventory of Finished Goods, Work-in-Progress and Stock-in-Trade	32	(3,362.70)
Employee Benefits Expense	34	5,019.40
Finance Costs	35	1,190.19
Depreciation & Amortization Expense	36	838.24
Other Expenses	37	15,689.43
<b>Total Expenses (IV)</b>		<b>93,786.70</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>2,473.13</b>
<b>VI Exceptional Items (Net) (Refer note no. 33)</b>	33	2,518.94
<b>VII Profit/(Loss) before tax (V-VI)</b>		<b>(45.81)</b>
<b>VIII Tax Expenses:</b>	21	
(1) Current Tax		148.54
(2) Deferred Tax		(384.73)
(3) Income Tax of earlier years		3.09
<b>Total Tax Expenses (VIII)</b>		<b>(233.10)</b>
<b>IX Profit for the year after Tax (VII-VIII)</b>		<b>187.29</b>
<b>X Other Comprehensive Income:</b>		
<b>A. Items that will not be reclassified to profit or loss:</b>		
(i) Fair Value of Investments in Equity		(2.40)
(ii) Actuarial (Losses)/ Gain on defined benefit plans		9.32
(iii) Tax impact on above		2.17
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>196.38</b>
<b>Profit for the year attributable to:</b>		
Equity holders of the parent		187.29
Non-controlling interests		-
<b>Total Comprehensive Income for the year attributable to:</b>		
Equity holders of the parent		196.38
Non-controlling interests		-
<b>XII Earnings per equity share of face value of ₹10 each</b>		
Basic (In Rupees)		0.71
Diluted (In Rupees)		0.70

Significant Accounting Policies

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

**For B S D & CO.**Chartered Accountants  
Firm Registration No. 000312S**(Surendra Khinvasra)**Partner  
Membership No.070804

Date : 29th June, 2020

Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**Chairman & Managing Director  
DIN: 00005981**(Harish Kumar Agarwal)**

Chief Financial Officer

Date : 29th June, 2020

Place : Gurgaon

**(Sunil Kumar Agarwal)**Whole Time Director  
DIN: 00005973**(Jogeswar Mohanty)**

Company Secretary

## CONSOLIDATED STATEMENT OF CASH FLOW

### FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
<b>Net Profit / (Loss) Before Tax</b>	(45.81)
Non cash adjustment to Profit Before Tax:	
Interest Income	(34.90)
Depreciation and amortization	838.24
Goodwill on Consolidation	(0.83)
Interest Expenses	1,190.19
Share Based Payments to Employees	81.90
Remeasurement of the Defined Benefit Plan	60.61
Loss/ (Gain) on disposal of Property, Plant and Equipment	2.83
Unrealised Loss on valuation of PMS measured at fair value	146.70
Ind AS adjustment for Fair Value of Rent & Security Deposit	(7.08)
Provision for Expected Credit Loss	332.35
<b>Operating profit before working capital changes</b>	<b>2,564.20</b>
<b>Net Change in</b>	
Inventories	(4,039.22)
Trade Receivables	736.63
Other Bank Balances	(12.57)
Other Financial Assets	59.27
Other Current Assets	464.29
Other Non Current Assets	(742.23)
Trade Payables	1,147.42
Other Current Financial Liabilities	12.15
Other Current Liabilities	(205.87)
Other Non-Current Financial Liabilities	(82.59)
<b>Cash Used from Operation</b>	
Income Taxes paid (net)	(156.64)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(255.16)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Payment for acquisition of Property, Plant and Equipment & Capital WIP	(1,479.36)
Payment for investment in PMS-IIFL	(500.00)
Payment for investment in Equity shares	-
Proceeds from sale of Property, Plant and Equipment	74.51
Interest Received	26.13
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(1,878.72)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Interest Paid	(973.11)
Payment of Lease Liabilities	(214.76)
Net Change in Borrowings	2,909.47
Money Received against ESOP issued	71.63
Money Received against share warrant	-
Dividend paid and tax thereon	(318.69)
<b>Net Cash (used in) from Financing Activities (C)</b>	<b>1,474.54</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(659.34)</b>
<b>Opening Balance Cash and Cash Equivalents</b>	<b>927.10</b>
<b>Closing Balance Cash and Cash Equivalents</b>	<b>267.76</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

### FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

#### Components of Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Balances with Banks	225.92
Cheques on hand	-
Cash on hand	38.43
Deposits with maturity for less than 3 month	3.40
<b>Total</b>	<b>267.76</b>

#### Reconciliation Statement of Cash & Bank Balances

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Cash and Cash Equivalent as per above	267.76
Add: Balance with Bank in dividend/ unclaimed dividend account	15.99
Deposits with maturity for more than 3 month but less than 12 month	209.80
Fixed Deposits with bank having maturity period more than 12 months	2.11
<b>Total</b>	<b>495.66</b>

#### DISCLOSURE AS REQUIRED BY IND AS 7

#### Reconciliation of liabilities arising from financing activities

(₹ in Lakhs)

31st March, 2020	Opening Balance	Cash Flows	Non Cash Changes	Closing Balances
Short term secured borrowings	8,794.10	2,914.58	92.29	11,800.97
Long term secured borrowings	48.62	(5.11)	-	43.51
<b>Total</b>	<b>8,842.72</b>	<b>2,909.47</b>	<b>92.29</b>	<b>11,844.48</b>

#### Significant Accounting Policies

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

#### For B S D & CO.

Chartered Accountants  
Firm Registration No. 000312S

#### (Surendra Khinvasra)

Partner  
Membership No.070804

Date : 29th June, 2020  
Place : New Delhi

For and on behalf of board of directors

#### (Satish Kumar Agarwal)

Chairman & Managing Director  
DIN: 00005981

#### (Harish Kumar Agarwal)

Chief Financial Officer

Date : 29th June, 2020  
Place : Gurgaon

#### (Sunil Kumar Agarwal)

Whole Time Director  
DIN: 00005973

#### (Jogeswar Mohanty)

Company Secretary

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31ST MARCH, 2020

#### A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Balance as at 1st April, 2019	Change in equity share capital during the year 2019-20	Balance as at 31st March, 2020
2,640.00	14.33	2,654.33

#### B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserve and Surplus				Other Comprehensive Income		Money Received against Share Warrant	Total
	Capital Reserve	Securities Premium	Share Based Payment Reserve	Retained Earnings	Fair Value of Investments	Actuarial (Losses)/ Gain on defined benefit plans		
Balance as at 01.04.2019	181.29	4,791.70	345.65	10,170.55	8.25	(23.14)	-	15,474.30
Adjustment on account of transitional impact on adoption of Ind AS 116 (net of deferred tax)	-	-	-	(75.39)	-	-	-	(75.39)
Addition during the year	-	352.35	-	-	-	-	-	352.35
Profit / (Loss) for the year	-	-	-	187.29	2.11	6.97	-	196.37
Employee stock option outstanding (net)	-	-	(213.15)	-	-	-	-	(213.15)
Utilisation against Share Warrant	-	-	-	-	-	-	-	-
Dividend	-	-	-	265.43	-	-	-	265.43
Tax on dividend	-	-	-	54.56	-	-	-	54.56
<b>Balance as at 31.03.2020</b>	<b>181.29</b>	<b>5,144.05</b>	<b>132.50</b>	<b>9,962.47</b>	<b>10.36</b>	<b>(16.17)</b>	<b>-</b>	<b>15,414.50</b>

As per our report of even date attached

**For B S D & CO.**

Chartered Accountants  
Firm Registration No. 000312S

**(Surendra Khinvasra)**

Partner  
Membership No.070804

Date : 29th June, 2020  
Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**

Chairman & Managing Director  
DIN: 00005981

**(Harish Kumar Agarwal)**

Chief Financial Officer

Date : 29th June, 2020  
Place : Gurgaon

**(Sunil Kumar Agarwal)**

Whole Time Director  
DIN: 00005973

**(Jogeswar Mohanty)**

Company Secretary



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### CORPORATE INFORMATION

Kamdhenu Limited ("The Group") is public limited company incorporated and domiciled in India under Companies Act, 1956 ("Act"). The Company's registered office is situated at A-1112 & A-1114, RIICO Industrial Area, Phase-III, Bhiwadi-301019, Alwar, Rajasthan, India. Its equity shares are listed at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The Group is engaged in manufacturing, marketing, branding and distribution of TMT Bars, structural steel, paints and allied products under brand name KAMDHENU. The Group is also integrated with independent producer efficacious Franchisee Business Association Model and streamlined the unorganized steel sector into organized sector. The consolidated financial statement for the year ended 31st March, 2020 was approved and authorized by Board of Directors in their meeting held on 29th June, 2020.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

#### 1.2 Principles of Consolidation

The Consolidated financial statements relates to Kamdhenu Limited ("the Company") and its subsidiary company. The Consolidated financial statements have been prepared on the following basis:

1) The financial statements of the Company and its

subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses, and cash flows, after fully eliminating intra-group balances and intra-group transactions.

- 2) Where the cost of the investment is higher/lower than the share of equity in the subsidiary at the time of acquisition, the resulting difference is disclosed as goodwill/ capital reserve. The Goodwill is not amortized, however, it is tested for impairment at each Balance sheet date and the impairment if any, is provided for in the consolidated statement of Profit and loss.
- 3) Offset (eliminate) the carrying amount of the parent's Investment in each subsidiary and the parent's portion equity of each subsidiary.
- 4) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as on the date of disposal is recognized in the consolidated statement of profit and Loss being the profit or loss on disposal of investment in subsidiary.
- 5) Non Controlling interest's share of profit /loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- 6) Non Controlling interest's share of net assets of consolidated subsidiaries is identified and presented in Consolidated Balance sheet separate from liabilities and the equity of the Company's shareholders.

a) Companies considered in the consolidated financial statements are:-

Name of the Company	Country of Incorporation	Holding as on 31.03.2020	Period of Consolidation	Financial Year ends on
Kamdhenu Ventures Limited (Consolidated)	India	100%	21st January, 2020 to 31st March, 2020	31st March, 2020

## **NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

### **1.3 Basis of Preparation**

The financial statements of the group are consistently prepared and presented under historical cost convention on an accrual basis in accordance with Ind AS except for certain financial assets and liabilities that are measured at fair values.

The Group's functional currency and presentation currency is Indian National Rupees (INR). All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs, except otherwise indicated.

