

Date: 28.08.2020

To,

National Stock Exchange of India Ltd.

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E)  
Mumbai – 400 051

Dear Sir / Madam,

**Sub: Submission of Annual Report and Notice of the 23<sup>rd</sup> Annual General Meeting.**

**Ref: Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Pursuant to Regulation 34 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015, we enclosed Annual Report and Notice of the 23<sup>rd</sup> Annual General Meeting of the Members of our Company is held on Friday, 25<sup>th</sup> September, 2020 at 11:30 am through Video Conferencing (VC) or Other Audio- Visual Means (OAVM), in view of the Covid-19 pandemic.

We herewith enclose the Copy of the notice and annual report of Annual General Meeting for the financial year 2019-2020.

Further, the Annual Report including notice of AGM as mentioned above, has also been made available on website of the company at [www.mbapl.com](http://www.mbapl.com).

This is for your information and record.

Yours faithfully,

For Madhya Bharat Agro Products Limited

Sd/-

(Pallavi Sukhwal)

Company Secretary

Enclosed: as above

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Yours faithfully,

For Madhya Bharat Agro Products Limited

*Pallavi*  
(Pallavi Sukhwali)  
Company Secretary

Enclosed: as above



**MADHYA BHARAT AGRO PRODUCTS LIMITED**

**ANNUAL REPORT 2019-2020**



## MADHYA BHARAT AGRO PRODUCTS LIMITED

### GENERAL INFORMATION

**Chairman**

Sh. Mahendra Kumar Ostwal

**Managing Director**

Sh. Pankaj Ostwal

**Whole Time Director & Chief financial officer**

Sh. Sourabh Gupta

**Non-Executive Director**

Sh. Praveen Ostwal

**Company Secretary & Compliance Officer**

Ms. Pallavi Sukhwal

**Independent Director**

Sh. Paras Mal Surana

Sh. Arvind Kothari

Sh. Bheru Lal Ostwal

Smt. Shruti Babel (Additional)

**Statutory Auditor**

Rajneesh Kanther & Associates

Chartered Accountants

90, Indira Market,

Bhilwara (Raj) 311 001

Ph. No. 01482-227154

**Secretarial Auditor**

Sourabh Bapna & Associates.

Company Secretaries

2-B-11,12, R.C. Vyas Colony,

Bhilwara, 311 001

Ph. No. 9461264697

**Registrar & Transfer Agent**

Bigshare Services Pvt. Ltd

1st Floor, Bharat Tin Works Building Opp.

Vasant Oasis, Makwana Road, Marol, Andheri

(East) Mumbai 400059 Maharashtra

Ph. No. +91-22-62638200

**Registered & Corporate Office**

5-O-21, Basement, R.C. Vyas Colony

Bhilwara (Raj.) 311001

Ph:- 01482-233091

E- Mail - [accounts@mbapl.com](mailto:accounts@mbapl.com)

**Our Bankers****HDFC Bank**

Shop 2,3,4, S.K.Plaza, Pur Road

Bhilwara (Raj.)

**Works**

1. Village- Rajoua

Distt.- Sagar (M.P.)

**Listed on**

National Stock Exchange India Limited

2. Village: Sourai

Tehsil- Banda

Distt.- Sagar (M.P.)

**Website address**

<http://www.mbapl.com>



# **MADHYA BHARAT AGRO PRODUCTS LIMITED**

## **CHAIRMAN'S MESSAGE**

Dear Shareholders,

I am pleased to present you the 23<sup>rd</sup> Annual Report of Madhya Bharat Agro Products Limited for the Financial Year ended 31st March, 2020.

This was the transformative year for your company as the company got migrated from National Stock Exchange SME Platform to Main Board of National Stock Exchange on 21st August 2019, which has added lot of liquidity to our shares.

In the financial year under review your company has seen growth in all aspects be it revenue or profit. We have grown as a company. Your company has taken several pre-emptive measures at various operational levels to ensure sustainable reduction in the cost of production with increased level of efficiency and output.

Now I would like to present the salient features of your Company's performance during the year 2019-20.

The revenues in current Financial Year stood at Rs. 13086.36 Lakhs recording a growth of 12.76% over last Financial Year and similarly the net profit of the Company in current Financial Year 2019-20 stood at Rs. 1483.75 Lakhs showing a growth of 29.78%. Profitability efficiency has shown considerable improvement during the year by recording an EBDIT v/s sales ratio of 26.70% as compared to last year ratio of 25.60%

In nutshell; Madhya Bharat Agro Products Limited today is in a better position to take another jump and will always put in active efforts to improve upon the performance and keep moving on the path of progress. All this have been achieved on the backdrop of a global economic slowdown. The prevailing economic scenario has brought about an atmosphere of uncertainty, touching all major global economies.

Further, I would like to mention that the Company is in the process to implementing 66000 MTPA Triple Super Phosphate (TSP) plant along with the 62700 MTPA Sulphuric Acid plant in the existing unit in Madhya Pradesh. We are in advance stage of implementation of three units viz; Beneficiated Rock Phosphate (BRP), Phosphoric Acid (PAP) and TSP units of TSP Projects. BRP and PAP units we expect to have trial run shortly. This expansion would help us in a big way in improving the top as well as bottom lines of the company in the coming years

We intend to build on this premise base and have set for ourselves new targets and embark on our growth journey with the view of maximizing every opportunity. At the same time we are



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

building our capabilities by fine tuning our processes to improve overall ability to deliver on our promises.

I also take the pleasure of announcing that your Board of Directors has recommended a dividend payout of 5% amounting to Rs. 0.50 per share for the FY 2019-20.

Beyond business activities the Company has carried out various Corporate Social Responsibility (CSR) programs. The movement aims of Corporate Social Responsibility (CSR) to creating better living standards and environment for people within and around the organization. It aspires to create better future for local communities.

At the end of the year, with the heightening of COVID 19 pandemic, the international scenario has been gloomy. The emerging COVID 19 pandemic and worldwide slowdown, this have kept all economies affected, this lead to a shrinking consumer demand globally. However our product being used by agricultural sector, we do not for see any slowdown and the same is evident from the performance post COVID-19.

I would like to extend my heartfelt thanks and appreciation to the Board and all the employees for their strong teamwork and dedication in working with a shared vision and harmonious steps along with the Management of the Company. On top of it a big Thank you to our shareholders for continued confidence in the Company. Likewise, to all our customers, bankers, financial institutions, industry associations, suppliers, vendors and other stakeholders who have been instrumental and contributed to the Company's evolution over the years.

At the end, I say that we continue to invest in each of our operating businesses and equally important, in social initiatives that benefit all stakeholders in order to build a sustainable global enterprise. I thank you for your constant support and faith.

Thank you,  
Yours sincerely

Sd/-  
Mahendra Kumar Ostwal  
(Chairman)



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **COMPANY INFORMATION**

Established in 1997 Madhya Bharat Agro Products Limited is one of the quality Fertilizer and Chemical manufactures of India in private sector. The Company founded By Mr. Shailander Jain, of Sagar but taken over by Ostwal Group in the month of September, 2004. At the time of taking over, the company's total production capacity was 60000 MT PA for SSP. Over the years, with various expansion, backward/forward integration and also with diversification, made itself immune to ups and down of SSP industry.

We are manufacturing Beneficiated Rock Phosphate (BRP), Sulphuric Acid (SA), Single Super Phosphate (SSP) and Phosphate Rich Organic Manure (Prom) which is used in large quantities for replenishing "P" (Phosphorus) in the soil and act as a fertilizer for the crop. Our Company has entered into backward integration by manufacturing of Beneficiated Rock Phosphate (BRP) and Sulphuric Acid which is used as a raw material for manufacturing of SSP. Company is also engaged in production of Sulphur Bentonite and some value added chemicals like oleum etc. Sulphuric acid is a mother chemical for all chemicals.

Present installed capacity of SSP 180000 TPY, BRP crushing capacity is 99000 TPY, Sulphur Bentonite 10000 TPY and Sulphuric Acid 36000 TPY & Oleum 9900 TPY.

With a view to expand our business, we are in process to introduce new product i.e Triple Super Phosphate (TSP) with complete backward integration by installing BRP plant, Sulphuric Acid Plant, Phosphoric Acid Plant.

#### **BRP (Beneficiated Rock Phosphate)**

Rock phosphate is mainly used for the production of single super phosphate & dia-ammonium phosphate by reacting the same with Phosphoric Acid.

#### **SSP (Single Super Phosphate)**

Single Super Phosphate is a fertilizer produced by treating Beneficiated/High grade Rock Phosphate with Sulphuric Acid. It is the carrier of phosphate ( $P_2O_5$ ), the form of phosphorus usable by plant & is one of the world's most important fertilizers. SSP also provides the cheapest source of sulphur to the soil.

Single Superphosphate is produced by reacting naturally occurring phosphate rock with sulphuric acid. This process converts in soluble phosphates into forms more readily available to plants. The product is a low cost source of phosphorus and sulphur in a wide range of pasture situations. SSP is a traditional product for supplying phosphorus and sulphur to pastures, these are the main two nutrients required for pasture production. SSP helps in improving root growth and development which is most important for uptake of plant nutrient and water.





## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **Granulated Single Super Phosphate**

SSP is normally produced in powder form but to increase its ease of sprinkling in farms and also to make it possible to feed SSP with sowing of seeds itself, demand of granulated SSP (GSSP) is growing. We have capability to convert SSP into GSSP to the extent of 120000 TPY

### **SA (Sulphuric Acid), Oleum 23%, Sulphur Bentonite**

Sulphuric Acid and Oleum require Sulphur as raw material, which is easily available indigenous as well as imported. Sulphuric acid is used by us for production of SSP and sale in open market as well, We supply Oleum in Indian ordinance factory which use in manufacturing of Arms and Weapons for Indian Army, it also use by dyes intermediate and cellulose industry, We have Sulphur source near to unit at economic freight and competitive price from newly established Bharat Oman Refinery, a Govt. refinery.



## FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

| Particulars                                      | 2019-2020       | 2018-19         |
|--|-----------------|-----------------|
| Revenue from operation                           | 13086.36        | 11605.33        |
| Depreciation                                     | 1041.14         | 1038.79         |
| Profit Before Tax                                | 2146.64         | 1575.24         |
| Profit After Tax                                 | 1483.75         | 1143.26         |
| Other Comprehensive Income                       | 3.25            | (0.66)          |
| <b>Total Comprehensive Income for the period</b> | <b>1487.00</b>  | <b>1142.60</b>  |
| <b>Financial Position</b>                        |                 |                 |
| <b>Property, Plant and Equipment</b>             |                 |                 |
| (i) Tangible assets                              | 8316.70         | 9250.99         |
| (ii) Capital work-in-progress                    | 3071.37         | 935.24          |
| Non-Current Assets                               | 308.08          | 169.25          |
| Current Assets                                   | 7212.66         | 5603.21         |
| <b>Total Assets</b>                              | <b>18908.81</b> | <b>15958.69</b> |
| Equity Share Capital                             | 2190.67         | 2190.67         |
| Reserves & Surplus(Other Equity)                 | 10845.11        | 9490.16         |
| Non-Current Liabilities                          | 3117.75         | 1717.30         |
| Current Liabilities                              | 2755.28         | 2560.56         |
| <b>Total Sources</b>                             | <b>18908.81</b> | <b>15958.69</b> |

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| <b>Profit Before Tax Margin (%)</b> | <b>16.40</b> | <b>13.57</b> |
| <b>Profit After Tax Margin (%)</b>  | <b>11.32</b> | <b>9.85</b>  |
| <b>EPS</b>                          | <b>6.77</b>  | <b>5.22</b>  |

### PROFIT BEFORE TAX

The Profit before tax for the FY 2019-20 is Rs. 2146.64 Lakhs as against Rs. 1575.24 Lakhs in previous year recoding a growth of 36.27%.

### TAXATION

Your company's total tax liability for the year is Rs. 662.89 Lakhs including deferred tax liability of Rs. 284.18 Lakhs.

### PROFIT AFTER TAX

The profit after tax is Rs. 1483.75 Lakhs in current year as compared to Rs. 1143.26 Lakhs in the previous year showing a growth of 29.78%.

### EARNING BEFORE INTEREST, TAX & DEPRECIATION

Your company achieved healthy EBITD of Rs. 3494.27Lakhs i.e. 26.70% of Net Sales. The EBITD of the previous year of Rs. 2976.85 Lakhs i.e. 25.60% of Net Sales.



# MADHYA BHARAT AGRO PRODUCTS LIMITED

Registered Office: 5-O-21, Basement,  
R.C. Vyas Colony, Bhilwara, 311001 Rajasthan  
CIN: L24121RJ1997PLC029126

Tel. No. : 01482-237104  
Website: www.mbapl.com

Fax No. : 01482-239638  
Email: secretarial@mbapl.com

## NOTICE

NOTICE is hereby given that the **23<sup>rd</sup> Annual General Meeting (AGM)** of the Members of **Madhya Bharat Agro Products Limited** will be held on **Friday, 25<sup>th</sup> day of September, 2020** at **11.30 A.M.** through two-way Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

**"RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.

2. To declare dividend on equity shares for the Financial Year 2019-2020.

**"RESOLVED THAT** in terms of recommendation of Board of Directors of the company, the approval of the members of the company be and is hereby granted for payment of dividend @ Rs. 0.50 per share (i.e. 5%) on the fully paid up equity shares of Rs.10/- each of the company for the year 2019-2020.

3. To appoint a Director in place of Mr. Praveen Ostwal (DIN 00412207), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Praveen Ostwal (DIN 00412207), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."



# MADHYA BHARAT AGRO PRODUCTS LIMITED

## SPECIAL BUSINESS

4. To approve and ratify the authority of Board of directors in fixing remuneration of the Cost Auditor(s) for the financial year ending 31st March 2021 and in this regard to consider and if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:

**"RESOLVED THAT** Shareholders hereby ratify the actions of the Board of Directors pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, for approving recommendation of Audit Committee for remuneration to M/s K.C. Moondra & Associates, Cost Auditor(s) to conduct the cost audit of the Company for the financial year ending 31st March 2021 at such remuneration as shall be fix by the board of directors of the company.

5. To consider and if thought fit, to pass, with or without modification, to appoint Sh. Pankaj Ostwal as a Managing Director, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of sec 196, 197, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof), and as approved by Board of Directors, Mr. Pankaj Ostwal (DIN:02586806) be & is hereby re-appointed as the Managing Director of the company for a term of five years commencing from 05/06/2020 till 04/06/2025 subject to the approval of the shareholders in the ensuing General Meeting as per the terms and conditions mutually agreed upon between the directors and Mr. Pankaj Ostwal."

**"RESOLVED FURTHER THAT** the following terms and conditions be & is hereby approved subject to the approval of the Shareholders in the ensuing General Meeting and such remuneration comprising of salary by way of, basic salary dearness allowances, other allowances, perquisites, and commission as may be determined by the Board from time to time within the maximum limit specified below:

1. Salary up to Rs. 60, 00,000 lakhs per annum.
2. Commission up to 2% of total sales of the company (annual basis).
3. At the discretion of the Board, the payment may be made on a pro-rata basis every Month or on an annual basis.

**"RESOLVED FURTHER THAT** total remuneration contemplated as above payable to Managing Director of the Company shall not exceed 5% of the profits of the Company, calculated in accordance with Section 197 of the Companies Act 2013 and all other applicable provisions of Companies Act, 2013."

**"RESOLVED FURTHER THAT** notwithstanding anything contained herein above, where, during the term of employment of the Managing Director, if in any financial year, the Company has no profits or its profits are inadequate, unless otherwise approved by any



## MADHYA BHARAT AGRO PRODUCTS LIMITED

Statutory Authority, as may be required, the remuneration payable to the Managing Director including Salary, perquisites and any other allowances shall be governed and be subject to the conditions and ceiling provided under the provisions of Section II of Part II of Schedule V to the Companies Act, 2013 and all other applicable provisions of Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

**“RESOLVED FURTHER THAT** limits stipulated in this Resolution are the maximum limits and the Board may in its absolute discretion to pay a lower remuneration and revise the same from time to time within the maximum limits stipulated by the Resolution.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolutions.”

6. To consider and if thought fit, to pass, with or without modification, to appoint Smt. Shruti Babel as a Non-Executive woman Independent Director, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the recommendation of the Nomination & Remuneration Committee, and approval of the Board and subject to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 and any rules made there under read with Schedule IV to the Act, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Smt. Shruti Babel, who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. February 29, 2020 and who holds office up to the date of this Annual General meeting, be and is hereby elected and appointed as an Non-Executive Independent Director not liable to retire by rotation, to hold office for a term of 5 (Five) consecutive years up to the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company.”

Dated: 21/08/2020

Place: Bhilwara

By Order of the Board of Directors  
For Madhya Bharat Agro Products Limited

Sd/-  
(Pallavi Sukhwai)  
Company Secretary & Compliance Officer



# MADHYA BHARAT AGRO PRODUCTS LIMITED

## NOTES:-

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed. The Annual General Meeting ("AGM") of the Company is scheduled to be held on Friday, September 25, 2020, at 11:30 a.m. (IST) through two-way Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") and the voting for items to be transacted in the Notice to this AGM shall be only through remote electronic voting process or electronic voting during the AGM, in compliance with applicable provisions of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (the "Rules"), as amended from time to time, and the General Circular No. 14/ 2020 dated April 8, 2020, the General Circular No. 17/ 2020 dated April 13, 2020, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19" and General Circular No. 20/ 2020 dated May 5, 2020, in relation to "Clarification on holding of Annual General Meeting (AGM) through video Conferencing (VC) or Other Audio Visual Means (OAVM)" all issued by the Ministry of Corporate Affairs, Government of India (the "MCA Circulars") and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Circular dated May 12, 2020, in relation to "Additional relaxation in relation to compliance with certain provisions of Listing Regulations - COVID-19 pandemic". The deemed venue for the AGM will be the place from where the Chairman of the Board conducts the meeting.
2. Further, pursuant to the MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 2019-2020 is sent in electronic form only to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the 23<sup>rd</sup> AGM has been uploaded on the website of the Company at [www.mbapl.com](http://www.mbapl.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. The National Stock Exchange of India Limited ("NSE") at [www.nseindia.com](http://www.nseindia.com) and on the website of National Securities Depository Limited ("NSDL") (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
3. The explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Business under Item No. 4, 5 & 6 of the accompanying notice is annexed hereto.
4. In respect of Resolution at item no. 3, 5 and 6 a statement giving additional information on Directors seeking appointment/re-appointment is annexed herewith as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Regulations).
5. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC or OAVM, physical attendance of Members has been dispensed with. Accordingly, in terms of the above-mentioned MCA and SEBI circulars, the facility for appointment of proxies by the



# MADHYA BHARAT AGRO PRODUCTS LIMITED

Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

6. Members attending the meeting through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act 2013.
7. As per the provisions of Clause 3.A.III. of the General Circular No. 20/ 2020 dated May 5, 2020, the matters of Special Business as appearing at Item Nos. 4, 5 & 6 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice.
8. Members seeking any information or clarification are requested to send in written queries to the Company, in advance, before the date of the meeting by mail at [secretarial@mbapl.com](mailto:secretarial@mbapl.com).
9. Corporate members intending to send their authorized representative to attend the AGM through VC or OAVM or to vote through remote e-voting, pursuant to Sections 112 and 113 of the Act, are requested to send a certified copy of the board resolution to the Scrutinizer by e-mail at [Sourabh.bapna12@gmail.com](mailto:Sourabh.bapna12@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), authorizing their representative to attend and vote on their behalf at the AGM.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
11. The Notice is being sent to all the Members, whose names appear in the Register of Members/List of Beneficial Owners, received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) as on Friday, 21<sup>st</sup> August 2020 for those shareholders whose email ids are not registered with the Depositories, for procuring user id and password, Notice and Annual Report, are requested to provide their Mail Id at [secretarial@mbapl.com](mailto:secretarial@mbapl.com).
12. The Members are requested to note that the Company is pleased to provide a two-way Video Conferencing Facility (VC) to view the live streaming of the proceedings of the AGM and facilitate participation of Members at the AGM through VC or asking their questions through a Chat box facility. The Members will be able to view the proceedings on NSDL's e-Voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
13. Members may use this facility by using the same login credentials as provided for remote e-Voting. Members on the day of the AGM will login through their user ID and password on e-Voting website of NSDL. The link will be available in Member login where the EVEN of Company will be displayed. On clicking this link, the Member will be able to view the webcasting of the AGM proceedings. The VC Facility will be available on September 25, 2020 from 11:30 a.m. (IST) onwards till the conclusion of the Meeting.
14. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure





# MADHYA BHARAT AGRO PRODUCTS LIMITED

mentioned in the Notice. The Members will be able to view the proceedings on NSDL's e-Voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

15. Dividend on Equity Shares, as recommended by the Board of Directors for the Year ended 31<sup>st</sup> March, 2020 and subject to approval of members at this Annual General Meeting, will be paid thirty days from the date of declaration to those shareholders whose name shall appear on the company's register of Members on September 18, 2020.

The Shareholders, who have not claimed their Dividend in the past, are requested to write to the Registrar and Transfer Agent, M/s. Bigshare Services Private Limited, Mumbai to claim the amount of Dividend.

Pursuant to Section 124 of the Companies Act, 2013, if the Dividend Amount is not claimed within 7 Years from the date it is due for payment, such unclaimed amount will be transferred to Investor Education and Protection Fund and thereafter no claim shall become against the Company.

Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. April 1, 2020 and the Company is required to deduct Tax At Source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending documents through email at [secretarial@mbapl.com](mailto:secretarial@mbapl.com) on or before September, 18, 2020.

16. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Bigshare Services Private Limited.
17. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's





## MADHYA BHARAT AGRO PRODUCTS LIMITED

records which will help the Company and the Company's Registrars and Transfer Agents, Bigshare Services Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Bigshare Services Private Limited.

18. Voting Through Electronic Means: The details of the process and manner of e-voting are explained herein below:

In compliance with Sections 108 and 110 of the Companies Act, 2013 and the Rules made thereunder, the Company has provided the facility to the Members to exercise their votes electronically and vote on all resolutions through the e-voting service facility arranged by NSDL. The instructions for electronic voting are given in this Notice. The Members may cast their votes using electronic voting systems from a place other than the venue of the Annual General Meeting (AGM) (remote e-voting). The instructions for e-voting are given herein below. The resolutions passed by the Members through e-voting are deemed to have been passed as if they have been passed at AGM.

The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commence on 22<sup>nd</sup> September, 2020 (9:00 A.M.) to 24<sup>th</sup> September, 2020 (5:00 P.M.). During the period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18<sup>th</sup> September, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for e-voting are as under:

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

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

### **Details on Step 1 are mentioned below:**

How to Log-into NSDL e-Voting website?

(i) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

(ii) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

(iii) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL eservices after using your login credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.

(iv) Your User ID details are given below:

| <b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b> | <b>Your User ID is:</b>   |
|---|---|
| a) For Members who hold shares in demat account with NSDL.            | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.   |
| b) For Members who hold shares in demat account with CDSL.            | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.                       | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

(v) Your password details are given below:

(a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

(b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which has been communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

(vi) If you are unable to retrieve the "Initial password" or have forgotten your password:



# MADHYA BHARAT AGRO PRODUCTS LIMITED

- a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- (vii) After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- (viii) Now, you will have to click on “Login” button.
- (ix) After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 are given below:**

## **How to cast your vote electronically on NSDL e-Voting system?**

- (i) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- (ii) After click on Active Voting Cycles, you will be able to see all the companies’ “EVEN” in which you are holding shares and whose voting cycle is in active status.
- (iii) Select “EVEN” of company for which you wish to cast your vote.
- (iv) Now you are ready for e-Voting as the Voting page opens.
- (v) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- (vi) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (vii) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (viii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.



# MADHYA BHARAT AGRO PRODUCTS LIMITED

## General Guidelines for shareholders

- 1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [sourabh.bapna12@gmail.com](mailto:sourabh.bapna12@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- 2 It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- 3 In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- 4 Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date, i.e. 18th September, 2020, may obtain the User ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [secretarial@mbapl.com](mailto:secretarial@mbapl.com). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you may reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following Toll free no. 1800-222-990.

## Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [secretarial@mbapl.com](mailto:secretarial@mbapl.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [secretarial@mbapl.com](mailto:secretarial@mbapl.com)



# MADHYA BHARAT AGRO PRODUCTS LIMITED

3. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

## **Instructions for members for attending the AGM through VC/OAVM are as under:**

- 1) Member will be provided with a facility to attend the AGM through VC or OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC or OAVM will be available in shareholders/members login where the EVEN of Company will be displayed. On clicking this link, Member will be able to attend and participate in the proceedings of the AGM. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- 2) Members are encouraged to join the Meeting through laptops for better experience. Further Members will be required to use internet with a good speed to avoid any disturbance during the meeting. Members connecting from their mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio or video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to attend the AGM without any interruption.
- 3) Facility of joining the meeting shall be open 30 minutes before the time scheduled for the meeting and shall be closed 15 minutes after such scheduled time and will be available on first come first served basis.
- 4) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@mbapl.com](mailto:secretarial@mbapl.com).
- 5) Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [secretarial@mbapl.com](mailto:secretarial@mbapl.com). The same will be replied by the company suitably.
- 6) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

## **Other Instructions**

- 1) The voting rights of shareholders (for voting through remote e-Voting before the AGM and remote e-Voting during the AGM) shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, which is September 18, 2020. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained



## MADHYA BHARAT AGRO PRODUCTS LIMITED

by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

- 2) Any person who is not a member as on the cutoff- date should treat this Notice for information only.
- 3) The e-voting period commences on Tuesday, September 22, 2020 at 9.00 a.m. (IST) and ends Thursday, September 24, 2020 at 5.00 p.m. (IST) during this period, shareholders of the Company, holding shares in physical form or in dematerialized form, as on the cut-off date, i.e. September 18, 2020, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting.
- 4) Members who are registered with NSDL for e-voting can use their existing user Id and password for casting their votes.
- 5) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC or OAVM but shall not be entitled to cast their vote again.
- 6) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/ her existing User ID and password for casting the vote.
- 7) Mr. Sourabh Bapna, Practicing Company Secretary (Membership No. 51505 & CP No. 19968) has been appointed as the Scrutinizer by the Board for providing facility to the Members of the Company to scrutinize remote e-Voting process before the AGM as well as remote e-Voting during the AGM in a fair and transparent manner.
- 8) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility.
- 9) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who will acknowledge the receipt of the same and declare the result of the voting forthwith.
- 10) The results will be declared within 48 hours of conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.mbapl.com](http://www.mbapl.com) and on the website of NSDL: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the



## MADHYA BHARAT AGRO PRODUCTS LIMITED

result is declared. The Company shall simultaneously forward the results to The National Stock Exchange of India Limited ("NSE") where the shares of the Company are listed.

- 11) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM i.e. Friday, September 25, 2020.
- 12) Since the AGM will be held through VC or OAVM, the Route Map is not annexed in this Notice.

Dated: 21/08/2020

Place: Bhilwara

By Order of the Board of Directors  
For Madhya Bharat Agro Products Limited

Sd/-  
(Pallavi Sukhwat)  
Company Secretary & Compliance Officer





# MADHYA BHARAT AGRO PRODUCTS LIMITED

## Explanatory Statement Pursuant To Section 102 of the Companies Act, 2013

### Item No. 4

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s K.C. Moondra & Associates, Cost Accountant, to conduct the cost audit of the Company for the financial year ending 31st March, 2021. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors. None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

The Board Recommends the Ordinary Resolution set out at Item no. 4 for the approval of Members.

### Item No. 5

Subject to necessary approval by the Members in the General Meeting, the Board of Directors of the Company in its Meeting held on 04th June 2020, re-appointed Mr. Pankaj Ostwal as Managing Director of the Company for a further period of five years with effect from 05<sup>th</sup> June 2020 to 04th June 2025.

Mr. Pankaj Ostwal aged 43 years, Mr. Pankaj Ostwal is Chartered Accountant from Institute of Chartered Accountant of India and Bachelor in Commerce from Maharshi Dayanand Saraswati University of Ajmer, having 18 years' experience in Fertilizer Industries.

Sh. Pankaj Ostwal took over as Managing Director of Madhya Bharat Agro Products Limited in the year 24.02.2009 and since then has led the organization successfully with clear strategic vision, focus on customers and inclusive execution of customer centric value in the market. Under his leadership, Madhya Bharat Agro Products Limited is in Process to start a new Project. Sh. Pankaj Ostwal also possesses varied experience in the Commercial, Marketing and Project field.

The Board of Directors of the Company has subject to the provisions of Section 196,197, and all other applicable provisions if any, of the Companies Act, 2013 read with schedule V of the said Act, appointed Mr. Pankaj Ostwal as Managing Director for a period of five years with effect from 05<sup>th</sup> June 2020, on the remuneration terms and broad terms and conditions detailed hereunder.

Salary up to 60 Lacs per annum plus commission up to 2% of total sales of the company (annual basis). Total remuneration contemplated as above payable to Managing Director of the



# MADHYA BHARAT AGRO PRODUCTS LIMITED

company shall not exceed 5% profit of the Company accordance with the section 197 of companies Act 2013 all other applicable provisions of Companies Act, 2013.

In terms of the Articles of Association of the Company, Mr. Pankaj Ostwal shall not be subject to retirement by rotation during his tenure as Managing Director.

During the term of employment of the Managing Director, if in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V of the Companies Act, 2013 and all other applicable provisions of Companies Act, 2013 unless otherwise approved by any Statutory Authority; the remuneration shall be paid as per the conditions and monetary ceiling prescribed in Schedule V to the Companies Act, 2013 or any re-enactment thereof and all other applicable provisions of Companies Act, 2013.

The Company has received from Mr. Pankaj Kumar Ostwal consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013.

A brief profile of Mr. Pankaj Ostwal, including nature of her expertise, is provided in the notice.

Accordingly the Board, recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice.

Except Mr. Pankaj Ostwal, being an appointee, Mr. Mahendra Kumar Ostwal, and Mr. Praveen Ostwal Director of the company, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

## **Item No. 6**

The Board of Directors has appointed Mrs. Shruti Babel as an Additional Director from 29th February 2020 pursuant to Section 161 of the Companies Act, 2013. She holds office till conclusion of this Annual General Meeting. Her term of office is not liable to retire by rotation. In accordance with Section 149 and 152 read with Schedule IV of the Companies' Act, 2013 the Securities and Exchange Board of India (SEBI) and all other applicable provisions, that every Listed Company is required a women independent Director and due to resignation of Mrs. Aruna Kothari, from the post of women independent Director of the company on February 29, 2020 before expiry of her 5 years term. Company has appointed Mrs. Shruti Babel, as an Woman Independent Director on February 29, 2020, in accordance with Section 149 and 152



## MADHYA BHARAT AGRO PRODUCTS LIMITED

read with Schedule IV of the Companies' Act, 2013, not liable to retire by rotation and subject to the approval of members, to hold office for a term of 5 (Five) consecutive years up to the conclusion of 28th AGM of the company.

The Company has received from Mrs. Shruti Babel consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and declaration that she meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

A brief profile of Mrs. Shruti Babel, including nature of her expertise, is provided in the notice.

In the opinion of the Board, Mrs. Shruti Babel fulfills the conditions for their appointment as Independent Directors as specified in the Companies Act, 2013. Accordingly the Board, recommends the passing of the Special Resolution as set out in the Item no. 6 of the Notice.

None of the Directors or Key Managerial Personnel and their relatives, Except Mrs. Shruti Babel, being an appointee, are concerned or interested (financially or otherwise) in this Resolution.

Dated: 21/08/2020  
Place: Bhilwara

By Order of the Board of Directors  
For Madhya Bharat Agro Products Limited

Sd/-  
(Pallavi Sukhwat)  
Company Secretary & Compliance Officer



# MADHYA BHARAT AGRO PRODUCTS LIMITED

## INFORMATION PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATION, 2015

As required under the SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 the particulars of Directors who are proposed to be appointed/reappointed at the forthcoming Annual General Meeting are as follows:

### **Appointment/Reappointment**

#### **1. Mr. Praveen Ostwal (DIN 00412207) retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.**

Mr. Praveen Ostwal aged 40 years, presently Director of Company. He is Chartered Accountant by qualification. He is young and dynamic person, having experience in the fertilizer, mineral beneficiation & chemicals sector. He is managing Director of another group company Krishna Phoschem Ltd and actively engaged in managing the company since takeover and he is also Director of Ostwal Phoschem (India) Limited. His foray is production, technical supervision and bringing innovation in the Group. He has been appointed as Director of the Company with effect from September 17, 2014

Mr. Praveen Ostwal Brother of Mr. Pankaj Ostwal, Managing Director and son of Mr. Mahendra Kumar Ostwal on the Board of Directors and not a related to the any of Directors of the Company.

He is neither Chairman nor a Member of any Committees of the Board of Company.  
Mr. Praveen Ostwal hold 332700 Equity shares of the Company.

#### **2. To Re-appointment of Mr. Pankaj Ostwal (DIN 02586806) as a Managing Director for next term:**

Mr. Pankaj Ostwal aged 43 years, presently Managing Director of Company. Mr. Pankaj Ostwal is Chartered Accounts from Institute of Chartered Accounts of India and Bachelor in Commerce from Maharshi Dayanand Saraswati University of Ajmer, having 18 years' experience in Fertilizer Industries.

Sh. Pankaj Ostwal took over as Managing Director of Madhya Bharat Agro Products Limited in the year 24.02.2009 and since then has led the organization successfully with clear strategic vision, focus on customers and inclusive execution of customer centric value in the market. Under his leadership, Madhya Bharat Agro Products Limited is in Process to start a new Project. Sh. Pankaj Ostwal also possesses varied experience in the Commercial, Marketing and Project field.



# MADHYA BHARAT AGRO PRODUCTS LIMITED

Mr. Pankaj Ostwal is Brother of Mr. Praveen Ostwal, Director of the Company and also the son of Mr. Mahendra Kumar Ostwal on the Board of Directors and not a related to the any of Directors of the Company.

He is not a Chairman in any committee and Member of 2 Committees of the Board of Company. Mr. Pankaj Ostwal, holds 201015 shares of the Company.

### **3. To Appointment of Mr. Shruti Babel as an Woman Independent Director:**

Mrs. Shruti Babel aged 29 years, has Masters in Human Resource from University of Rajasthan, and having 3 years' experience in Business and management consultancy.

She also had three years stint in various capacities with consultancy firms, where her job involved focus on customers and inclusive execution of customer centric value in the market and in the Business & Management in Human Resource Development field.

She has been appointed as an Additional Non-Executive & Women Independent Director of the Company with effect from February 29, 2020.

Mrs. Shruti Babel is not a relative to the any of Directors of the Company. She is not a Chairman in any Committees and Member of independent Committees of the Board of Company. Mrs. Shruti Babel, does not hold shares of the Company.



# MADHYA BHARAT AGRO PRODUCTS LIMITED

## 'DIRECTORS' REPORT For the Year 2019-2020

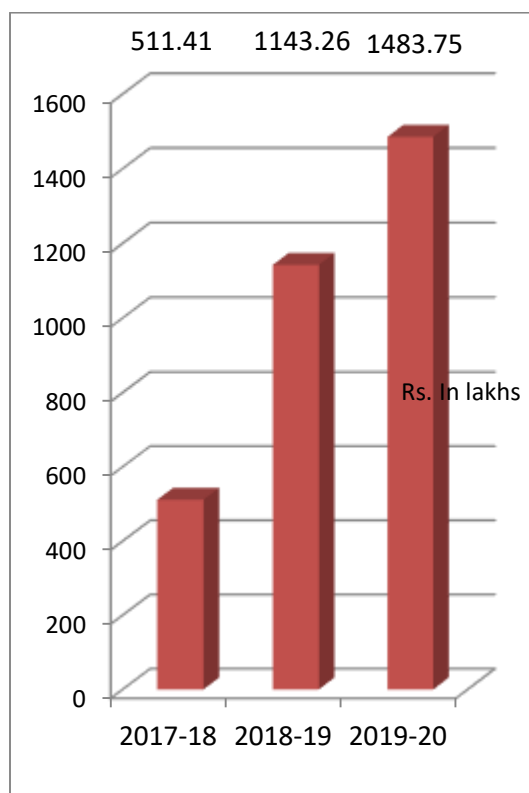
Dear Members,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2020.