The Group presents its assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- a) expected to be realized or intended to be sold or consumed in normal operating cycle;
- b) held primarily for the purpose of trading;
- c) expected to be realized within twelve months after the reporting period; or
- d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- a) expected to be settled in normal operating cycle;
- b) held primarily for the purpose of trading;
- c) due to be settled within twelve months after the reporting period; or
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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 being a period within twelve months for the purpose of current and non-current classification of assets and liabilities. The statement of cash flows has been prepared under indirect method.

### **1.4 Use of judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements required management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets & liabilities and the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in the future periods in the carrying amount of assets or liabilities affected.

In accounting policies, management has made judgments in respect of evaluation of recoverability of deferred tax assets, which has the most significant effect on the amounts recognized in the financial statements.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within:

- a) Useful life of property, plant & equipment and intangible assets: The Group has estimated useful life of the property, plant & equipment as specified in Schedule II to the Companies Act, 2013 or such other modified useful life as disclosed in para 1.5. However the actual useful life for individual equipments could turn out to be different, there could be technology changes, breakdown, and unexpected failure leading to impairment or complete discard. Alternately, the equipment may continue to provide useful service well beyond the useful life assumed.
- b) Estimation of uncertainty related to Global Health Pandemic from COVID-19: The Group has considered the possible effects that may results from pandemic relating to COVID-19 on the carrying amount of financial assets including Trade receivable. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of the pandemic, the group as at the date of approval of these financial statement has used internal and external source of information, on the expected future performance of the group and based on



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

estimates the group expects that the carrying amount of financial assets will be recovered and the group do not expect any significant impact of COVID-19 on the group's financial statements as at the date of approval of these Consolidated Financial Statements.

- c) Lease: The Group evaluates if an arrangement qualifies to be a lease as per the requirement of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In exercising whether the Company is reasonably certain to exercise an option to extend a lease or to exercise an option to terminate the lease, it considers all relevant facts and circumstances that create economic incentive for the Company to exercise the option to extend the lease or to exercise the option to terminate the lease. The Company revises lease term, if there is change in non-cancellable period of lease. The discount rate used is generally based on incremental borrowing rate.

- d) Fair value measurement of financial instruments: When the fair value of financial assets and financial liabilities cannot be measured based on quoted process in active market, the fair value is measured using valuation techniques including book value and the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not possible, a degree of judgment is required in establishing fair values.
- e) Taxes: Taxes have been paid/ provided, exemptions availed, allowances considered etc. are based on the extant laws and the Company's interpretation of the same based on the legal advice received wherever required. These could differ in the view

taken by the authorities, clarifications issued subsequently by the government and courts, amendments to statutes by the government etc.

- f) Defined benefit plans: The cost of defined benefit plans and other post-employment benefit plans and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.
- g) Provisions: The Company makes provisions for leave encashment and gratuity based on report received from the independent actuary. These valuation reports use complex valuation models using not only the inputs provided by the Company but also various other economic variables. Considerable judgment is involved in the process.
- h) Contingencies: A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. However, the actual liability could be considerably different.
- i) Impairment of Goodwill: Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than the carrying amount, the impairment loss is accounted. For impairment loss, goodwill is allocated to CGU which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purpose. The recoverable amount of CGU is determined based on higher of value in use and fair value less cost to sell and value in use is present value of future cash flows expected to be derived from CGU.

Key assumptions in the cash flow projection are prepared based on current economic conditions and comprises estimated long term growth rate, estimated operating margin.

## **NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

### **1.5 Property, Plant and Equipment**

Freehold land is carried at historical cost. All other property, plant and equipment are stated at cost, net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, initial estimation of any decommissioning obligations and finance cost.

On transition to Ind AS, the fair value as on 1st April, 2016 in respect of class of asset comprising land & building and plant & machinery has been taken as carrying cost and subsequently the Company follows cost model. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Cost of software directly identified with hardware is recognized along with the cost of hardware.

Stores and spares which meet the definition of property, plant and equipment and satisfy recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.

Capital work-in-progress includes cost of property, plant and equipment which are not ready for their intended use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted prospectively.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in

Schedule II to the Companies Act, 2013 using straight line method other than in case of rolling mill and tinting machine, where useful life based on management estimate has been taken twenty years and ten years respectively. Property, plant and equipment which are added/disposed of during the year, depreciation is provided on pro rata basis with reference to the month of addition/deletion.

In line with the provisions of Schedule II of the Companies Act, 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

### **1.6 Intangible Assets**

Intangible assets are recognized only if they are separately identifiable and the Company expects to receive future economic benefits arising out of them. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Computer Software is amortized over a period of three years.

Intangible assets with finite lives are amortized on straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each year end. The amortized expense on intangible assets with infinite lives and impairment loss is recognized in the Statement of Profit and Loss.

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

Gains or losses arising from de-recognition of an intangible asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually. The assessment of indefinite life is reviewed annually

## **NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment loss on intangible assets with indefinite life is recognized in the Statement of Profit and Loss.

Goodwill on consolidation represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities & Contingent liabilities of the acquiree. When the net fair value of identifiable assets, liabilities & Contingent liabilities acquired exceeds the cost of business acquisition, the bargain purchase excess is recognized after reassessing the fair value of net assets acquired in the capital reserve. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying, on number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from the other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to other assets of the CGU pro-rata on the basis of carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

### **1.7 Impairment of non-financial assets**

At each Balance Sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the

previous periods. If any indication exists or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

### **1.8 Investment in Subsidiaries, Associates and joint Ventures**

Investment in subsidiaries, associates and joint ventures are carried at cost less impairment losses, if any. When an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of investment in subsidiary, associates and joint venture, the difference between net disposal proceeds and the carrying amount are recognized in statement of Profit & loss.

#### **Investment in Equity Instruments**

All investment in equity instrument classified under financial assets are initially measured at fair value. The company may on initial application irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument by instrument basis. Fair value changes on an equity instrument is recognized as 'other income' in statement of profit & Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes

## **NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

excluding dividend on an equity instrument measured at FVOCI are recognized in OCI. Amount recognized in OCI are not subsequently reclassified to statement of Profit & loss. Dividend income on investment in equity instrument are recognized as 'Other Income' in statement of Profit & Loss.

### **1.9 Inventories**

Inventories are valued as under:

Raw materials, packing materials, stores and spares are valued at lower of cost (on a weighted average basis) and net realizable value.

Stock in process is valued at lower of cost (on a weighted average basis) and net realizable value.

Finished goods (including in transit) are valued at cost (on a weighted average basis) or net realizable value whichever is lower. Cost for this purpose includes direct materials, direct labour, utilities, other variable direct cost and manufacturing overheads, based on the normal operating capacity and depreciation.

### **1.10 Cash and cash Equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered as an integral part of the Company's cash management.

#### **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **Bank Balances other than above**

Dividend escrow account balances, deposits with banks as margin money for guarantees issued by the banks, deposits kept as security deposits for statutory

authorities are accounted as bank balances other than Cash and Cash equivalents.

### **1.11 Non-current Assets held for Sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### **1.12 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.

#### **A. Financial Assets:**

##### **(i) Classification:**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit and loss on the basis of its business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

##### **(ii) Initial recognition and measurement:**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recognized at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

##### **(iii) Financial assets measured at amortized cost:**

Financial assets are subsequently measured at amortized cost using Effective Interest Rate (EIR) method, if these financial assets are held within a business whose objective is to hold these assets in order to collect

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The losses arising from the impairment are recognized in the Statement of Profit and Loss.

(iv) **Financial assets at fair value through other comprehensive income:**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

(v) **Financial assets measured at fair value through profit and loss:**

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in profit and loss.

(vi) **De-recognition of financial assets:**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

### AA. Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

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

### B. Financial Liabilities

(i) **Classification:**

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) **Initial recognition and measurement:**

All financial liabilities are recognized initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

(iii) **Subsequent measurement:**

All financial liabilities are re-measured at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

(iv) **Loans and borrowings:**

Interest bearing loans and borrowings are subsequently measured at amortized cost using effective interest rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through EIR amortization process. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

(v) **De-recognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are



## **NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

(vi) **Derivative financial instruments:**

The Group uses derivative financial instruments such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss in the fair values is taken to Statement of Profit and Loss at the end of every period. Profit or loss on cancellations/renewals of forward contracts and options are recognized as income or expense during the period.

C. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

### **1.13 Fair value measurement**

The Group measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that

market participants act in their best economic interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

### **1.14 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### **1.15 Provisions, Contingent liabilities, Contingent Assets**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the changes in the provision due to

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

the passage of time are recognized as an inane cost.

Contingent liabilities are disclosed in the case of:

- a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a present obligation arising from the past events, when no reliable estimate is possible; and
- c) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefit is probable.

### 1.16 Share Based Payment

- a) Equity-Settled Share Based Payments to Employee (primarily Employee Stock Option Scheme) and others providing similar services are measured at the Fair Value of the Equity Instrument at the grant date.
- b) The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflect the revised estimate, with a corresponding adjustment to Share Based Payment reserve.
- c) The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### 1.17 Employee Benefits

#### A. Defined Contribution Plans

Retirement benefit in the form of contribution to provident fund and pension fund are charged to statement of Profit and Loss.

#### B. Defined Benefit Plan (Unfunded)

Gratuity is the nature of a defined benefit plan.

Provision for gratuity is calculated on the basis of actuarial valuation carried out at reporting date and is charged to statement of Profit and Loss. The actuarial valuation is computed using the projected unit credit method.

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

#### C. Other Employee Benefits (Unfunded)

Leave Encashment is recognized as an expense in the statement of Profit and Loss account as and when they accrue. The Company determines the liability using the projected unit credit method with actuarial valuations carried out as at Balance Sheet date.

### 1.18 Revenue Recognition

#### Revenue from Sale of Goods and Services

The Group derives its revenue from sale of manufactured goods & traded goods primarily from steel segment and paint segment and also from Royalty services in respect of franchisee arrangement. In accordance with Ind AS 115, the Company recognizes revenue from sale of products & services at a time when performance obligations are satisfied and upon transfer of control of promised products and services to the customer in an amount that reflects the consideration, the Company expects to receive in exchange for their products or services. The Company disaggregates the revenue based on nature of products.

#### Dividend Income

Dividend income is recognized when the right to receive is established and there is a reasonable certainty of its collection.



## **NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

### **Interest Income**

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit loss.

### **Insurance Income**

Income in respect of insurance claims recognized on acceptance basis or when there is reasonable certainty that the ultimate collection will be made.

### **Others**

Income in respect of other claims and commissions are measured at fair value and recognized when there is reasonable certainty that the ultimate collection will be made.