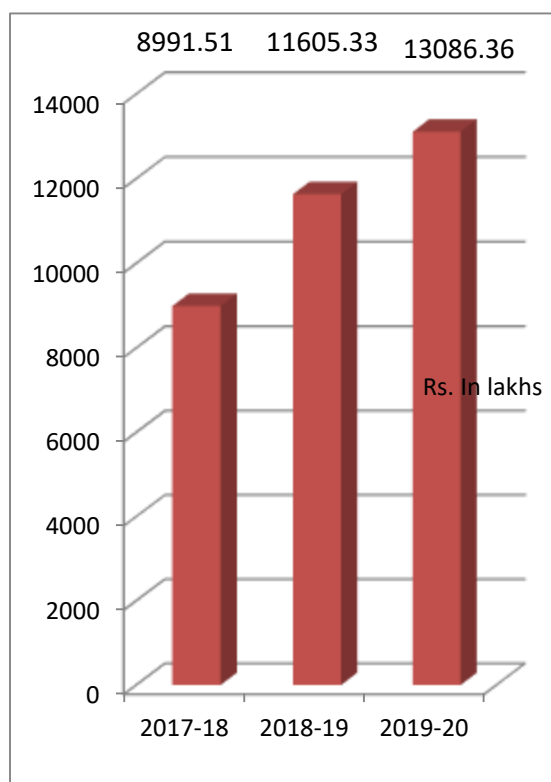
### FINANCIAL RESULTS:

| (Rs. in Lakhs)             |           |          |
|----------------------------|-----------|----------|
| Particulars                | 2019-2020 | 2018-19  |
| Turnover and Other Income  | 13108.83  | 11632.01 |
| Profit Before Taxation     | 2146.64   | 1575.24  |
| Taxation/Deferred Tax      | 662.89    | 431.98   |
| Profit / (Loss) after Tax  | 1483.75   | 1143.26  |
| Other comprehensive income | 3.25      | (0.66)   |
| Total comprehensive income | 1487.00   | 1142.60  |
| Earning Per equity Share   | 6.77      | 5.22     |

Note: The above Financial Statements as per Ind- AS. For the purpose of transitioning to Ind- AS, The Company has followed guidance prescribed in Ind- AS 101, "First Time Adoption of Indian Accounting Standards", with effect from April 1, 2018, as the transition date.



**Income**



**Turnover**



## ***MADHYA BHARAT AGRO PRODUCTS LIMITED***

### **STATE OF COMPANY'S AFFAIR**

During the year under review the Company has achieved significant improvement in operation and profit. Your Company has achieved turnover of Rs. 13086.36 Lakhs for the current financial year 2019-2020 as against of Rs. 11605.33 Lakh in the previous financial year. Similarly the Company's profit for the current financial year 2019-2020 has been Rs. 1483.75 Lakhs as against Rs. 1143.26 Lakhs in previous financial year. Management of the company striving hard by making more sincere efforts for the better growth and prospects of the company in the future and to yield the better returns for the members of the company.

### **CHANGE IN THE NATURE OF BUSINESS OF COMPANY**

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

### **LISTING OF THE COMPANY**

The Shares of your Company were listed on Platform of "National Stock Exchange". The annual Listing Fees for the Year 2020-21 has been paid to the exchange.

### **SHARE CAPITAL**

During the year ended 31<sup>st</sup> March 2020, there was no change in the issued and subscribed capital of the Company, the outstanding capital as on 31<sup>st</sup> March 2020 continues to be 2190.67 Lakhs comprising of 219.06 Lakhs shares of 10/- each.

### **ANNUAL RETURN:**

The information required pursuant to the provisions of Section 134 (3) (a) and Section 92 (3) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT-9 for the financial year ended on March 31<sup>st</sup>, 2020 is provided in Annexure I forming part of this report and also disclosed on the website of the Company viz. <http://www.mbapl.com>

### **STATUTORY AUDITORS & STATUTORY AUDITORS' REPORT**

The Company has appointed M/s. Rajneesh Kanther & Associate, Statutory Auditors of the Company for a term of 5 years from the conclusion of the 21<sup>st</sup> annual general meeting till the conclusion of 25<sup>th</sup> AGM to be held in the year 2022.

The Auditor's Report is self-explanatory and therefore, does not call for any further comments/clarifications and Auditor's report does not contain any qualification, reservation or adverse remarks.

### **SECRETARIAL AUDITOR & SECRETARIAL AUDITORS' REPORT**

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial personnel) Rules, 2014, the company has Re-appointed M/s Sourabh Bapna & Associates, a practicing company Secretaries to undertake the Secretarial Audit of the Company for financial year 2020-21. The Company has received their consent for Re-appointment.





## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

The Secretarial Audit report for financial year 2019-20 received from Sourabh Bapna & Associates is provided in Annexure II forming part of this report. The Secretarial Audit report does not contain any qualification, reservation or adverse remarks.

### **COST AUDITOR**

M/s. K. C. Moondra & Associates, Cost Accountant, has Re-appointed as Cost Auditors of your Company for FY 2020-2021.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, and on the recommendation of the Audit Committee, the Board has Re-appointed M/s K.C. Moondra & Associates, Cost Accountants (Registration No. 101814), at such remuneration as shall be fixed by the board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021. The appointment and the remuneration of the cost Auditor is required to be ratified subsequently by the Members of the Company and further subject to the approval of the Central Government.

The Company has received their written consent and confirmation that the Re-appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

### **INTERNAL AUDITOR & AUDITORS' REPORT**

As per section 138 of The Companies Act 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, the company has Re-appointed M/s Sourabh Bapna & Associates, Practicing Companies Secretaries as Internal Auditor to conduct Internal Audit for the Financial Year 2020-2021. The Company has received their consent for Re-appointment.

The Internal Audit Report is received by the Company and the same is reviewed and approved by the Audit Committee and Board of Directors for the year 2019-2020. All the observations made by the Internal Auditors have been attended to.

### **INTERNAL CONTROL SYSTEM**

The company has in place an adequate internal control system, which is commensurate with the size, scale and complexity of the company. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit compliance is ensured by the direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

During the period under review the Internal Financial Control were tested and no reportable material weakness in the design or operation were observed.

### **REPORTING OF FRAUDS BY AUDITORS, IF ANY**

No fraud has been reported by auditors under section 143 (12) of the companies act 2013.



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **RESERVES & SURPLUS**

During the year under review, The Board of Director of Company Proposed to transfer Rs. 1351.70 lakhs to reserve & surplus after making provision for dividend & dividend tax. With this, the reserve & Surplus has increased to Rs. 9156.00 lakhs.

### **DIVIDEND**

The Directors are pleased to recommend a dividend of 0.50 per share (i.e. 5%) on the Equity Shares of the Company of 10 each for the year ended March 31, 2020 (previous year 0.50 per share). If the dividend, as recommended above, is declared by the Members at the ensuing Annual General Meeting ('AGM'), the total outflow towards dividend on Equity Shares for the year would be 1.09 crore.

### **DEPOSITS**

The Company has not accepted any deposits covered under section 73 of the Companies Act, 2013.

### **NO DEFAULT**

The company has not defaulted in payment of interest and/or repayment of loan to any of the financial institutions and/or bank.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with provisions of Companies Act, 2013 and Company's Articles of Association, Sh. Praveen Ostwal (DIN 00412207), Director of the Company, retire by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

During the year, Mrs. Aruna Kothari, Independent Director of the Company has resigned with effect from February 29, 2020 and the Board of Directors places on record its sincere appreciation for the contributions made by Mrs. Aruna Kothari during her tenure as Independent Directors of the Company. The Board of Directors of the Company had appointed Mrs. Shruti babel as an Additional Non-Executive Independent Director of the Company with effect from February 29, 2020 and shall hold office up to the date of the ensuing Annual General meeting of the Company.

The Board of Directors of the Company in its Meeting held on June 04, 2020 re-appointed Mr. Pankaj Ostwal as an Managing Director of the Company for a next term commencing from June 05, 2020 upto June 04, 2025 subject to approval of Annual General Meeting.

Mr. Pankaj Ostwal, Managing Director of the Company, Mr. Sourabh Gupta, Whole Time Director & Chief Financial Officer and Ms. Pallavi Sukhwil, Company Secretary of the Company were designated as Key Managerial Personnel of the Company pursuant to Section 203 of the Companies Act, 2013.

### **NUMBER OF MEETINGS OF BOARD OF DIRECTORS:**

The Board of Directors duly met 08 (Eight) times on 19<sup>th</sup> April, 2019, 10<sup>th</sup> May, 2019, 23<sup>th</sup> August, 2019, 19<sup>th</sup> September, 2019, 9<sup>th</sup> November, 2019, 18<sup>th</sup> January 2020, 08<sup>th</sup> February, 2020 and 29<sup>th</sup> February, 2020 in F.Y. 2019-20 for which proper notices were given and the proceedings were



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

properly recorded and signed in the Minutes Book maintained for the purpose. The Board passed no circular resolution.

### **PARTICULARS OF EMPLOYEES**

The information required pursuant to the Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of remuneration of each director to the median remuneration of the employees of the Company is provided in Annexure III forming part of this report.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING**

The details as required under section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8 of Companies (Account) Rule, 2014 for conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in Annexure IV forming part of this report.

### **PARTICULAR OF LOAN, GUARANTEE AND INVESTMENT UNDER SECTION 186**

The information required for loans given, investment made or guarantee given or security provided during the year under section 186 of the Companies Act, 2013 read with the rule 11 of Companies (Meetings of Board and its power) Rule, 2014 is provided in Annexure V forming part of this report and also provided in the financial statement of the Company (please refer Notes of the balance sheet).

### **RISK MANAGEMENT:**

Proper Risk Management Practices have been followed for the purpose of risk identification, analysis, and mitigation planning, monitoring, and reporting. Although, all risks cannot be eliminated, but mitigation and contingency plans are developed to lessen their impact if they occur.

### **RELATED PARTY TRANSACTION UNDER SECTION 188**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company during the financial year which were in the conflict of interest of the company.

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies(Accounts) Rules, 2014 are given in Annexure VI in Form AOC-2 and the same forms part of this report.

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS**

The Corporate Governance and Management Discussion & Analysis Report, as required pursuant to the SEBI ((Listing Obligations & Disclosure Requirements) Regulations, 2015, is provided in Annexure VII and Annexure VIII respectively forming part of this report.



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **DECLARATION OF INDEPENDENT DIRECTORS:**

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, to the effect that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013. The terms and conditions for appointment of the Independent Directors are incorporated on the website of the Company.

### **BOARD EVALUATION:**

Pursuant to the relevant provisions of the Companies Act, 2013 and the Listing regulations, the Board has carried out an annual performance evaluation of its own, working of its Committees and the Directors. The Nomination and Remuneration Committee has carried out evaluation of every Director. The Independent Directors evaluated performance of the Non-Independent Directors, the Board as whole and the Chairperson of the Company.

### **COMMITTEES OF BOARD:**

The Board of Directors of your Company has constituted the following committees in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements), Regulation, 2015:

### **AUDIT COMMITTEE DISCLOSURE UNDER SECTION 177:**

The Audit Committee of the Company consists of 2 Independent Directors and 1 Executive Director. The Chairman of the Audit Committee is financially literate and majority of them having accounting or related financial management experience. Company Secretary acts as Secretary to the Committee.

The following Directors are the members of Audit Committee.

- |                           |          |
|---------------------------|----------|
| (1) Shri Arvind Kothari   | Chairman |
| (2) Shri Pankaj Ostwal    | Member   |
| (3) Shri Bheru Lal Ostwal | Member   |

During the year, the Committee had 4 Meetings i.e. on 09<sup>th</sup> May, 2019, 30<sup>th</sup> August, 2019, 9<sup>th</sup> November, 2019, and 08<sup>th</sup> February, 2020.

### **NOMINATION & REMUNERATION COMMITTEE DISCLOSURE UNDER SECTION 178:**

In pursuant to the provisions of section 178 (4) of the Companies Act, 2013, the Nomination and Remuneration Policy recommended by the Nomination and Remuneration committee is duly approved by the Board of Directors of the Company and is provided in Annexure IX forming part of this report.

The following Directors are the members of nomination and Remuneration Committee.

- |                           |          |
|---------------------------|----------|
| (1) Shri Bheru Lal Ostwal | Chairman |
| (2) Shri Arvind Kothari   | Member   |
| (3) Shri Paras Mal Surana | Member   |



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

The Committee meets once in a year and also as and when any remuneration is to be fixed for any Director /Managing Director and Key Managerial Personnel. During the year the Committee had 2 Meetings i.e. on 09<sup>th</sup> August, 2019 and 08<sup>th</sup> February, 2020.

### **STAKEHOLDER RELATIONSHIP COMMITTEE:**

The following Committee of Directors looks after the Investor Grievances:

- |                           |          |
|---------------------------|----------|
| (1) Shri Arvind Kothari   | Chairman |
| (2) Shri Pankaj Ostwal    | Member   |
| (3) Shri Bheru Lal Ostwal | Member   |

During the year the 4 Stakeholder Relationship Committee Meetings were held on 01<sup>st</sup> May, 2019, 30<sup>th</sup> August, 2019, 9<sup>th</sup> November, 2019, and 08<sup>th</sup> February, 2020 and the complaints received and their disposal has been reviewed.