### **1.19 Taxes on Income**

Income Tax expenses comprise current tax expenses and the net change in the deferred tax asset or liabilities during the year. Current and Deferred tax are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively.

#### **Current Tax**

The Group provides current tax based on the provisions of the Income Tax Act, 1961 applicable to the Company.

#### **Deferred Tax**

Deferred tax is recognized using the Balance Sheet approach. Deferred 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.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible

temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **1.20 Earnings Per Share**

Basic earnings per share are calculated by dividing the profit after tax or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. In case there are any dilutive securities during the period presented, the impact of the same is given to arrive at diluted earnings per share

### **1.21 Segment Reporting**

The operating segments have been identified on the basis of nature of products and the same are accordingly evaluated by the Manager and Board of Directors. The Company's primary operating segment is Steel and Paint.

### **1.22 Leases**

The Group has applied Ind AS 116 w.e.f 1.4.2019. In accordance with Ind AS 116, the Company recognizes

## **NOTES** FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

right of use assets representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of right of use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before commencement date less any lease incentive received plus any initial direct cost incurred and an estimate of cost to be incurred by lessee in dismantling and removing underlying asset or restoring the underlying asset or site on which it is located. The right of use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any re-measurement of lease liability. The right of use assets is 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 lives of right of use assets are determined on the same basis as those of Property, Plant and Equipment. Right of use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in Statement of Profit and Loss.

The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modification or to reflect revised-in-substance fixed lease payments. The Company recognizes amount of re-measurement of lease liability due to modification as an adjustment to write off use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of right of use assets is reduced to zero and there is further reduction in measurement of lease liability, the Company recognizes any remaining amount of the re-measurement in Statement of Profit and Loss.

The group has elected not to apply the requirements of Ind AS 116 to short term leases of all assets that have a lease term of 12 months or less unless renewable on long term basis and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense over lease term.

### **1.23 Foreign exchange transactions**

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the reporting date. All exchange differences arising on translation of monetary items are dealt with in the Statement of Profit and Loss.

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020

### NOTE NO. 1

#### PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total	CWIP
Gross Carrying Value as on 01.04.2019	1,908.40	1,675.33	6,726.31	200.50	677.58	167.54	11,355.66	78.07
Additions during the year	-	270.78	1,030.97	28.42	65.28	84.92	1,480.37	121.76
Deduction on account of Property Plant & Equipment lost in fire (Refer note no. 33 & 51)	-	632.62	1,607.76	65.44	-	50.62	2,356.44	54.74
Deductions/Adjustments	-	-	28.18	-	78.60	5.22	112.00	32.77
Gross Carrying Value as on 31.03.2020	1,908.40	1,313.48	6,121.34	163.48	664.26	196.62	10,367.58	112.32
Accumulated Depreciation as on 01.04.2019	-	200.74	1,595.18	163.74	299.58	129.02	2,388.26	-
Depreciation for the year	-	25.92	542.94	4.33	78.39	24.74	676.32	-
Deduction on account of Property Plant & Equipment lost in fire (Refer note no. 33 & 51)	-	81.90	388.84	54.89	-	43.94	569.57	-
Deductions/Adjustments	-	-	1.76	-	60.72	4.96	67.44	-
Accumulated Depreciation as on 31.03.2020	-	144.76	1,747.52	113.17	317.25	104.86	2,427.56	-
<b>Carrying Value as on 31.03.2020</b>	<b>1,908.40</b>	<b>1,168.72</b>	<b>4,373.82</b>	<b>50.31</b>	<b>347.01</b>	<b>91.76</b>	<b>7,940.02</b>	<b>112.32</b>

Note: Carrying ₹ of Property Plant & Equipment lost in fire ₹ 1,841.60 Lakhs and shown as "Exceptional items" includes deperication till the date of fire ₹ 13.70 Lakhs.

### NOTE NO. 2

#### INVESTMENTS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>Investment in Subsidiary Company (Valued at Cost unless stated otherwise)</b>	
<b>Unquoted Equity instrument-Fully Paid</b>	
30,394 (31 March 2019: Nil) equity share of M/s Kamdhenu Ventures Ltd.	-
<b>Other Investment (Measured at Fair Value through Other Comprehensive Income)</b>	
15,42,605 (31 March 2019: 15,42,605) equity shares of M/s Shree Bankey Bihari Ispat Pvt. Ltd.	-
2,68,220 (31 March 2019: 2,68,220) equity shares of M/s Stelex Coating Ltd.	24.17
24,50,000 (31 March 2019: 24,50,000) equity shares of M/s Orange Spa Hotels & Resorts Pvt. Ltd.	243.43
<b>Total</b>	<b>267.60</b>



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE: 2.1

Aggregate book value of unquoted Investments	<b>342.18</b>
Aggregate fair value of unquoted investments measured at fair value through Other Comprehensive Income.	<b>267.60</b>
Aggregate amount of impairment in value of investments.	<b>74.58</b>

### NOTE NO. 3

#### LOANS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>Unsecured, considered good, unless stated otherwise:</b>	
Advance to Employee	-
<b>Total</b>	<b>-</b>

### NOTE NO. 4

#### OTHER FINANCIAL ASSETS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Security deposits	285.53
Fixed Deposits with bank having maturity period more than 12 months	2.01
Interest accrued on Fixed Deposits	0.10
<b>Total</b>	<b>287.64</b>

### NOTE NO. 5

#### OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Capital advance	82.06
Prepaid expenses	24.61
Tax Refundable (Net of Provision of ₹ 148.54 Lakhs)	901.62
Excise duty and Service tax deposited under protest	23.00
Duties and taxes refundable	58.27
<b>Total</b>	<b>1,089.56</b>

### NOTE NO. 6

#### INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Raw Materials & Packing Materials	1,401.23
Stock-in-Process	44.17
Finished Goods	4,985.46
Stock-in-Trade	1,040.26
Stores, Spares & Fuel	320.76
Waste, Scraps, Runner Risers & Mill Scale	32.33
<b>Total</b>	<b>7,824.21</b>

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE NO. 6.1

- a) The Company do not have any inventory which is expected to be sold in more than 12 months.  
b) Inventory of Raw/ Packing Material and Finished stock lost in Fire ₹ 1,984.27 Lakhs transferred to "Exceptional Items".

### NOTE NO. 7

#### INVESTMENT - CURRENT (Measured at Fair Value through Statement of Profit & Loss)

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Investment in Portfolio Management Services through IIFL Asset Management Ltd.	353.30
<b>Total</b>	<b>353.30</b>

The above investment have been made with IIFL Asset Management Limited held for sale and is intended to be held for short term, accordingly classified as current Investment.

### NOTE: 7.1

Aggregate Cost of portfolio forming part of Portfolio Management Services	<b>500.00</b>
Aggregate Market value of portfolio forming part of Portfolio Management Services	<b>353.30</b>
Unrealized Gain (Loss) accounted in Statement of Profit & Loss	<b>(146.70)</b>

### NOTE NO. 8

#### TRADE RECEIVABLES - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Trade Receivable - Unsecured	
Considered good	21,211.20
Credit Impaired	616.07
	<b>21,827.27</b>
Less: Allowance for Expected Credit Loss (ECL)	616.07
<b>Total</b>	<b>21,211.20</b>

#### Note:

- a) The Company has used a practical expedient by computing the Expected Credit Loss allowance based on a provision matrix. The expected credit loss allowance is based on the ageing of the days, the receivables are due and recognises impairment loss allowance based on lifetime expected loss on each reported date right from its initial recognition. The provision matrix at the end of each reporting period is as under :

Particulars	As at 31st March, 2020
Trade Receivables	21,827.27
Trade Receivables not considered for ECL Matrix	17,459.74
Trade Receivables considered for ECL Matrix	4,367.52
Movement in allowance for doubtful debts	
Balance at the beginning of the year	463.12
Addition during the year	322.35
Debtors written of as bad debts out of provision for ECL during the year	(169.40)
Balance at the end of the year	616.07



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

- b) The concentration of credit risk on trade receivable is limited due to the fact that the customer base is large and is unrelated to each other.
- c) No trade receivable is due from directors & other officers of the Company either singly or severally with any other person or from firm or private companies in which any director is interested as partner/ director.
- d) The Company has assessed the risk of recovery from trade receivable arising on account of Pandemic Covid-19 and based on its assessment, the management of Company do not foresee any impact on realisability of Trade receivable and is of the view that allowance for Expected credit loss created is sufficient and no further provisioning on this account is necessiated.

### NOTE NO. 9

#### CASH AND CASH EQUIVALENTS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Balances with Banks	225.92
Cash on hand	38.43
Deposits with maturity for less than 3 month	3.40
<b>Total</b>	<b>267.76</b>

### NOTE NO. 10

#### OTHER BALANCES WITH BANKS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Balance with bank in unpaid dividend accounts	15.99
Deposits with maturity for more than 3 month but less than 12 month	209.80
<b>Total</b>	<b>225.79</b>

There are no amount due and outstanding to be transferred to Investor Education and Protection Fund as at 31st March, 2020.

### NOTE NO. 11

#### LOANS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>Unsecured, considered good, unless stated otherwise:</b>	
Loans and Advances to employees	48.38
<b>Total</b>	<b>48.38</b>

### NOTE NO. 12

#### OTHER FINANCIAL ASSETS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>Unsecured, considered good, unless stated otherwise:</b>	
Interest accrued on Fixed Deposit	8.77
Advances recoverable	43.83
Insurance Claims and other receivables (Refer note no. 52)	4,170.56
<b>Total</b>	<b>4,223.16</b>

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 13**

**OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>Unsecured, considered good, unless stated otherwise:</b>	
Advances recoverable in Cash or in Kind for value to be received	
Considered good	1,526.95
Considered doubtful	10.00
	<b>1,536.95</b>
Less: Allowance for doubtful Advances	10.00
	<b>1,526.95</b>
Balances with statutory authorities	295.16
Duties and taxes refundable	1.13
Prepaid expenses	54.47
<b>Total</b>	<b>1,877.71</b>

**The Reconciliation and movement in allowance for doubtful advances are as under:-**

Particulars	As at 31st March, 2020
Balance at the beginning of the year	-
Addition during the year	10.00
Balance at the end of the year	10.00

**NOTE NO. 14**

**EQUITY SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>Authorised Share Capital:</b>	
3,00,00,000 (Previous year 3,00,00,000) Equity Shares of ₹ 10 each	3,000.00
<b>Issued, Subscribed and Paid up:</b>	
2,65,43,250 (Previous year 2,64,00,000) Equity Shares of ₹ 10 each	2,654.33
<b>Total</b>	<b>2,654.33</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	As at 31st March, 2020
At the beginning of the year	2,64,00,000
Add: Issued during the year	1,43,250
Less: Bought back during the year	-
<b>At the end of the year</b>	<b>2,65,43,250</b>





## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### (b) Details of Shareholders holding more than 5 % Shares in the Company

Name of the Shareholder	As at 31st March, 2020	
	No. of Shares	% held
Mr. Sunil Kumar Agarwal	15,45,292	5.82%
Mrs. Sarita Agarwal	16,16,950	6.09%
M/s Kamdhenu Overseas Limited	30,50,000	11.49%
M/s Kamdhenu Paint Industries Limited	15,21,801	5.73%
M/s Kamdhenu Concast Limited	14,28,510	5.38%

### (c) Term/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- Per Share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The repayment of Equity share capital in the event of Liquidation and buy back of Shares are possible subject to prevalent regulations. In the event of Liquidation, normally the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion of shareholding.

The Company has not allotted any fully paid up shares pursuant to contract(s) without payment being received in cash. The Company has neither allotted any fully paid up shares by way of bonus shares nor has bought back any class of shares during the period of five years immediately preceding the balance sheet date.

### (d) Dividend

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

The amount of per share dividend recognised as distributions to equity shareholders during FY 2019-20 pertaining to FY 2018-19 amounted to ₹ 319.99 Lakhs (including dividend distribution tax of ₹ 54.56 Lakhs) have been shown as deduction from retained earning.

The board of directors of the Company in their meeting held on 29th June, 2020 have proposed dividend of ₹ 0.50/- per share for the financial year ended 31st March, 2020 for the approval of shareholders.

### (e) Employee Stock Option Scheme

During the year ended 31st March, 2020, 143250 Equity Shares of ₹ 10 each were allotted to the eligible employees of the Company in pursuance of share option granted / vested and exercised by them at an exercise price of ₹ 50 each under ESOS-2017.

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 15**

**OTHER EQUITY**

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>a. Capital Reserves</b>	
As per last Balance Sheet	181.29
Add: Addition during the year	-
Less: Deduction during the year	-
	<b>181.29</b>
<b>b. Securities Premium</b>	
As per last Balance Sheet	4,791.70
Add: Addition during the year	352.35
Less: Deduction during the year	-
	<b>5,144.05</b>
<b>c. Money Received against Share Warrant</b>	
As per last Balance Sheet	-
Add: Addition during the year	-
Less: Share issued during the year at premium	-
	-
<b>d. Share Based Payment Reserve</b>	
As per last Balance Sheet	345.65
Add: Addition during the year	81.90
Less: Deduction during the year	295.05
	<b>132.50</b>
<b>e. Other Comprehensive Income</b>	
As per last Balance Sheet	(14.89)
Add: Addition during the year	
Fair Value of Investments	2.11
Remeasurement (Losses)/ Gain on defined benefit Plan	6.97
Less: Deduction during the year	-
	<b>(5.81)</b>
<b>f. Retained Earnings</b>	
As per last Balance Sheet	10,170.55
Less: Adjustment on account of transitional impact on adoption of Ind AS 116 (net of deferred tax)	75.39
Add: Profit for the year	187.29
Less: Appropriations:	
Dividend on Equity Shares	265.43
Tax on Dividend Distribution	54.56
	<b>9,962.47</b>
<b>Total</b>	<b>15,414.50</b>



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE NO. 16

#### BORROWINGS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Vehicles Loans from Banks	95.66
	95.66
Less: Current maturities of long term debts (Refer note no. 25)	52.15
<b>Total</b>	<b>43.51</b>

#### a) Terms of Repayment of Vehicle Loans are as under:-

(₹ in Lakhs)

Particulars	Repayment Schedule			
	Rate of interest p.a	2020-21	2021-22	2022-25
Vehicle Loans	8% to 10%	52.15	14.19	29.32
<b>Total</b>		<b>52.15</b>	<b>14.19</b>	<b>29.32</b>

#### b) Nature of Security: Vehicle loans from Banks are secured by hypothecation of respective vehicle.

### NOTE NO. 17

#### LEASED LIABILITIES - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Non-Current lease liabilities	658.20
<b>Total</b>	<b>658.20</b>

### NOTE NO. 18

#### OTHER FINANCIAL LIABILITIES - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Security Deposits	656.43
Deferred Interest Accrued on Security Deposit	72.84
<b>Total</b>	<b>729.27</b>

### NOTE NO. 19

#### PROVISIONS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Provisions for Employee Benefits:	
Provisions for Gratuity	318.26
Provisions for Leave Encashment	81.65
<b>Total</b>	<b>399.91</b>

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 20**

**DEFERRED TAX LIABILITIES (NET)**

(₹ in Lakhs)

Particulars	<b>As at 31st March, 2020</b>
<b>Deferred tax liability:</b>	
on Property, Plant and Equipment	975.53
<b>Deferred tax assets:</b>	
on Right of use Assets	37.08
on Fair value of Investments	102.40
on Employee Benefits	115.01
on Provision for Expected Credit Loss	157.57
on Other Items (Net)	2.63
<b>Net Deferred Tax Liability</b>	<b>560.84</b>

The Company estimates deferred tax credit/ (charge) using the substantively enacted rate of taxation on the impact of timing differences between financial statements and estimated taxable income.

**(a) Movement in Deferred Tax Balances**

In accordance with Ind AS - 12, the Company has accounted for deferred taxes during the year as under:

Following are the major components of Deferred Tax Liabilities and Deferred Tax Assets:

(₹ in Lakhs)

Particulars	<b>As at 31st March, 2020</b>						
	<b>Net Balance (01.04.2019)</b>	<b>Transition impact on adoption of Ind AS 116 (Refer Note No. 50)</b>	<b>Recognised in profit or (Loss)</b>	<b>Recognised in OCI</b>	<b>Net Deferred Tax</b>	<b>Deferred Tax Liability</b>	<b>Deferred Tax Assets</b>
Property, plant and equipment	1,365.66	-	(390.13)	-	975.53	975.53	-
Right of use Assets	-	(40.50)	3.42	-	(37.08)	-	(37.08)
Employee Benefits - P&L	(129.34)	-	24.41	-	(104.93)	-	(104.93)
Employee Benefits - OCI	(12.42)	-	-	2.34	(10.08)	-	(10.08)
Investments	(72.25)	-	(25.64)	(4.51)	(102.40)	-	(102.40)
Provision for Expected Credit Loss	(161.83)	-	4.26	-	(157.57)	-	(157.57)
Other Items (Net)	(1.58)	-	(1.05)	-	(2.63)	-	(2.63)
<b>Deferred Tax (Assets) / Liabilities</b>	<b>988.24</b>	<b>(40.50)</b>	<b>(384.73)</b>	<b>(2.17)</b>	<b>560.84</b>	<b>975.53</b>	<b>(414.69)</b>

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020 (Contd.)

### NOTE NO. 21

#### A) TAX EXPENSES

The total tax expenses charged in Statement of Profit and Loss as under

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Current Tax	148.54
Deferred Tax	(384.73)
Income Tax of earlier years	3.09
<b>Total</b>	<b>(233.10)</b>

#### B) RECONCILIATION OF EFFECTIVE TAX RATE WITH TAX EXPENSE IN STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Profit/(loss) before Tax of Consolidated financial Statement	(45.81)
Applicable tax rate	25.17%
Tax at the Indian tax rate of 25.168% (previous year - 34.944%)	(11.52)
Tax adjustment of loss of subsidiary company	0.24
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	388.72
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income:	<b>(228.90)</b>
<b>Current tax (Normal Rate) (A)</b>	<b>148.54</b>
Incremental Deferred tax Liability on timing Differences (Net)	(384.73)
<b>Deferred Tax (B)</b>	<b>(384.73)</b>
<b>Tax Expenses for earlier year (net) ('C)</b>	<b>3.09</b>
<b>Tax expenses recognised in the statement of profit and loss (A+B+C)</b>	<b>(233.10)</b>
<b>Effective Tax rate</b>	<b>-</b>

The Company has elected to exercise the option permitted under section 115BAA of Income Tax Act, 1961 as introduced by Taxation laws (Amendment) Ordinance 2019. Accordingly, the Company has recognised provision for current tax/ deferred tax for the year ended 31st March, 2020 and also remeasured its deferred tax liability on the basis of rate as prescribed in the said section. Due to exercising option for lower tax rate as above, the deferred tax liability as at 31st March, 2020 has reduced by ₹ 148.13 Lakhs.

### NOTE NO. 22

#### BORROWINGS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Secured - Working Capital Loan from Bank:	
State Bank of India	8,276.32
Allahabad Bank	3,471.50
Loan from Director (Repayable on Demand)	1.00
<b>Total</b>	<b>11,748.82</b>

Nature of Security: Working Capital Loans from Banks are secured by way of:

- Pari passu charge by way of hypothecation of present and future stocks, book debts & Other current assets of the Company.
- Pari passu charge over the immovable assets including equitable mortgage of land & building at Plot No. A-1112 & A-1114, RIA, Bhiwadi, Rajasthan & Plot No. E-538-539A RIA, Chopanki, Rajasthan & Personal guarantee of whole time directors.