### **INDEPENDENT DIRECTORS COMMITTEE:**

The following are the members of independent directors committee:

- |                           |          |
|---------------------------|----------|
| (1) Shri Bheru Lal Ostwal | Chairman |
| (2) Shri Arvind Kothari   | Member   |
| (3) Shri Paras Mal Surana | Member   |

During the year under review, the Independent Directors met on 08<sup>th</sup> February, 2020.

### **CORPORATE SOCIAL RESPONSIBILITY:**

In pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programme to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors. CSR Policy is disclosed on the website of the Company viz. [http://mbapl.com/pdf/CSR\\_Policy\\_MBAPL.pdf](http://mbapl.com/pdf/CSR_Policy_MBAPL.pdf)

As per provision of new enacted Company Act, 2013, the Board of Directors have formed Corporate Social Responsibilities Committee having the following members:-

- |                           |          |
|---------------------------|----------|
| (1) Shri Arvind Kothari   | Chairman |
| (2) Shri Paras Mal Surana | Member   |
| (3) Shri BheruLal Ostwal  | Member   |

The company has incurred expenditure, as per recommendation of committee, a sum of Rs. 26.20 Lakhs during the year 2019-20 as against Rs. 25.01 Lakhs required as per provisions of Company Act, 2013.

Our Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society.

During the year the Committee had 2 Meetings i.e. on 30<sup>th</sup> September 2019, and 08<sup>th</sup> February, 2020. The CSR Report of the Company is provided in Annexure X forming part of this report.



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **WHISTLE BLOWER POLICY / VIGIL MECHANISM**

The Company has established vigil mechanism policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. Vigil Mechanism Policy is disclosed on the website of the Company viz. <http://mbapl.com/pdf/Vigil-mechanism.pdf>

### **MATERIAL CHANGES AND COMMITMENTS:**

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which this financial statements relate on the date of this report.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operation.

### **SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY:**

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

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

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

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-2020.

No. of complaints received: Nil

No. of complaints disposed off: Nil

### **EMERGENCE OF COVID-19**

Towards the end of the financial year, the World Health Organization (WHO) declared Covid-19 a pandemic and the outbreak. Covid-19 is seen having an unprecedented impact on people and economies worldwide. The Company is taking all necessary measures in terms of mitigating the impact of the challenges being faced in the business. The Company is working towards being resilient in order to sail through the current situation.

In order to support the Central and State Governments and the community at large, the Company has voluntarily contributed to Governments Initiatives towards the said purpose.

The Company operates its business in conformity with the highest ethical and moral standards and employee centricity. In view of the outbreak of the pandemic, the Company undertook timely and essential measures to ensure the safety and well-being of its employees at all its plant locations,





## MADHYA BHARAT AGRO PRODUCTS LIMITED

various branch offices and the head office. The Company observed all the government advisories and guidelines thoroughly and in good faith.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (3) (c) & 134 (5) of the Companies Act, 2013 with respect to Directors Responsibility Statement, it is hereby confirmed:

- That in the preparation of the Accounts for the Financial Year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 profit of the company for the year under review.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2020 on a going concern basis.
- That the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- That the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### HEALTH, SAFETY AND QUALITY MANAGEMENT

Your Company is ISO 9001:2015 certified and maintains high quality of product and processes and the company is conscious about its responsibility towards the upkeep of environment and maintenance of high safety and health standards at its work places.

### ACKNOWLEDGEMENT

We wish to place on record the cooperation received from the M.P. State Mining Corporation Ltd., Banks and customers, suppliers, business associates and shareholders of the Company. The Directors also wish to place on record the appreciation to the team of executives, staff and workers, who have shown devotion and efficiency in performing their jobs.

|       |            | For and on Behalf of the Board of Directors |                   |   |
|-------|------------|---|-------------------|---|
|       |            |   | Sd/-              | Sd/-  |
|       |            |   | (Pankaj Ostwal)   | (Sourabh Gupta)                                     |
| Place | Bhilwara   |   | Managing Director | Whole Time Director<br>&<br>Chief Financial Officer |
| Date  | 21.07.2020 |   | DIN 02586806      | DIN 07177647  |



**ANNEXURE I**
**Form No. MGT-9**
**As on the financial year ended on 31.03.2020**

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

**REGISTRATION AND OTHER DETAILS**

|      |   |   |
|------|---|---|
| i)   | CIN   | L24121RJ1997PLC029126   |
| ii)  | Registration Date   | 22-10-1997  |
| iii) | Name of the Company   | Madhya Bharat Agro Products Limited   |
| iv)  | Category / Sub-Category of the Company                                    | Public Company<br>Company Limited by Share  |
| v)   | Address of the Registered office and contact details                      | 5-O-21, Basement, R.C. Vyas Colony<br>Bhilwara (Raj.) 311001  |
| vi)  | Whether listed company (Yes / No)   | Yes<br>National Stock Exchange of India Limited   |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Bigshare Services Pvt. Ltd.<br>1st Floor, Bharat Tin Works Building Opp.<br>Vasant Oasis, Makwana Road, Marol,<br>Andheri (East) Mumbai 400059 Maharashtra<br>Tel No.:+91-22-62638200<br>Fax No.:+91-22-62638299<br>Email: ipo@bigshareonline.com |

**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated –

| S. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1      | Fertilizer                                       | 20121                            | 88.61                              |

**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

| S. No. | Name and Address of the Company | CIN/GLN               | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section                       |
|--------|---------------------------------|-----------------------|--------------------------------|------------------|--|
| 1      | Ostwal Phoschem (India) Limited | U26933RJ1989PLC032188 | Holding                        | 65.29%           | Section 2(46) of the Companies Act ,2013 |

**SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

| Category of Shareholders                                   | No. of Shares held at the beginning of the year |          |                 |                   | No. of Shares held at the end of the year |          |                 |                   | % Change during the year |
|--|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
|  | Demat   | Physical | Total           | % of Total Shares | Demat                                     | Physical | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>  |   |          |                 |                   |   |          |                 |                   |                          |
| <b>1. Indian</b>   |   |          |                 |                   |   |          |                 |                   |                          |
| Individual/ HUF  | 1272175   | 0        | 1272175         | 5.81              | 1272175                                   | 0        | 1272175         | 5.81              | -                        |
| Central Govt   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| State Govt (s)   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Bodies Corp.   | 13333560  | 0        | 13333560        | 60.86             | 15203204                                  | 0        | 15203204        | 69.40             | 8.54                     |
| Banks / FI   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Any Other  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| <b>Sub-total (A) (1):-</b>                                 | <b>14605735</b>                                 | <b>0</b> | <b>14605735</b> | <b>66.67</b>      | <b>16475379</b>                           | <b>0</b> | <b>16475379</b> | <b>75.21</b>      | <b>8.54</b>              |
| <b>2. Foreign</b>  |   |          |                 |                   |   |          |                 |                   |                          |
| NRIs –Individuals  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Other Individuals  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Bodies Corp.   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Banks / FI   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Any Other  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| <b>Sub-total (A) (2):-</b>                                 | <b>0</b>  | <b>0</b> | <b>0</b>        | <b>0</b>          | <b>0</b>                                  | <b>0</b> | <b>0</b>        | <b>0</b>          | <b>0</b>                 |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A) (2)</b> | <b>14605735</b>                                 | <b>0</b> | <b>14605735</b> | <b>66.67</b>      | <b>16475379</b>                           | <b>0</b> | <b>16475379</b> | <b>75.21</b>      | <b>8.54</b>              |
| <b>B. Public Shareholding</b>                              |   |          |                 |                   |   |          |                 |                   |                          |
| <b>1 Institutions</b>                                      |   |          |                 |                   |   |          |                 |                   |                          |
| Mutual Funds   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Banks / FI   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Central Govt   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| State Govt (s)   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Venture Capital Funds                                      | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Insurance Companies  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| FIs  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Foreign Venture Capital Funds                              | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| Others (specify)   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| <b>Sub-total (B)(1):-</b>                                  | <b>0</b>  | <b>0</b> | <b>0</b>        | <b>0</b>          | <b>0</b>                                  | <b>0</b> | <b>0</b>        | <b>0</b>          | <b>0</b>                 |
| <b>2 Non-Institutions</b>                                  |   |          |                 |                   |   |          |                 |                   |                          |
| a) Bodies Corp.  |   |          |                 |                   |   |          |                 |                   |                          |
| Indian   | 4220100   | 0        | 4220100         | 19.26             | 3040770                                   | 0        | 3040770         | 13.88             | -5.38                    |

|  |                 |          |                 |               |                 |          |                 |               |              |
|--|-----------------|----------|-----------------|---------------|-----------------|----------|-----------------|---------------|--------------|
| Overseas   | -               | -        | -               | -             | -               | -        | -               | -             | -            |
| b) Individuals   |                 |          |                 |               |                 |          |                 |               |              |
| Individual shareholders holding nominal share capital up to Rs. 1 lakh       | 645000          | 0        | 645000          | 2.94          | 462994          | 0        | 462994          | 2.11          | -0.83        |
| Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 2423900         | 0        | 2423900         | 11.06         | 1911011         | 0        | 1911011         | 8.72          | -2.34        |
| Others   |                 |          |                 |               |                 |          |                 |               |              |
| Clearing Member  | 6000            | 0        | 6000            | 0.03          | 16581           | 0        | 16581           | 0.07          | 0.04         |
| Non-Resident Indians (Non Repat)   | 6000            | 0        | 6000            | 0.03          | 0               | 0        | 0               | 0             | -0.03        |
| <b>Sub-total (B)(2):-</b>  | <b>7301000</b>  | <b>0</b> | <b>7301000</b>  | <b>33.33</b>  | <b>5431356</b>  | <b>0</b> | <b>5431356</b>  | <b>24.79</b>  | <b>-8.54</b> |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)                                 | <b>7301000</b>  | <b>0</b> | <b>7301000</b>  | <b>33.33</b>  | <b>5431356</b>  | <b>0</b> | <b>5431356</b>  | <b>24.79</b>  | <b>-8.54</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                       | -               | -        | -               | -             | -               | -        | -               | -             | -            |
| <b>Grand Total (A+B+C)</b>   | <b>21906735</b> | <b>0</b> | <b>21906735</b> | <b>100.00</b> | <b>21906735</b> | <b>0</b> | <b>21906735</b> | <b>100.00</b> | <b>0</b>     |

### Shareholding of Promoters

| S No. | Shareholder's Name                         | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |   | % change in share holding during the year |
|-------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|---|---|
|       |  | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledge d / encumbered to total shares |   |
| 1     | Pankaj Ostwal                              | 201015                                    | 0.92                             | -  | 201015                              | 0.92                             | -   | -   |
| 2     | Praveen Ostwal                             | 332700                                    | 1.52                             | -  | 332700                              | 1.52                             | -   | -   |
| 3     | Ekta Jain                                  | 661840                                    | 3.02                             | -  | 661840                              | 3.02                             | -   | -   |
| 4     | Pankaj Ostwal (HUF)                        | 57120                                     | 0.26                             | -  | 57120                               | 0.26                             | -   | -   |
| 5     | Mahendra Kumar Ostwal                      | 8500                                      | 0.04                             | -  | 8500                                | 0.04                             | -   | -   |
| 6     | Smt. Nitu Jain                             | 5000                                      | 0.02                             | -  | 5000                                | 0.02                             | -   | -   |
| 7     | Praveen Ostwal (HUF)                       | 6000                                      | 0.03                             | -  | 6000                                | 0.03                             | -   | -   |
| 9     | Ostwal Phoschem (India) Limited            | 8261770                                   | 37.71                            | -  | 14303204                            | 65.29                            | -   | 27.58                                     |
| 10    | Nirmala Realinfrastructure Private Limited | 900000                                    | 4.11                             | -  | 900000                              | 4.11                             | -   | -   |
|       | <b>Total</b>                               | <b>10433945</b>                           | <b>47.63</b>                     | <b>0</b>   | <b>16475379</b>                     | <b>75.21</b>                     | <b>0</b>  | <b>27.58</b>                              |

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

| S. No. | Name of Promoter                   | 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 |
|        | <b>Ostwal Phoschem (India) Ltd</b> |   |                                  |   |                                  |
| 1      | At the beginning of the year       | 8261770                                   | 37.71                            | 8261770                                 | 37.71                            |
|        | Purchase                           | 6041434                                   | 27.58                            | 14303204                                | 65.29                            |
|        | At the End of the year             | 14303204                                  | 65.29                            | 14303204                                | 65.29                            |

**Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| S. No. | Name of shareholder                                 | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|---|---|----------------------------------|---|----------------------------------|
|        |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1      | <b>Suswani Textiles Pvt. Ltd.</b>                   |   |                                  |   |                                  |
|        | At the beginning of the year                        | 1468000                                   | 6.70                             | 1468000                                 | 6.70                             |
|        | Increase /Decrease in Share Holding during the year | (26160)                                   | (0.11)                           | 1441840                                 | 6.58                             |
|        | At the End of the year                              | 1441840                                   | 6.58                             | 1441840                                 | 6.58                             |
| 2      | <b>Visualize Tradecom Pvt. Ltd.</b>                 |   |                                  |   |                                  |
|        | At the beginning of the year                        | 1167000                                   | 5.33                             | 1167000                                 | 5.33                             |
|        | Increase /Decrease in Share Holding during the year | (81504)                                   | (0.37)                           | 1085496                                 | 4.95                             |
|        | At the End of the year                              | 1085496                                   | 4.95                             | 1085496                                 | 4.95                             |
| 3      | <b>Swastik Clothtex Private Limited</b>             |   |                                  |   |                                  |
|        | At the beginning of the year                        | 354000                                    | 1.62                             | 354000                                  | 1.62                             |
|        | Increase /Decrease in Share Holding during the year | 6465                                      | 0.02                             | 360465                                  | 1.64                             |
|        | At the End of the year                              | 360465                                    | 1.64                             | 360465                                  | 1.64                             |
| 4      | <b>Naresh Chandra Garg</b>                          |   |                                  |   |                                  |
|        | At the beginning of the year                        | 213000                                    | 0.97                             | 213000                                  | 0.97                             |
|        | Increase /Decrease in Share Holding during the year | -   | -                                | -                                       | -                                |
|        | At the End of the year                              | 213000                                    | 0.97                             | 213000                                  | 0.97                             |
| 5      | <b>Nirmala Devi Garg</b>                            |   |                                  |   |                                  |
|        | At the beginning of the year                        | -   | -                                | -                                       | -                                |
|        | Increase /Decrease in Share Holding during the year | 120000                                    | 0.54                             | 120000                                  | 0.54                             |
|        | At the End of the year                              | 120000                                    | 0.54                             | 120000                                  | 0.54                             |

|           |   |         |        |        |      |
|-----------|---|---------|--------|--------|------|
| <b>6</b>  | <b>Arham Suitings Pvt. Ltd.</b>                     |         |        |        |      |
|           | At the beginning of the year                        | 117000  | 0.53   | 117000 | 0.53 |
|           | Increase /Decrease in Share Holding during the year | -       | -      | -      | -    |
|           | At the End of the year                              | 117000  | 0.53   | 117000 | 0.53 |
| <b>7</b>  | <b>Ayush Ashok Ostwal</b>                           |         |        |        |      |
|           | At the beginning of the year                        | 150000  | 0.68   | 150000 | 0.68 |
|           | Increase /Decrease in Share Holding during the year | (36000) | (0.16) | 114000 | 0.52 |
|           | At the End of the year                              | 114000  | 0.52   | 114000 | 0.52 |
| <b>8</b>  | <b>Kan Singh Ostwal</b>                             |         |        |        |      |
|           | At the beginning of the year                        | 108000  | 0.49   | 108000 | 0.49 |
|           | Increase /Decrease in Share Holding during the year | -       | -      | -      | -    |
|           | At the End of the year                              | 108000  | 0.49   | 108000 | 0.49 |
| <b>9</b>  | <b>Jash Kanwar Ostwal</b>                           |         |        |        |      |
|           | At the beginning of the year                        | 107914  | 0.49   | 107914 | 0.49 |
|           | Increase /Decrease in Share Holding during the year | (4500)  | (0.02) | 103414 | 0.47 |
|           | At the End of the year                              | 103414  | 0.47   | 103414 | 0.47 |
| <b>10</b> | <b>Naresh Kumar Bhargava</b>                        |         |        |        |      |
|           | At the beginning of the year                        | 81000   | 0.36   | 81000  | 0.36 |
|           | Increase /Decrease in Share Holding during the year | -       | -      | -      | -    |
|           | At the End of the year                              | 81000   | 0.36   | 81000  | 0.36 |

**Shareholding of Directors and Key Managerial Personnel:**

| S. No.   | Name of shareholder                                 | 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 |
| <b>1</b> | <b>Sh. Praveen Ostwal</b>                           |   |                                  |   |                                  |
|          | At the beginning of the year                        | 332700                                    | 1.52                             | 332700                                  | 1.52                             |
|          | Increase /Decrease in Share Holding during the year | -   | -                                | -                                       | -                                |
|          | At the End of the year                              | 332700                                    | 1.52                             | 332700                                  | 1.52                             |
| <b>2</b> | <b>Sh. Pankaj Ostwal</b>                            |   |                                  |   |                                  |
|          | At the beginning of the year                        | 201015                                    | 0.92                             | 201015                                  | 0.92                             |
|          | Increase /Decrease in Share Holding during the year | -   | -                                | -                                       | -                                |
|          | At the End of the year                              | 201015                                    | 0.92                             | 201015                                  | 0.92                             |

|   |   |       |      |       |      |
|---|---|-------|------|-------|------|
| 3 | <b>Sh. Arvind Kothari</b>                           |       |      |       |      |
|   | At the beginning of the year                        | 12000 | 0.05 | 12000 | 0.05 |
|   | Increase /Decrease in Share Holding during the year | -     | -    | -     | -    |
|   | At the End of the year                              | 12000 | 0.05 | 12000 | 0.05 |
| 4 | <b>Sh. Mahendra Kumar Ostwal</b>                    |       |      |       |      |
|   | At the beginning of the year                        | 8500  | 0.04 | 8500  | 0.04 |
|   | Increase /Decrease in Share Holding during the year | -     | -    | -     | -    |
|   | At the End of the year                              | 8500  | 0.04 | 8500  | 0.04 |
| 5 | <b>Sh. Bheru Lal Ostwal</b>                         |       |      |       |      |
|   | At the beginning of the year                        | 54000 | 0.25 | 54000 | 0.25 |
|   | Increase /Decrease in Share Holding during the year | -     | -    | -     | -    |
|   | At the End of the year                              | 54000 | 0.25 | 54000 | 0.25 |

## INDEBTEDNESS

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

(In Lakhs)

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 2624.44                          | 9.50            | 0        | 2633.94            |
| ii) Interest due but not paid                              | 14.53                            | 0               | 0        | 14.53              |
| iii) Interest accrued but not due                          | 0                                | 0               | 0        | 0                  |
| Total (i+ii+iii)   | 2638.97                          | 9.50            | 0        | 2648.47            |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| Addition   | 1500.00                          | 4.00            | 0        | 1336.10            |
| Reduction  | 167.90                           | 0               | 0        | 0                  |
| <b>Net Change</b>  | 1332.10                          | 4.00            | 0        | 1336.10            |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 3971.57                          | 13.50           | 0        | 3984.57            |
| ii) Interest due but not paid                              | 12.32                            | 0               | 0        | 12.32              |
| iii) Interest accrued but not due                          | 0                                | 0               | 0        | 0                  |
| Total (i+ii+iii)   | 3983.39                          | 13.50           | 0        | 3996.89            |

**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(In Lakhs)

| S.no. | Particulars of Remuneration   | Name of MD/WTD/ Manager |               | Total Amount |
|-------|---|-------------------------|---------------|--------------|
|       |   | Pankaj Ostwal           | Sourabh Gupta |              |
| 1     | Gross salary  |                         |               |              |
|       | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 48.02                   | 7.56          | 55.58        |
|       | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                       | -             | -            |
|       | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                       | -             | -            |
| 2     | Stock Option  | -                       | -             | -            |
| 3     | Sweat Equity  | -                       | -             | -            |
| 4     | Commission  | -                       | -             | -            |
|       | - as % of profit  | -                       | -             | -            |
|       | - others, specify   | -                       | -             | -            |
| 5     | Others, please specify  | -                       | -             | -            |
|       | Total (A)   | 48.02                   | 7.56          | 55.58        |
|       | Ceiling as per the Act  |                         |               |              |

**B. Remuneration to other directors - N.A.**
**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD –**

(In Lakhs)

| S. no. | Particulars of Remuneration   | Key Managerial Personnel |                   |     | Total Amount |
|--------|---|--------------------------|-------------------|-----|--------------|
|        |   | CEO                      | Company Secretary | CFO |              |
|        |   |                          | Pallavi Sukhwai   |     |              |
| 1      | Gross salary  |                          |                   |     |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                        | 2.64              | -   | 2.64         |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                        | 0                 | -   | 0            |
|        | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                        | 0                 | -   | 0            |
| 2      | Stock Option  | -                        | 0                 | -   | 0            |
| 3      | Sweat Equity  | -                        | 0                 | -   | 0            |
| 4      | Commission  |                          |                   |     |              |
|        | - as % of profit  | -                        | 0                 | -   | 0            |



|   |                        |   |      |   |      |
|---|------------------------|---|------|---|------|
|   | - others, specify      | - | 0    | - | 0    |
| 5 | Others, please specify | - | 0    | - | 0    |
|   | Total                  | - | 2.64 | - | 2.64 |

**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

**For and on Behalf of the Board of Directors**

Place Bhilwara (Raj)

Date 21.07.2020

Sd/-  
(Pankaj Ostwal)  
**Managing Director**

DIN 02586806

Sd/-  
(Sourabh Gupta)  
**Whole Time Director**  
&  
**Chief Financial Officer**  
DIN 07177647

## ANNEXURE II

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 2019-20**

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

To,  
The Members,  
Madhya Bharat Agro Products Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Madhya Bharat Agro Products Limited**. Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Madhya Bharat Agro Products Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended 31<sup>st</sup> 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Madhya Bharat Agro Products Limited** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

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

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

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit Period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable to the Company during the Audit Period);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchange

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **I further report that**

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

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

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

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

For Sourabh Bapna & Associates  
Company Secretaries

Sd/-  
(Sourabh Bapna)  
Proprietor  
C.P. No. 19968  
M. No. A51505

Date: 21.07.2020  
Place: Bhilwara



# *MADHYA BHARAT AGRO PRODUCTS LIMITED*

## **ANNEXURE 'III'**

### **PARTICULARS OF EMPLOYEES**

Details Pertaining to Remuneration as Required Under Section 197(12) of the Companies Act, 2013 Read With Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

|   |  |
|---|--|
| (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.   | 1. Mr. Pankaj Ostwal - 20.68<br>2. Mr. Sourabh Gupta - 3.30  |
| (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.   | 1. Pankaj Ostwal (Managing Director) - No Change<br>2. Sourabh Gupta (Whole Time Director & - 7.91% Chief Financial Officer)   |
| (iii) The percentage increase in the median remuneration of employees in the financial year   | The percentage increase in the median remuneration of employees in the financial year was 19.86 %.   |
| (iv) The number of permanent employees on the rolls of company.   | 133 Employee   |
| (v) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | Average increase in remuneration of employees other than the Managerial Personnel - 40.87%<br><br>Average increase in remuneration of Managerial Personnel - 0.86%   |
| (vi) Affirmation that the remuneration is as per the remuneration policy of the company.  | The company affirmed that the remuneration is as per the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Other Employees of the Company, formulated pursuant to the provisions of section 178 of the Companies Act, 2013. |



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **Details of the employees of the Company - Pursuant to Section 197 (Rule 5) of the Companies Act, 2013.**

- (i) Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees : NA
- (ii) Employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month: NA
- (iii) Employed throughout the financial year or part thereof receiving remuneration in excess of the amount drawn by Managing Director: NA

### **For and on Behalf of the Board of Directors**

|       |                          |                                |
|-------|--------------------------|--------------------------------|
|       | Sd/-                     | Sd/-                           |
|       | (Pankaj Ostwal)          | (Sourabh Gupta)                |
| Place | <b>Managing Director</b> | <b>Whole Time Director</b>     |
|       |                          | <b>&amp;</b>                   |
|       |                          | <b>Chief Financial Officer</b> |
| Date  | <b>DIN 02586806</b>      | <b>DIN 07177647</b>            |



## MADHYA BHARAT AGRO PRODUCTS LIMITED

### ANNEXURE IV

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

Information pursuant to section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8 of (Companies (Account) Rule, 2014) and forming part of the Director's Report for the year ended 31st March 2020.