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 23**

**LEASED LIABILITIES - CURRENT**

(₹ in Lakhs)

Particulars	<b>As at 31st March, 2020</b>
Current lease liabilities	165.34
<b>Total</b>	<b>165.34</b>

**NOTE NO. 24**

**TRADE PAYABLES - CURRENT**

(₹ in Lakhs)

Particulars	<b>As at 31st March, 2020</b>
Due to Micro and Small Enterprises	1,649.77
Due to Others:	
- for Goods	7,767.00
- for Services	2,793.11
<b>Total</b>	<b>12,209.88</b>

**a) Details of dues to Micro and Small Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006**

(₹ in Lakhs)

Particulars	<b>As at 31st March, 2020</b>
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	
- Principal amount	1,609.88
- Interest amount	39.89
- Total of (i) & (ii)	1,649.77
- The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under MSMED Act, 2006.	39.89
- The amount of interest accrued and remaining unpaid at the end of each accounting period.	61.65
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	61.65

**b) The amount of interest due and payable for the year due to delay in making payment under Micro, Small and Medium Enterprise Development Act 2006 is ₹ 39.89 Lakhs.**

**c) Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.**

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 25**

**OTHER FINANCIAL LIABILITIES - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Current maturities of long term debts (Refer note no. 16)	52.15
Payable for capital goods	389.03
Employee related liabilities	366.40
Deferred Interest on security received	45.80
Interest due but not paid	0.61
Unpaid Dividend	15.99
Other Payables	-
<b>Total</b>	<b>869.98</b>

**NOTE NO. 26**

**OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Advance from customers	130.32
Statutory dues payable	763.72
<b>Total</b>	<b>894.04</b>

**NOTE NO. 27**

**PROVISIONS - CURRENT**

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Provisions for Employee Benefits:	
Provisions for Gratuity	46.62
Provisions for Leave Encashment	10.45
<b>Total</b>	<b>57.07</b>



**NOTES** FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020

**NOTE NO. 28**

**REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
<b>Sale of Products:</b>	
<b>1. Sale of Manufactured Goods:</b>	
(i) Steel Products	33,290.58
(ii) Paints Products	8,535.50
(iii) Power	132.19
<b>2. Sale of Traded Goods:</b>	
(i) Steel Products	30,534.45
(ii) Paints Products	13,770.18
(iii) Other Products	256.23
<b>Income from Services:</b>	
(i) Royalty	9,677.32
<b>Total</b>	<b>96,196.45</b>

**a) The disclosures required by Ind AS 115 are as under:**

The company disaggregates revenue based on nature of products. The revenue disaggregation for the year ended 31st March, 2020 is as under:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Steel	63,825.03
Paint	22,305.68
Power	132.19
Royalty Income	9,677.32
Others	256.23
<b>Total</b>	<b>96,196.45</b>

**b)**

(₹ in Lakhs)

Reconciliation of Revenue	Year ended 31st March, 2020
Gross value of Contracted Price	99,616.51
Less: Variable Component like Discount	3,420.06
<b>Total</b>	<b>96,196.45</b>



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

c) (₹ in Lakhs)

Reconciliation of Advance received from Customers - Contract liabilities	Year ended 31st March, 2020
Balance at the beginning of the year	61.61
Less : Revenue recognised out of advance received from customers at beginning of year	38.60
Add : Advance received during the year from customers for which performance obligation is not satisfied and shall be recognised as revenue in next year	107.31
<b>Balance at the end of the year</b>	<b>130.32</b>

### NOTE NO. 29

**OTHER INCOME** (₹ in Lakhs)

Particulars	Year ended 31st March, 2020
<b>Interest Income:</b>	
(i) Interest from Bank on Fixed Deposits	25.51
(ii) Interest Others	9.39
(iii) Interest components on measurement of financial assets/ liabilities at amortised cost (net)	7.08
<b>Other non-operating Income:</b>	
(i) Insurance Claims received	0.93
(ii) Bad Debts Recovered	20.05
(iii) Miscellaneous Incomes	0.42
(iv) Profit on Sale/discarding of Assets	-
(v) Interest on Income Tax / Sales Tax Refund	-
<b>Total</b>	<b>63.38</b>

### NOTE NO. 30

**COST OF MATERIALS CONSUMED** (₹ in Lakhs)

Particulars	Year ended 31st March, 2020
a. Raw Materials	
Opening Stock	1,490.85
Add : Purchases	33,785.70
Less : Closing Stock	1,146.12
<b>Total (a)</b>	<b>34,130.43</b>
b. Cost of Packing Materials	
Opening Stock	290.50
Add : Purchases	1,285.93
Less : Closing Stock	255.11
<b>Total (b)</b>	<b>1,321.32</b>
<b>Total (a+b)</b>	<b>35,451.75</b>
Less : Raw Material & Packing Material lost in Fire transferred to Exceptional Items in Statement of Profit & Loss (Refer Note No. 33 & Note No. 52)	1,110.62
<b>Total</b>	<b>34,341.13</b>

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 31**

**PURCHASES OF STOCK-IN-TRADE**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Purchases	40,071.01
<b>Total</b>	<b>40,071.01</b>

**NOTE NO. 32**

**CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
a. Closing Stock	
Finished Goods	4,985.47
Stock in Process	44.17
Stock of Traded Goods	1,040.26
Waste, Scraps & Runner Risers	32.33
<b>Total (a)</b>	<b>6,102.23</b>
b. Opening Stock	
Finished Goods	3,336.20
Stock in Process	49.10
Stock of Traded Goods	219.00
Waste, Scraps & Runner Risers	8.88
<b>Total (b)</b>	<b>3,613.18</b>
<b>(Increase)/Decrease in stocks (b-a)</b>	<b>(2,489.05)</b>
Adjustment on account of Finished Goods used in PPE	-
Adjustment of Finished Goods lost in Fire transferred to Exceptional Items (Refer Note No. 33 and Note No. 52)	873.65
<b>Net (Increase)/Decrease in stocks</b>	<b>(3,362.70)</b>

**NOTE NO. 33**

**EXCEPTIONAL ITEMS**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Raw Material & Packing Material lost in fire	1,110.62
Finished Goods lost in fire	873.65
GST Reversal on Raw Material and Others destroyed in fire	457.81
Property Plant & Equipment destroyed in fire & Non useable	1,841.60
Settlement amount of old show causes/demands under Excise and Service Tax under Sabka Vishwas (Legacy Dispute Resolution) scheme 2019 (Refer note no. 51)	2,438.84
<b>Total</b>	<b>6,722.52</b>
Income on account of Insurance Claim transferred to Exceptional Income (Refer note no. 52)	(4,203.58)
<b>Total</b>	<b>2,518.94</b>



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 34

#### EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Salary and Wages	4,615.07
Gratuity Expenses	77.63
Contribution to Provident Fund and Other Funds	190.53
Share Based Payments to Employees*	81.90
Staff Welfare Expenses	54.27
<b>Total</b>	<b>5,019.40</b>

\* For share options given by the Company to employees under employee stock option plan, (Refer note no. 49).

### NOTE NO. 35

#### FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Interest on Loan	1,030.35
Interest Other	55.77
Interest on Lease Liability	84.29
Other Financial Charges	17.17
Interest on Income tax	2.61
<b>Total</b>	<b>1,190.19</b>

### NOTE NO. 36

#### DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Depreciation on Property Plant and Equipment	676.32
Depreciation on Right of use Assets	161.92
<b>Total</b>	<b>838.24</b>

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 37**

**OTHER EXPENSES**

(₹ in Lakhs)

<b>Particulars</b>	<b>Year ended 31st March, 2020</b>
Consumption of Stores and Spares	337.93
Audit Fees	5.96
Advertisement	534.02
Bad Debts (total bad debts written off ₹ 169.40 Lakhs out of provision for Expected Credit Loss) (P.Y. ₹ 402.83 Lakhs)	-
Bank and Other Charges	31.84
Commision on Sales	589.63
Director Sitting Fees	11.15
Electricity and Water Expenses	18.22
Freight and Forwarding Expenses	2,009.04
Fuel Charges	1,042.50
Insurance Charges	58.47
Legal and Professional Charges	220.46
Office Maintenance Exp.	28.77
Postage and Courier Charges	19.89
Printing and Stationery	53.55
Provision for Expected Credit Loss	332.35
Power Charges	1,904.35
Rates, Fee and Taxes	63.99
Operating Lease	-
Short term Lease	124.06
Repair and Maintenance	636.18
Sales Promotion	6,817.57
Telephone Expenses	65.45
Travelling and Conveyance	575.39
Unrealised Loss on valuation of PMS measured at fair value through profit or loss	146.70
Vehicle Running and Maintenance	39.16
CSR Expenses	4.83
Donation	4.11
Loss on Discarded Assets	2.83
Miscellaneous Expenses	11.04
<b>Total</b>	<b>15,689.43</b>

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 38

#### PAYMENT TO THE AUDITORS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Statutory audit fee	5.36
Taxation matters	0.60
<b>Total</b>	<b>5.96</b>

### NOTE NO. 39

#### EARNING PER SHARE (EPS)

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
<b>Basic and Diluted Earnings Per Share</b>	
Profit after tax as per the Statement of Profit and Loss	187.29
No. of equity shares	2,65,43,250
Basic Earning Per Share (₹)	0.71
Diluted Earning Per Share (₹)	0.70

### NOTE NO. 40

#### THE COMPANY HAS INCURRED FOLLOWING EXPENDITURE ON RESEARCH AND DEVELOPMENT WHICH ARE INCLUDED IN THE RESPECTIVE HEADS OF EXPENSES.

(₹ in Lakhs)

Revenue Expenditure	Year ended 31st March, 2020
Employee Cost	53.97
Testing and Laboratory Expenses	3.57
Vehicle Running Maintenance	3.01
Material Consumed	0.89
<b>Total</b>	<b>61.44</b>

### NOTE NO. 41

#### DETAILS OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES AND SHORT FALL IN SPENDING IN CSR:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
On providing Food / vehicle for food distribution	-
On promotion of education including provision for scholarship	-
On welfare for disabled persons	-
On provision for sanitation	-
On Flood relief activity	-
On animal and environment protection	-
On making available safe drinking water	-

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
On promotion of health care	4.83
<b>Total</b>	<b>4.83</b>
Total amount to be spent on CSR activities in accordance with the provisions of section 135 of the Companies Act 2013.	49.32
Total spent amount	4.83
Unspent amount on CSR activities	44.49

**NOTE NO. 42**

**CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
<b>a. Contingent Liabilities</b>	
(i) Claims against the Company not acknowledged as debt	
- Central Excise and Service Tax	305.00
- VAT and Entry Tax	84.36
(ii) Guarantees issued by Bank	2.00
	<b>391.36</b>
<b>b. Commitments</b>	
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	161.99
	<b>161.99</b>
<b>Total (a+b)</b>	<b>553.35</b>

**NOTE NO. 43**

**THE DISCLOSURE OF EMPLOYEES BENEFITS AS DEFINED IN THE INDIAN ACCOUNTING STANDARD-19 "EMPLOYEE BENEFITS" ARE AS FOLLOWS:**

**A) DEFINED BENEFIT PLAN - GRATUITY (UNFUNDED)**

**I) Assumptions**

a) Financial Assumptions

- i) Discount Rate: The rate used to discount post-employment benefit obligations is determined by reference to market yields at the balance sheet date on government bonds. The currency and term of the government bonds is consistent with the currency and estimated term of the post-employment benefit obligations as under:

Particulars	As at 31st March, 2020
Interest Rate for Discounting	6.80%

- ii) Salary Increase: Salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Particulars	As at 31st March, 2020
Salary Increase Rate	5.00%





## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### b) Demographic Assumptions

Particulars	As at 31st March, 2020
Retirement Age	58 yrs

Mortality: Indian Assured Lives Mortality (2012-14) ult. (IALM 2012-14). Rates at specimen ages are as shown below:

Age (Years)	Rates	Age (Years)	Rates
15	0.000698	60	0.011162
20	0.000924	65	0.015932
25	0.000931	70	0.024058
30	0.000977	75	0.038221
35	0.001202	80	0.061985
40	0.001680	85	0.100979
45	0.002579	90	0.163507
50	0.004436	95	0.259706
55	0.007513	100	0.397733

Indian Assured Lives Mortality (2006-08) ultimate table are used of calculations as on 31st March, 2019.