##### CONSERVATION OF ENERGY

(a) The Company takes adequate steps for the conservation of energy at every stage of production and remains conscious about conserving energy resources.

(b) The Company has made adequate investment on various measures for conservation of energy which has resulted in optimizing energy consumption and saving in cost.

(c) The information pertaining to total energy consumption and energy generation per unit of production:

|   |                                | 2019-20  | 2018-19  |
|---|--------------------------------|----------|----------|
| 1.  | Electricity:                   |          |          |
| (a)   | Purchase of Units              | 5618390  | 4892226  |
|   | Amount in Lacs.                | 40660012 | 38994128 |
|   | Rate / unit Rs.                | 7.24     | 7.97     |
| (b)   | Own Generation                 |          |          |
|   | Units generated through Steam  | 414723   | 466049   |
|   | Cost/unit (Rs)                 | NIL      | NIL      |
|   | Units generated Through Diesel | 290309   | 925095   |
|   | Units per liter of oil         | 12.02    | 7.70     |
|   | Cost/unit (Rs.)                | 7.21     | 9.18     |
| Energy Consumption per unit of production (Unit/MT) |                                |          |          |
| 1.  | Single Super Phosphate         | 17.03    | 15.42    |
| 2.  | Beneficiated Rock Phosphate    | 34.84    | 36.11    |
| 3.  | Sulphuric Acid                 | 61.75    | 63.10    |





## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **TECHNOLOGY ABSORPTION**

The Company has strengthened the infrastructure for R & D and carried out improvement in quality systems. This has resulted into consistency in achieving standard quality parameters as per Government of India. The Company will continue to thrust on R & D activities of the Company.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

The figure of earnings and expenditure in foreign currency during the year is as under:

|                               | 2019-20 | 2018-19 |
|-------------------------------|---------|---------|
| Foreign Currency Earning      | -       | -       |
| Foreign Currency outgo (US\$) | 0       | 0       |

**For and on Behalf of the Board of Directors**

|       |                |   |  |
|-------|----------------|---|--|
| Place | Bhilwara (Raj) | Sd/-<br>(Pankaj Ostwal)<br><b>Managing Director</b> | Sd/-<br>(Sourabh Gupta)<br><b>Whole Time Director</b><br>&<br><b>Chief Financial Officer</b> |
| Date  | 21.07.2020     | <b>DIN 02586806</b>                                 | <b>DIN 07177647</b>  |



# MADHYA BHARAT AGRO PRODUCTS LIMITED

## ANNEXURE V

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

(Pursuant to clause (g) of sub-section (3) of section 134 & section 186(4) of the Companies Act, 2013)

| S. No. | Particulars     | As at 31 <sup>st</sup> March, 2020 | As at 31 <sup>st</sup> March, 2019 |
|--------|-----------------|------------------------------------|------------------------------------|
| (A)    | Loan Given      | NIL                                | NIL                                |
|        |                 |                                    |                                    |
|        |                 |                                    |                                    |
| (B)    | Investment made | NIL                                | NIL                                |
|        |                 |                                    |                                    |
|        |                 |                                    |                                    |
| (C)    | Guarantee given | NIL                                | NIL                                |
|        |                 |                                    |                                    |
|        |                 |                                    |                                    |

For and on Behalf of the Board of Directors

Place Bhilwara (Raj)

Date 21.07.2020

Sd/-  
(Pankaj Ostwal)  
Managing Director

DIN 02586806

Sd/-  
(Sourabh Gupta)  
Whole Time Director  
&  
Chief Financial Officer  
DIN 07177647



# MADHYA BHARAT AGRO PRODUCTS LIMITED

## ANNEXURE VI

### FORM NO. - AOC- 2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

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

1. Details of contracts or arrangements or transactions not at arm's length basis -N.A.
2. Details of material contracts or arrangement or transactions at arm's length basis:-

| Name(s) of the related party    | Nature of relationship | Duration of contract | Salient terms | Amount (In Lakh) |
|---------------------------------|------------------------|----------------------|---------------|------------------|
| <b>Purchases of Material</b>    |                        |                      |               |                  |
| Krishana Phoschem Ltd           | Interested Director    | FY 19-20             | See note-1    | 1205.77          |
| Ostwal Phoschem India Limited   | Interested Director    | FY 19-20             | See note-1    | 810.41           |
|                                 |                        |                      |               |                  |
|                                 |                        |                      |               |                  |
| <b>Sale of Material</b>         |                        |                      |               |                  |
| Krishana Phoschem Ltd           | Interested Director    | FY 19-20             | See note-1    | 260.31           |
| Ostwal Phoschem (India) Limited | Holding Company        | FY 19-20             | See note-1    | 26.39            |
|                                 |                        |                      |               |                  |
|                                 |                        |                      |               |                  |
| <b>Rent Paid</b>                |                        |                      |               |                  |
| Ostwal Phoschem India Limited   | Holding Company        | FY 19-20             | See note-1    | 0.12             |



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

**Note:**

1. Terms of the contract conform to the prevailing market rates and all the care has been taken to ensure reasonability of prices compare to the prevailing rates in the market, better quality products and timely supply.
2. Appropriate approvals have been taken for related party transactions.
3. Advance paid have been adjusted against billing, wherever applicable.

**For and on Behalf of the Board of Directors**

|       |                |   |  |
|-------|----------------|---|--|
| Place | Bhilwara (Raj) | Sd/-<br>(Pankaj Ostwal)<br><b>Managing Director</b> | Sd/-<br>(Sourabh Gupta)<br><b>Whole Time Director</b><br>&<br><b>Chief Financial Officer</b> |
| Date  | 21.07.2020     | <b>DIN 02586806</b>                                 | <b>DIN 07177647</b>  |

## ANNEXURE VII

### CORPORATE GOVERNANCE REPORT- 2019-20

#### **1. Corporate Governance Philosophy on Code of Corporate Governance**

The Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholders' value while safeguarding the interest of all the stakeholders. It is this conviction that has led the Company to make strong corporate governance values intrinsic to all its operations. The Company is led by Board, which includes independent directors. The Board provides strong oversight and strategic counsel. The Company has established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfill its oversight responsibilities and to provide management the strategic direction it needs. In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of compliances, are as follows:-

#### **2. Board of Directors**

##### **Composition of the Board**

As on March 31, 2020, the Company's Board comprised of 8(Eight) Directors viz., 3(Three) Independent Non-Executive Directors, 1 (One) Additional Independent Non-Executive Directors, 1 (One) Promoter and Managing Director, 1 (One) Whole time Director & CFO, and 2 (Two) Promoter and Non-Executive Director. The Chairman of the Board is also Promoter Non – Executive Director.

**Details of Board of Director's category, attendance at the Board Meetings and last Annual General Meeting (AGM), number of other Directorships and Committee positions as on 31st March, 2020 are given below:**

| Sr. No. | Name of the Director | Category/ Status of Directorship | No. of Board Meetings during year | No. of Board Meetings attended | Whether Attended AGM | No. of Directorships in other Public Limited Companies                              | No. of Committee positions held in Public Limited Companies |        | No. of Equity Shares held in the Company |
|---------|----------------------|----------------------------------|-----------------------------------|--------------------------------|----------------------|---|---|--------|--|
|         |                      |                                  |                                   |                                |                      |   | Chairman  | Member |  |
| 1       | Pankaj Ostwal        | Managing Director                | 08                                | 08                             | Yes                  | 1. Ostwal Phoschem (India) Limited (Non-Executive Director)<br>2. Krishana Phoschem | -   | 3      | 201015                                   |

## MADHYA BHARAT AGRO PRODUCTS LIMITED

|   |                       |   |    |    |     |  |   |   |        |
|---|-----------------------|---|----|----|-----|--|---|---|--------|
|   |                       |   |    |    |     | Limited(Non-Executive Director)  |   |   |        |
| 2 | Sourabh Gupta         | Whole Time Director and Chief Financial Officer | 08 | 08 | Yes | -  | - | - | -      |
| 3 | Praveen Ostwal        | Non-Executive Director                          | 08 | 07 | Yes | 1. Ostwal Phoschem (India) Limited (Non-Executive Director)<br>2. Krishana Phoschem Limited(Managing Director) | - | 2 | 332700 |
| 4 | Mahendra Kumar Ostwal | Chairman cum Non-Executive Director             | 08 | 08 | Yes | 1. Ostwal Phoschem (India) Limited(Managing Director)<br>2. Krishana Phoschem Limited (Non-Executive Director) | - | 1 | 8500   |
| 5 | Arvind Kothari        | Non-Executive Independent Director              | 08 | 08 | Yes | -  | 2 | 3 | 12000  |
| 6 | Paras Mal Surana      | Non-Executive Independent Director              | 08 | 08 | No  | -  | - | 2 | -      |
| 7 | Aruna# Kothari        | Non-Executive Women Independent Director        | 08 | 02 | No  | -  | - | 1 | -      |
| 8 | Bheru Lal Ostwal      | Independent Non-Executive Director              | 08 | 08 | No  | 1. Ostwal Phoschem (India) Limited   | 2 | 3 | 54000  |



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|   |               |   |    |    |    |  |   |   |   |
|---|---------------|---|----|----|----|--|---|---|---|
|   |               |   |    |    |    | (Non-Executive Independent Director)<br>2. Krishana Phoschem Limited<br>(Non-Executive Independent Director) |   |   |   |
| 9 | Shruti* Babel | Additional Non-Executive Independent Director | 08 | 00 | No | -  | - | - | - |

\* Mrs. Shruti Babel Non-Executive Women Independent Director has appointed on February 29, 2020.

# Mrs. Aruna Kothari Non-Executive Women Independent Director has resigned on February 29, 2020.

### Number of Board Meetings

The Board of Directors duly met 08 (Eight) times on 19<sup>th</sup> April, 2019, 10<sup>th</sup> May, 2019, 23<sup>rd</sup> August, 2019, 19<sup>th</sup> September, 2019, 9<sup>th</sup> November, 2019, 18<sup>th</sup> January 2020, 08<sup>th</sup> February, 2020 and 29<sup>th</sup> February, 2020. The maximum time gap between any two consecutive board meetings was less than 120 days.

### Disclosure of relationships between directors inter-se

Sh. Pankaj Ostwal, Managing Director on the Board of Directors is the Brother of Sh. Praveen Ostwal, Non-Executive Director. Sh. Pankaj Ostwal, Managing Director and Sh. Praveen Ostwal, Non-Executive Director are the Son of Sh. Mahendra Kumar Ostwal, Chairman cum Non-Executive Director in the Company.

### Number of shares and convertible instruments held by non-executive directors

Sh. Praveen Ostwal, who holds 332700 Equity Shares, Sh. Mahendra Kumar Ostwal who holds 8500 Equity Shares, Sh. Bheru Lal Ostwal who holds 54000 Equity Shares and Sh. Arvind Kothari who holds 12000 Equity Shares in the Company.

### Web link where details of familiarization programmes imparted to Independent Directors is disclosed:

All Independent Directors are familiarized with the Company and their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company, etc. from time to time.





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The details regarding Independent Directors' Familiarization Programmes are given on the website of the Company and can be accessed at <http://mbapl.com/pdf/Familiarization-Programmes-for-Independent-Directors.pdf>.

### **Separate Meeting of the Independent Directors**

During the reporting financial year, a separate Meeting of the Independent Directors of the Company, was held on 08<sup>th</sup> February, 2020, at the Registered Office of the Company at 5-O-21, Basement, R.C. Vyas Colony, Bhilwara 311001, whereat the following items as enumerated under Schedule IV to the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were discussed:

- a) Review of performance of Non-Independent Directors and the Board as a whole.
- b) Review of performance of the Chairperson of the Company.
- c) Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **List of skills/expertise/competencies required to function the business effectively:**

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

**Qualification & Knowledge:** Directors should be financially literate and have a sound understanding of business strategy, corporate governance and board operations.

**Integrity and Judgment:** Directors should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of issues consistent with the Company's values.

**Experience and Accomplishments:** Directors should have significant experience and proven Superior performance in professional endeavours whether this experience is in business, government, and academic or with non-profit organizations.

**Independence:** Directors who are not current or former management should meet the spirit as well as the letter of the applicable independence standards. In addition, all Directors should be independent in their thought and judgment so that they represent the long-term interests of all shareholders of the Company.

**Diversity:** Directors should be capable of representing the multi-cultural nature of our global corporation with consideration being given to a diverse board in terms of gender and ethnic membership. In addition, the Committee shall take into account diversity in professional experience, skills and background.