Indian Assured Lives Mortality (2012-14) ultimate table are used of calculations as on 31st March, 2020.

Withdrawal: Withdrawal rates are for all causes in accordance with the following table:

Age	As at 31st March, 2020
Up to 30 Years	4% per annum
31 to 45 Years	2% per annum
Above 45 Years	2% per annum

Disability: Leaving service due to disability is included in the provision made for withdrawals from service.

### II) Method of Valuation

- Projected unit credit (PUC) actuarial method to assess the plan's liabilities allowing for retirements, deaths-in-service and withdrawals (Resignations / Terminations).
- Under the PUC method a projected accrued benefit is calculated at the beginning of the period and again at the end of the period for each benefit that will accrue for all active members of the plan. The projected accrued benefit is based on the plan accrual formula and service as at the beginning and end of the period, but using member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the projected accrued benefits as on the date of valuation.

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**III) Summary of Membership Data**

Particulars	As at 31st March, 2020
Number of Employees	854
Qualifying Monthly Salary for Gratuity Computation	137.12
Average Past Service	4.75 yrs
Average Age	36.81 yrs
Average Outstanding Service of Employees upto Retirement	21.19 yrs

**IV) Summary of Key Results**

(₹ in Lakhs)

Particulars	As at 31st March, 2020
<b>a) Balance Sheet</b>	
Present Value of Defined Benefit Obligation	364.88
Fair Value of Plan Assets	-
Restriction on Assets Recognised	-
Net Liability arising from Defined Benefit Obligation	364.88
<b>b) Statement of Profit or Loss</b>	
Defined Benefit Costs recognised in Profit or Loss	77.63
<b>c) Remeasurements - Other Comprehensive Income (OCI)</b>	
Remeasurements of the net defined benefit liability (asset)	(9.32)
<b>d) Break-up of Defined Benefit Obligation at end of the year as per Schedule III to the Companies Act, 2013:</b>	
Current Liability	46.62
Non-Current Liability	318.26
<b>Total Defined Benefit Obligation at end of the year</b>	<b>364.88</b>

**V) Actuarial measurements may differ in future from the current measurements due to factors such as:**

- a) Plan experience differing from that anticipated by the economic or demographic assumptions
- b) Changes in economic or demographic assumptions
- c) Changes in plan provisions or applicable law
- d) Significant events since last actuarial valuation



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### VI) Movements in the present value of the Defined Benefit Obligations

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Opening defined benefit obligation	325.63
Current Service Cost	52.89
Interest Cost	24.75
Remeasurement (gains)/ losses:	
- Actuarial (gains)/losses arising from changes in demographic assumptions	(0.17)
- Actuarial (gains)/losses arising from changes in financial assumptions	(8.48)
- Actuarial (gains)/losses arising from experience adjustments	(0.66)
- Other	-
Past service cost, including losses/(gains) on curtailments	-
Liabilities extinguished on settlements	-
Liabilities assumed in a business combination	-
Exchange differences on foreign plans	-
Benefit Paid	(29.07)
Others	-
Closing defined benefit obligation	364.88

### VII) Movements in the fair value of the Plan Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Opening fair value of plan assets	-
Interest Income	-
Remeasurement gain/(loss):	-
Return on plan assets (excluding amounts included in net interest expense)	-
Others	-
Contributions from the employer	-
Benefits paid	-
Other	-
Closing fair value of plan assets	-

### VIII) Service Cost

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Current Service Cost	52.89
Past Service Cost including curtailment gains/losses	-
Gains or Losses on non routine settlements	-
<b>Total</b>	<b>52.89</b>

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**IX) Net Interest Cost (Income)** (₹ in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>
Interest Cost on Defined Benefit Obligation	24.75
Interest Income on Plan Assets	-
Net Interest Cost (Income)	24.75

**X) Remeasurement of Defined Benefits Liability/ (Assets) in Other Comprehensive Income** (₹ in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>
Return on plan assets (excluding amounts included in net interest expense)	-
Actuarial (gains)/ losses arising from changes in demographic assumptions	(0.17)
Actuarial (gains)/ losses arising from changes in financial assumptions	(8.48)
Actuarial (gains)/ losses arising from experience adjustments	(0.66)
Other	-
Adjustments for restrictions on the defined benefit asset	-
Components of defined benefit costs recognised in other comprehensive income	(9.32)

**XI) Amount recognised in the Statement of Profit and Loss** (₹ in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>
Service Cost	52.89
Net Interest Cost (Income)	24.75
Defined Benefit Cost recognized in statement of Profit or Loss	77.63

**XII) The amount included in the Balance Sheet** (₹ in Lakhs)

<b>Particulars</b>	<b>As at 31st March, 2020</b>
Present value of defined benefit obligation	364.88
Fair value of plan assets	-
Funded status	(364.88)
Restrictions on asset recognised	-
Other	-
Net liability arising from defined benefit obligation	364.88



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### XIII) Illustration of the Component of Net Defined Benefit Obligation

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Net defined benefit liability at the start of the period	325.63
Service Cost	52.89
Net Interest Cost (Income)	24.75
Remeasurements	(9.32)
Contribution paid to the Fund	-
Benefits paid directly by the enterprise	(29.07)
Net defined benefit liability at the end of the period	364.88

### XIV) Plan Assets - Category wise description

(₹ in Lakhs)

Particulars	As at 31st March, 2020
GOI Securities	-
PSU Bonds	-
State/ Central Guaranteed	-
Special Deposits	-
Private Sector	-
Asset Invested in Insurance Scheme with the Insurer	-

### XV) Maturity Profile of Defined Benefit Obligation

(₹ in Lakhs)

Particulars	As at 31st March, 2020
a) Weighted Average duration of the defined benefit obligation	16 yrs
b) Duration of defined benefit obligation	
Duration (Years)	
1	46.62
2	15.27
3	9.57
4	10.02
5	8.85
Above 5	274.55
<b>Total</b>	<b>364.88</b>
c) Duration of defined benefit payments	
Duration (Years)	
1	48.18
2	16.85
3	11.29
4	12.62
5	11.90
Above 5	791.50
<b>Total</b>	<b>892.33</b>

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### XVI) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- a) Changes in Defined benefit obligation due to 1% Increase/Decrease in Discount Rate, if all other assumptions remain constant.

(₹ in Lakhs)

Particulars	As at 31st March, 2020
a) Defined benefit obligation	364.88
b) Defined benefit obligation at 1% Increase in Discount rate	329.24
c) Defined benefit obligation at 1% Decrease in Discount rate	407.11
d) Decrease in Defined benefit obligation due to 1% increase in discount rate (a-b)	35.65
e) Increase in Defined benefit obligation due to 1% decrease in discount rate (c-a)	42.22

- b) Changes in Defined benefit obligation due to 1% Increase/Decrease in Expected rate of Salary Escalation, if all other assumptions remain constant.

(₹ in Lakhs)

Particulars	As at 31st March, 2020
a) Defined benefit obligation	364.88
b) Defined benefit obligation at 1% Increase in Expected Salary Escalation rate	407.45
c) Defined benefit obligation at 1% Decrease in Expected Salary Escalation rate	328.36
d) Increase in Defined benefit obligation due to 1% increase in Expected Salary Escalation rate (b-a)	42.57
e) Decrease in Defined benefit obligation due to 1% decrease in Expected Salary Escalation rate (a-c)	36.53

### XVII) Defined Benefit Obligation for Gratuity Benefit for Key Management Personnel

(₹ in Lakhs)

Key Management Personnel	As at 31st March, 2020
Mr. Harish Kumar Agarwal	11.76
Mr. Jogeswar Mohanty	2.58

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### XVIII) Risks associated with Plan Provisions

Risks associated with the plan provisions are actuarial risks. These risks are: (i) investment risk, (ii) interest risk (discount rate risk), (iii) mortality risk and (iv) salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-14) ultimate table. A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

### B) LEAVE ENCASHMENT

The provision for leave encashment based on actuarial valuation has been included in provisions - current and non-current and does not require disclosure as mentioned in para 158 of Ind AS 19.

#### NOTE NO. 44

The Company makes contribution to Statutory Provident Fund in accordance with Employees Provident Funds and Miscellaneous Provisions Act 1952. This is the post employment benefit and is in the nature of defined contribution plan. The total amount contributed to provident fund during the financial year is ₹ 172.70 Lakhs (previous year ₹ 142.90 Lakhs) and is included in Note No. 34 "Employees Benefit expenses".

#### NOTE NO. 45

### FINANCIAL RISK MANAGEMENT

The Company's activities expose it to variety of financial risks viz. commodity price risk, credit risk, liquidity risk and capital risk. These risks are managed by the senior management of the Company supervised by the Board of Directors to minimize potential adverse effects on the financial performance of the Company.

#### i) Commodity Risk

Demand/supply risk are inherent in the prices of Ingot/Billet, the main raw material and also the prices of TMT bar, the main product in Steel segment. The requirement of raw material is sourced on spot basis so as to float with fluctuations in the market and to guard against price volatility. The Company has also linked its sales to raw material prices so that the Company has adequate cushion to protect its margin in the event of any increase/decrease in raw material costs. The main raw material in paint segment is Alkyd Resin/Titanium Dioxide and its prices fluctuates based on change in international crude oil prices. In Paints segment, the volatility in final product prices is dependent on market forces.

#### ii) Credit Risk

Credit risk from cash and cash equivalents and bank deposits is considered immaterial in view of the credit worthiness of the banks, the Company works with. The Company has specific policies for managing customer credit risk on an ongoing basis; these policies factor in the customer's financial position, past experience and other customer specific factors.



## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company makes provision for doubtful debt or writes off when a debtor fails to make contractual payments based on provisioning matrix. When loans or receivables have either been provided for or written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognized in Statement of Profit and Loss. The Company has followed Expected Credit Loss (ECL) model to provide for provision for ECL allowance.

The Company do not envisage any financial difficulties resulting in additional credit risk higher than usual credit terms due to Covid-19 outbreak and allowance for expected credit loss is not estimated to exceed the amount already created in books of accounts.

### iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash and another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of surplus funds, bank overdrafts, bank loans. The Company considers liquidity risk as low risk.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

31st March, 2020	CONTRACTUAL CASH FLOWS				
	Carrying amount	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>Borrowings:</b>					
Vehicle Loan	95.66	52.15	14.19	29.32	-
Working Capital	11,747.82	11,747.82			
Loan from Director	1.00	1.00			
Leased Liabilities	823.54	165.34	152.34	505.86	
Trade Payables	12,209.88	12,209.88			
Other financial liabilities	1,547.10	817.83	729.27		

### iv) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using gearing ratio which is net debt divided by total equity. The Company's net debts includes interest and non interest bearing loans less cash and bank balances.

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

The Company's net debt to Equity ratio is as under:

(₹ in Lakhs)

Particulars	31st March, 2020
Total Bank Borrowings	11,844.48
Less: Cash and Cash Equivalents	267.76
Adjusted net debt	11,576.72
Total Equity	18,068.83
Adjusted net debt to total equity	64.07%

The Company's total owned funds of ₹ 18,068.83 Lakhs is considered adequate by the management to meet its business interest and any capital risk it may face in future.

### v) Foreign Exchange Risk

The Company do not have any foreign currency exposure, hence no foreign currency risks.

#### NOTE NO. 46

#### FINANCIAL INSTRUMENTS: ACCOUNTING CLASSIFICATION, FAIR VALUE MEASUREMENTS

(₹ in Lakhs)

31st March, 2020	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Assets:</b>							
Investment Other	620.90	353.30	267.60	-	353.30	-	267.60
Loans	48.38			48.38			
Other Financial Assets	4,510.80			4,510.80			
Trade Receivable	21,211.20			21,211.20			
Cash and cash equivalents	267.76			267.76			
Other Bank Balances	225.79			225.79			

(₹ in Lakhs)

31st March, 2020	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Liabilities:</b>							
Borrowings	11,843.48			11,843.48			
Loan from Director	1.00			1.00			
Leased Liabilities	823.54			823.54			
Trade Payables	12,209.88			12,209.88			
Other Financial Liabilities	1,547.10			1,547.10			

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 47

#### A) OPERATING SEGMENT

Operating segments are established on the basis of those components that are evaluated regularly by the Management in deciding how to allocate resources and in assessing performance. The Company is principally engaged in two business segment viz., Steel and Paint.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting:

- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".**
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".**

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
<b>Segment Revenue</b>	
- Steel	73,628.98
- Paints	22,567.47
<b>Gross Revenue from Operations</b>	<b>96,196.45</b>
<b>Segment Results</b>	
- Steel	2,810.83
- Paints	(479.84)
Profit before finance cost, Tax and unallocable items	2,330.99
Less: Finance cost	1,190.19
Less: Other Unallocable Expenditure net of Income	1,186.60
<b>Total Profit / (Loss) before Tax</b>	<b>(45.81)</b>
<b>Segment Assets</b>	
- Steel	22,305.59
- Paints	22,845.86
- Unallocable	1,254.24
<b>Total Segment Assets</b>	<b>46,405.69</b>
<b>Segment Liabilities</b>	
- Steel	10,257.86
- Paints	17,516.50
- Unallocable	562.50
<b>Total Segment Liabilities</b>	<b>28,336.86</b>

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### B) INFORMATION ABOUT GEOGRAPHICAL AREAS

The following information discloses revenue from external customers based on geographical area.

#### i) Revenue from external customers

	(₹ in Lakhs)
India	96,196.45
Outside India	-

#### ii) None of the non-current assets are located outside India.

#### iii) Revenue from transactions with a single external customer amounting to 10% or more of the Company is as under

Particulars	As at 31st March, 2020
No. of customers	1
Amount (₹ in Lakhs)	14,153.77

### NOTE NO. 48

#### RELATED PARTY DISCLOSURES

Related party disclosures as required by Indian Accounting Standard (Ind AS) -24 is as under:

#### A. Related Parties and their Relationship

Nature of Relationship	Name of Related Party
<b>Key Management Personnel</b>	Sh. Satish Kumar Agarwal, Chairman & Managing Director
	Sh. Sunil Kumar Agarwal, Whole Time Director
	Sh. Saurabh Agarwal, Whole Time Director
	Sh. Sachin Agarwal, Whole Time Director
	Sh. Harish Kumar Agarwal-Chief Financial Officer
	Sh. Jogeswar Mohanty-Company Secretary
<b>Other</b>	Ms. Somya Agarwal (D/o Sh. Sunil Kumar Agarwal - Whole Time Director)

#### B. Disclosure of Transactions with Related Parties, as required by Ind AS 24 'Related Party Disclosure' is given below:

Remuneration/Perquisites	(₹ in Lakhs)
	Year ended 31st March, 2020
<b>Short-term employee benefits to Key Managerial Personnel</b>	
Sh. Satish Kumar Agarwal, Chairman & Managing Director	150.79
Sh. Sunil Kumar Agarwal, Whole Time Director	147.79
Sh. Saurabh Agarwal, Whole Time Director	144.79
Sh. Sachin Agarwal, Whole Time Director	144.79
Sh. Harish Kumar Agarwal-Chief Financial Officer	35.06

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

(₹ in Lakhs)

Remuneration/Perquisites	Year ended 31st March, 2020
Sh. Jogeswar Mohanty-Company Secretary	13.29
<b>Total</b>	<b>636.52</b>
<b>Defined Benefit Obligation - Gratuity</b>	
Sh. Harish Kumar Agarwal-Chief Financial Officer	11.76
Sh. Jogeswar Mohanty-Company Secretary	2.58
<b>Total</b>	<b>14.35</b>
<b>Share Based Payment- ESOS</b>	
Sh. Harish Kumar Agarwal-Chief Financial Officer	20.81
Sh. Jogeswar Mohanty-Company Secretary	4.16
<b>Total</b>	<b>24.97</b>
<b>Director Sitting Fee</b>	
Sh. Mahendra Kumar Doogar, Independent Director	3.65
Sh. Radha Krishna Pandey, Independent Director	-
Sh. Ramesh Chand Jain, Independent Director	1.20
Sh. Ramesh Chandra Surana, Independent Director	3.50
Mrs. Nishal Jain, Independent Director	2.80
<b>Total</b>	<b>11.15</b>
<b>Others Transactions</b>	
Loan from Directors (Mr. Sunil Kumar Agarwal)	1.00
Ms. Somya Agarwal - Employee Benefits (D/o Sh. Sunil Kumar Agarwal - Whole Time Director)	28.65
<b>Total</b>	<b>29.65</b>

**NOTE NO. 49**

**EMPLOYEE STOCK OPTION SCHEME**

The Company had formulated "Kamdhenu Employee Stock Option Scheme, 2017" (ESOS-2017) which was initially approved by the Board of Directors on 20th April, 2017 and thereafter approved by the Shareholders on 5th June, 2017. The Company has got approval of the ESOS-2017 from NSE and BSE on 9th January, 2018 and 19th January, 2018 respectively. The Company, in the meeting of its Nomination & Remuneration Committee held on 29th January, 2018, granted 6,15,000 options at a price of ₹ 50/- per option, which is equal to one share of ₹ 10/-, to the employees of the Company based on the criteria set by the Committee. By virtue of ESOS-2017, employees can vest their right to exercise in four years i.e. 25% each year commencing from the end of the one year from the date of option granted. The exercise period commences from the date of vesting of the option and expires at the end of three months from the date of such vesting. During the year ended 31st March, 2019, 143250 share option got vested and 30750 share option got forfeited/ lapsed. During the year ended 31st March, 2020 following major amendments done in ESOS-2017

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

S. No.	Particular	Major Terms of Original ESOS-2017	Variation done during 2019-20 by way of Amendment
1	Exercise Period	3 Year from the respective date of each vesting as per vesting schedule in pursuance of this ESOS 2017	Six month from the date of completion of 2 year from the date of option originally granted
2	Vesting Schedule	2018-19	153750 Shares (25%)
		2019-20	153750 Shares (25%)
		2020-21	153750 Shares (25%)
		2021-22	153750 Shares (25%)
3	Exercise Price	50 ₹ Per Share	10 ₹ Per Share

The above amendments including few others carried out in Kamdhenu Employee Stock Option Scheme, 2017 was approved by Nomination & Remuneration committee and Board of Directors in their meeting held on 31st January, 2020 and also by shareholders of the company through postal ballot on 18th March, 2020.

Accordingly, 392250 equity shares (net of lapses & forfeited) got vested itself on 18th March, 2020 during year ended 31st March, 2020.

The disclosures are as under

### Details of options granted/ Vested

Financial Year	2017-18
No. of Share Granted	615000
Exercise Price	₹ 50
No. of Shares Vested & Exercised till 31st March, 2019 (Net of Lapses)	143250 Shares @ Exercise price of ₹ 50
No. of Shares Vested during 31st March, 2020 (Net of Lapsed)	392250 Shares @ Exercise price of ₹ 10
Fair Value on grant date	₹ 256
Fair Value on the date of approval of amended scheme	₹ 43.78

The Fair value on grant date and on date of approval of amended scheme has been determined using Black Schole Model which takes into account exercise price, terms of option, share price at the grant date and expected price volatility of the underlines shares, expected dividend yield and risk free interest rate for the term option. For the purpose of deriving fair value on date of amended Scheme, share price at that date has been taken.

The Fair value at grant date for 392250 (net of lapses) have been revised to ₹ 43.78 (being fair value on the date of amended scheme) owing to significant variation in share market price which was ₹ 256 on grant date and significantly dropped to ₹ 54 on date of amended scheme, accordingly fair value on date of amended Scheme less exercise price of ₹ 10 each i.e. ₹ 33.78 per share have been amortised till 31st March, 2020 and excess amount of ₹ 146.91 Lakhs earlier booked have been taken to credit of Statement of Profit & loss.

Had the fair value of ₹ 256 at grant date expensed on straight line basis over vesting period, additional amount of ₹ 832.32 Lakhs would have to be charged to statement of Profit & Loss. Had the company followed policy of expensing fair value at grant date over vesting period, the loss of the company before tax would have been higher by ₹ 832.32 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 683.78 Lakhs (net of Tax impact).

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**Movement of share options during the year**

Particulars	As at 31st March, 2020	
	No. of share options	exercise price (in ₹)
Balance at the beginning of the year	4,41,000	10
Granted during the year	-	-
Forefeited/ Lapsed during the year	37,500	-
Vested during the year	4,03,500	-
Excercised during the year	-	-
Balance at the end of the year	-	-

(₹ in Lakhs)

Particular	Year ended 31st March, 2020
Amount charged in Statement of Profit & loss towards Share based Payment	81.90

**NOTE NO. 50**

The Ministry of Corporate Affairs (MCA) through Companies (Indian Accounting Standard) Amendment Rules 2019 and Companies (Indian Accounting Standard) Second Amendment Rules has notified Ind AS 116 'leases' which replaces existing lease standard, Ind AS 17 Leases and other Interpretation. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single on balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116 effective annual reporting period beginning from 1st April, 2019 and applied the standard to its leases retrospectively with the cumulative effect of initially applying the standard, recognised on the date of initial application (1st April, 2019). Accordingly, the company has not restated comparative information, instead, the cumulative effect of initially applying Standard has been recognised as an adjustment to opening balance of retained earnings as on 1st April, 2019.

On Transition date i.e. 1st April, 2019, the company has recognised a lease liability measured at the present value of remaining lease payments. The right of use assets is recognised at its carrying amount as if the Standard had been applied since the Commencement of the lease but discounted using lessee incremental borrowing rate. Accordingly, right of use asset of ₹ 738.68 Lakhs and a corresponding lease liability of ₹ 854.55 Lakhs has been recognised. The Cumulative effect on transition adjusted in retained earnings as on 1st April, 2019 amounted to ₹ 75.39 Lakhs (net of deferred tax of ₹ 40.50 Lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The weighted average incremental borrowing rate of 10% has been applied to lease liability recognised in balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for right to use asset and finance cost for interest accrued on lease liability.





## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

The detail of right of use asset held by the company is as follows:

(₹ in Lakhs)

Particulars	Building
Balance as at 01st April, 2019	738.68
Addition in Right of use assets during the year ended 31st March, 2020	99.45
Amortisation of Right of use assets	(161.92)
Balance of Right of use assets as at 31st March, 2020	676.21

Depreciation on right of use asset is ₹ 161.92 Lakhs and interest on lease liability for year ended 31st March, 2020 is ₹ 84.29 Lakhs.

Lease Contracts entered by the Company majorly pertains to building taken on lease to conduct the business activities in ordinary course.

### Impact of Covid-19

The leases that the company has entered with lessors towards properties used as corporate office/office are long term in nature and no changes in terms of those leases are expected due to Covid-19.

### Current & Non Current lease liabilities

The following is breakup of Current and Non-Current Lease Liability as at 31st March, 2020.

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Current lease liability	165.34
Non-Current lease liability	658.20
<b>Total</b>	<b>823.54</b>

The following is movement in Lease Liability during the year ended 31st March, 2020:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020
Balance at the beginning of the year 1st April, 2019	854.55
Addition during the year	99.45
Finance cost accrued during the year	84.29
Deletion	-
Payment of lease liability and Interest there on	214.76
Balance at the end of the year 31st March, 2020	823.54

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

The table below provides details regarding the Contractual Maturities of Lease Payment as at 31st March, 2020 on an Undiscounted basis:

(₹ in Lakhs)

Particulars	As at 31st March, 2020
Less than one year	240.33
One to five year	808.13
More than five year	-

The Company do not foresee Liquidity Risk with regard to its Lease Liabilities as the Current Assets are Sufficient to meet the obligation related to Lease Liability as and when they fall due.

### **NOTE NO. 51**

The Company had outstanding Excise & Service tax for various fiscal years 2004 to 2012 amounting to ₹ 4,907.47 Lakhs.

The Company opted to settle the demand of excise & service tax disputes under Sabka Vishwas (Legacy Dispute Resolution) scheme 2019 and the amount of settlement of net demand as per the provisions of aforesaid scheme worked out to be ₹ 2,441.66 Lakhs, and paid the amount of settled demand.

Accordingly, a sum of ₹ 2,438.84 Lakhs (net of ₹ 2.82 Lakhs already charged in books of account) have been debited to statement of Profit & Loss and shown as "Exceptional items". The company have been legally advised that the settled amount paid is allowable business expenditure under section 43 B of Income Tax Act, 1961 and accordingly dealt with.

### **NOTE NO. 52**

A major fire broke out in the Paint factory of the Company at Chopanki, Alwar, Rajasthan on the midnight of 27th & 28th April, 2019 due to which the inventory at the factory, property, plant & equipment got damaged substantially. There has been no human casualty in the said fire incidence.

The carrying amount of such Property Plant & Equipment and inventory on the date of such fire was earlier estimated to be ₹ 4,568.27 Lakhs against which the company filed initial insurance claim of ₹ 4,500 Lakhs and disclosed as Exceptional items in financial statement for the quarter ended 30th June, 2020. The amount of assets lost in fire have been re-assessed (net of usable assets) as at 31st March, 2020 and based on revised estimates, the carrying amount of inventory, Property Plant & Equipment lost in fire worked out to be ₹ 4,283.69 Lakhs which have been shown in "Exceptional Items".

The process of assessment of claim settlement is still underway and has not been approved till the date of approval of standalone financial statement. The Company based on valid and subsisting insurance policies as also on the basis of various discussions with loss surveyor and also with insurance company have re-assessed the expected settlement amount of ₹ 4,203.58 Lakhs.

Pending approval of insurance claim from the insurance company, the company has accounted Insurance claim receivable of ₹ 4,203.58 Lakhs in statement of Profit & Loss. Any deficit/Surplus in the amount of insurance claim shall be recognised as expenses/income upon final settlement of claim. The amount of insurance claim of ₹ 4,203.58 Lakhs recognised and amount of loss of fire of ₹ 4,283.69 Lakhs has been grouped as "Exceptional items" in the statement of profit & loss. Had the company not accounted such claim till Settlement thereof, the loss of the company before tax would have been higher by ₹ 4,203.58 Lakhs and retained earnings as at 31st March, 2020 would have been lower by ₹ 4,055.04 Lakhs (net of Tax).

The insurance claim amount of ₹ 4,203.58 Lakhs also includes company claim on account of reversal of GST input credit on inventory, Property, Plant & Equipment lost in fire amounting to ₹ 457.81 Lakhs The amount of GST input credit so reversed has resulted in output liability of ₹ 457.81 Lakhs, which pending receipt of claim amount from the insurance company have not been deposited with appropriate authorities and is grouped in statutory dues payable in Note no. 26. The amount of GST reversed shall be deposited with appropriate authorities upon receipt of claim amount.

## NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

### NOTE NO. 53

#### STATEMENT CONTAINING SALIENT FEATURES OF SUBSIDIARY

Name of Subsidiary (Consolidated)	Kamdhenu Ventures Limited
Date since when became subsidiary	21st January, 2020
Reporting Period	31st March, 2020
Share Capital	3.04 Lakhs
Reserve & Surplus	(1.34) Lakhs
Total Assets	3.37 Lakhs
Total Liabilities	1.67 Lakhs
Investment	Nil
Turnover	Nil
Profit (Loss) of pre-acquisition period of Kamdhenu Ventures Limited	(0.40) Lakhs
Profit (Loss) before Tax Consolidated	(1.35) Lakhs
Goodwill of Step Subsidiary	0.43 Lakh
Goodwill of Subsidiary	0.40 lakh
Provision for Tax/ Deferred Tax	(0.01) Lakhs
Profit (Loss) after Tax	(1.34) Lakhs
% of Share Holding	100%

Kamdhenu Colour and Coatings Limited is wholly owned subsidiary company of Kamdhenu Ventures Limited and Kamdhenu Ventures Limited is the wholly owned subsidiary of Kamdhenu Limited, accordingly Kamdhenu Colour and Coatings Limited is step subsidiary company of Kamdhenu Limited. The Financial statement of Kamdhenu Colour and Coatings Limited as at 31st March, 2020 have been consolidated in Kamdhenu Ventures Limited and in turn Consolidated Financial statement of Kamdhenu Ventures Limited have been consolidated in Kamdhenu Limited. The Statement containing salient features are based on consolidated financial statement of Kamdhenu Ventures Limited.

### NOTE NO. 54

#### ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III OF THE COMPANIES ACT 2013:

(₹ in Lakhs)

Name of the entity	Net Assets		Share in profit (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount
<b>Subsidiary Companies:</b>				
Kamdhenu Ventures Limited (Consolidated)	0.01	1.70	-0.51%	(0.95)

**NOTES FORMING AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)**

**NOTE NO. 55**

The Ministry of Corporate Affairs (MCA) notifies new Indian Accounting Standards or amendments there to. There is no such notification which would have been applicable from 01st April, 2020.

**NOTE NO. 56**

**DISCLOSURE IN ACCORDANCE WITH REQUIREMENTS UNDER IND AS-10 EVENT AFTER THE REPORTING DATE:**

The Board of Directors of the Company have recommended dividend of ₹ 0.50/- per share for the financial year ended 31st March, 2020 for the approval of shareholders. The actual dividend outgo and tax thereon will be dependant on share capital outstanding as on record date.

**NOTE NO. 57**

The Consolidated financial Statement of the company as at 31st March, 2020 have been prepared for the first time, accordingly previous year figures are not given and not comparative.

**NOTE NO. 58**

Previous years figures have been regrouped, rearranged or reclassified, whenever necessary to confirm the current year's classification.

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As per our report of even date attached

**For B S D & CO.**

Chartered Accountants  
Firm Registration No. 000312S

**(Surendra Khinvasra)**

Partner  
Membership No.070804

Date : 29th June, 2020  
Place : New Delhi

For and on behalf of board of directors

**(Satish Kumar Agarwal)**

Chairman & Managing Director  
DIN: 00005981

**(Harish Kumar Agarwal)**

Chief Financial Officer

Date : 29th June, 2020  
Place : Gurgaon

**(Sunil Kumar Agarwal)**

Whole Time Director  
DIN: 00005973

**(Jogeswar Mohanty)**

Company Secretary



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## **KAMDHENU LIMITED**

CIN: L27101RJ1994PLC067034

**Corporate Office:** 2nd Floor, Tower-A, Building No. 9

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