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**Board Interaction:** Directors should value board and team performance over individual performance, demonstrate respect for others and facilitate superior board performance. Directors should be willing and able to devote the time required to become familiar with Company's business and to be actively involved in the Board and its decision-making.

**Skills:** Directors should have expertise in one or more of the areas such as accounting and finance, technology, management, international business, compensation, legal, HR, corporate governance, strategy, industry knowledge and general business matters.

**Confirmation pertaining to independent directors of the company:**

In the opinion of the Board of Directors of the Company, Mr. Arvind Kothari, Mr. Paras Mal Surana, Mr. Bheru Lal Ostwal, Non-Executive Independent Directors and Shruti Babel, Additional Non- Executive Independent Director are Independent from the management and complies with the criteria of Independent Director as placed in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

**Reasons for the resignation of an independent director:**

During the year 2019-20, Mrs. Aruna Kothari, Independent Director have resigned before the expiry of their tenure due to pre- occupation.

### **3. Audit Committee**

**(a) Brief description of terms of reference:**

The terms of reference of the Audit Committee are in line with the provisions of Section 177 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The role of the Audit Committee is to provide oversight over the accounting systems, financial reporting and internal controls of the Company.

The powers and role of the Audit Committee are as set out in the Listing Agreement and Section 177 of the Companies Act, 2013.

**(b) Composition, Name of Members and Chairperson:**

The Audit Committee comprises 3 (Three) Directors as members. All members are financially literate and possess sound knowledge of accounts, finance and audit matters. The Company Secretary of the Company acts as Secretary to the Audit Committee. The Internal Auditors of the Company attend the Meetings of the Audit Committee on invitation of the Chairman of the Committee. The Composition of Audit Committee of the Company, is given below:



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| Sr. No. | Name                  | Name Designation                   | Position in Committee |
|---------|-----------------------|------------------------------------|-----------------------|
| 1.      | Shri Arvind Kothari   | Non-Executive-Independent Director | Chairman              |
| 2.      | Shri Pankaj Ostwal    | Managing Director                  | Member                |
| 3.      | Shri Bheru Lal Ostwal | Non-Executive-Independent Director | Member                |

### (c) Meetings and attendance during the year:

Four Audit Committee Meetings were held during the year ended March 31, 2020. The maximum time gap between any of the two meetings was not more than one hundred and twenty days.

The dates on which the Audit Committee meetings held are 09<sup>th</sup> May 2019, 30<sup>th</sup> August 2019, 09<sup>th</sup> November 2019, and 08<sup>th</sup> February 2020.

Details of the Members participation at the Meetings of the Committee are as under:

| Name of Director | Designation | Number of Meetings |          |
|------------------|-------------|--------------------|----------|
|                  |             | Held               | Attended |
| Arvind Kothari   | Chairman    | 4                  | 4        |
| Pankaj Ostwal    | Member      | 4                  | 4        |
| Bheru Lal Ostwal | Member      | 4                  | 4        |

## 4. Nomination and Remuneration Committee

### (a) Brief description of terms of reference:

Identify persons who are qualified to become directors and may be appointed in senior 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;

Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;

Formulation of criteria for evaluation of performance of independent directors and the board of directors;



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Devising a policy on diversity of board of directors;

Whether to extend or continue the term of appointment of the independent director, on the basis of the report performance evaluation of independent directors;

Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;

Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;

Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.

Decide the amount of Commission payable to the Whole time Directors;

Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc. and

To formulate and administer the Employee Stock Option Scheme.

### **(b) Composition, Name of Members and Chairperson:**

The Nomination and Remuneration Committee was constituted by the Board with three Independent Directors. The Chairman of this Committee is Independent Director.

The Company Secretary acts as the Secretary of the Committee.

The Nomination and Remuneration Committee of the Company as under:-

| Sr. No. | Name                  | Designation                        | Position in Committee |
|---------|-----------------------|------------------------------------|-----------------------|
| 1.      | Shri Bheru Lal Ostwal | Non-Executive-Independent Director | Chairman              |
| 2.      | Arvind Kothari        | Non-Executive-Independent Director | Member                |
| 3.      | Paras Mal Surana      | Non-Executive-Independent Director | Member                |

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

During the year, 2 Committee Meetings were held on 09 August 2019 and 08 February 2020.

Details of the Members participation at the Meetings of the Committee are as under:



## MADHYA BHARAT AGRO PRODUCTS LIMITED

| Name of Director | Designation | Number of Meetings |          |
|------------------|-------------|--------------------|----------|
|                  |             | Held               | Attended |
| Bheru Lal Ostwal | Chairman    | 2                  | 0        |
| Arvind Kothari   | Member      | 2                  | 2        |
| Paras Mal Surana | Member      | 2                  | 2        |

### (d) Performance evaluation criteria for Independent Directors:

The Nomination and Remuneration Committee of the Board laid out the evaluation criteria for performance evaluation of the Board, its Committees and all the individual directors, in adherence of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The performance evaluation for the financial year was carried out in accordance with the criteria laid out by the Nomination and Remuneration Committee. The evaluation of all directors (including Independent Directors) was done by the entire Board of Directors (excluding the Director being evaluated).

## 5. Remuneration of director

(a) All pecuniary relationship or transactions of the non-executive director's visà- vis Company: None

### (b) Criteria of making payments to Non-Executive Directors:

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial

Personnel and other Employees; regulated by the Nomination and Remuneration Committee of the Board. The Policy is also available on the website of the Company [www.mbapl.com](http://www.mbapl.com) in the 'Investor Handbook' section in 'Investor Relation'.

## 6. Stakeholders' Relationship Committee

### Composition, Name of Members and Chairperson:

The Nomination and Remuneration Committee was constituted by the Board with two Independent Directors and one executive Director. The Chairman of this Committee is Independent Director. During the year the 4 Stakeholder Relationship Committee Meetings were held on 01<sup>st</sup> May 2019, 30<sup>th</sup> August 2019, 09<sup>th</sup> November 2019 and 08<sup>th</sup> February 2020.

The Company Secretary acts as the Secretary of the Committee.



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The constituted Stakeholders Relationship Committee comprises the following:

| Sr. No. | Name             | Designation                        | Position in Committee |
|---------|------------------|------------------------------------|-----------------------|
| 1.      | Arvind Kothari   | Non-Executive-Independent Director | Chairman              |
| 2.      | Pankaj Ostwal    | Managing director                  | Member                |
| 3.      | Bheru Lal Ostwal | Non-Executive-Independent Director | Member                |

**(a) Name of Non-Executive Director heading the Committee:**

Shri Arvind Kothari, Non-Executive Independent Director was appointed as the Chairman of the Stakeholders Relationship / Grievance Redressal Committee.

**(b) Name and designation of Compliance officer:** Ms. Pallavi Sukhwai, Company Secretary

**(c) A Summary of complaints received and resolved by the Company during the period under review is given below:**

| No. of Investor Complaints received | No. of Investor Complaints disposed | No. of Investor Complaints those remaining unresolved |
|-------------------------------------|-------------------------------------|---|
| 0                                   | 0                                   | 0   |

### **7. Corporate Social Responsibility Committee**

In compliance of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted a Corporate Social Responsibility Committee. The composition of the Corporate Social Responsibility (CSR) Committee as at March 31, 2020 is as under:

| Name of the Director | Designation | Nature of Directorship             |
|----------------------|-------------|------------------------------------|
| Arvind Kothari       | Chairman    | Non-Executive Independent Director |
| Paras Mal Surana     | Member      | Non-Executive Independent Director |
| Bheru Lal Ostwal     | Member      | Non-Executive-Independent Director |



## 8. General Body Meetings

Particulars of last three Annual General Meetings:

| AGM              | Year Ended     | Venue   | Date                                | Time       |
|------------------|----------------|---|-------------------------------------|------------|
| 22 <sup>nd</sup> | March 31, 2019 | Hotel Kanchi Resorts,<br>Pur Road, Bhilwara<br>(Raj) 311001 | 26 <sup>th</sup> September<br>2019  | 04:00 P.M. |
| 21 <sup>st</sup> | March 31, 2018 | Hotel Kanchi Resorts,<br>Pur Road, Bhilwara<br>(Raj) 311001 | 27 <sup>th</sup> September,<br>2018 | 04:00 P.M. |
| 20 <sup>th</sup> | March 31, 2017 | Hotel Kanchi Resorts,<br>Pur Road, Bhilwara<br>(Raj) 311001 | 23 <sup>rd</sup> September,<br>2017 | 04:00 P.M. |

### Special Resolutions passed in previous three Annual General Meetings

Following Special resolutions were passed by the Company during the last three Annual General Meetings (AGM) of the Company:

| Date                             | Particulars  |
|----------------------------------|--|
| 26 <sup>th</sup> September, 2019 | <ol style="list-style-type: none"> <li>1. To consider and if thought fit, to pass, with or without modification, to appoint Sh. Mahendra Kumar Ostwal as a Non-Executive Director.</li> <li>2. To consider and if thought fit, to pass, with or without modification, to appoint Sh. Bheru Lal Ostwal as a Non-Executive Independent Director.</li> <li>3. To consider and, if thought fit, to pass, with or without modification(s), to re-appoint Mr. Arvind Kothari as an Independent Director of the Company for the second term of five (5) consecutive years</li> <li>4. To consider and, if thought fit, to pass, with or without modification(s), to appoint Mr. Paras Mal Surana as an Independent Director of the Company for the five (5) consecutive years</li> <li>5. To consider and, if thought fit, to pass, with or without modification(s), to Increase in Borrowing Powers of the Company.</li> <li>6. To consider and, if thought fit, to pass, with or without</li> </ol> |



## MADHYA BHARAT AGRO PRODUCTS LIMITED

|                                  |  |
|----------------------------------|--|
|                                  | modification(s), to Creation of Charge on Movable and Immovable properties of the Company, both present and future.                                |
| 27 <sup>th</sup> September, 2018 | 1. To Approval of Loans to Directors/Interested Parties<br>2. To Approval of Migration from NSE Emerge Platform to Main Board of NSE India Limited |
| 23 <sup>th</sup> September, 2017 | 1. No Special Resolution Passed.   |

### Resolution proposed to be passed through Postal Ballot

None of Business proposed to be transacted in the ensuring Annual General Meeting required the passing of a resolution by way of postal ballot.

## 9. Means of Communication

- 1). The unaudited quarterly results are announced within forty five days from the close of the quarter and the Audited results are announced within sixty days from the close of the financial year. The financial results are immediately sent to the Stock Exchanges and also uploaded on the website of the Company -**www.mbapl.com**.
- 2). The Company's corporate website, **www.mbapl.com** provides comprehensive information to the Shareholders.
- 3). The Company has not made any presentation to the institutional investors or analysts.

## 10. General Shareholders Information

| Sr. No. | Salient Items of Interest  | Particulars  |
|---------|--|--|
| 1.      | <b>Annual General Meeting</b><br>Date and Day<br>Time<br>Venue/Mode          | On Friday, September 25, 2020.<br>11.30 AM<br>through Video Conference ("VC")/Other Audio Visual Means ("OAVM")      |
| 2.      | <b>Financial Year</b>  | April 1st 2019 to March 31st, 2020   |
| 3.      | <b>Dividend Payment Date</b>   | Dividend will be paid within 30 days of the approval of the same in the Annual General Meeting                       |
|         | <b>Listing on Stock Exchanges</b>  | The Company's equity shares are listed on National Stock Exchange (NSE). The listing fee for the same has been paid. |
|         | <b>Symbol</b>  | MBAPL<br>ISIN : INE900L01010   |
|         | <b>Market Price Data: High, Low during each month in Last Financial Year</b> |  |
|         | <b>Month</b>   | <b>High</b> <b>Low</b>   |



## MADHYA BHARAT AGRO PRODUCTS LIMITED

|  |  |  |                           |              |                            |
|--|--|--|---------------------------|--------------|----------------------------|
|  | Apr-19   | 67.40  | 50.50                     |              |                            |
|  | May-19   | 51.30  | 50.50                     |              |                            |
|  | June- 19   | 55.00  | 41.10                     |              |                            |
|  | July-19  | 64.85  | 50.75                     |              |                            |
|  | Aug-19   | 89.60  | 62.05                     |              |                            |
|  | Sep-19   | 90.50  | 63.55                     |              |                            |
|  | Oct-19   | 84.00  | 75.00                     |              |                            |
|  | Nov- 19  | 79.95  | 64.90                     |              |                            |
|  | Dec-19   | 81.30  | 67.00                     |              |                            |
|  | Jan-20   | 80.00  | 71.00                     |              |                            |
|  | Feb-20   | 71.40  | 68.00                     |              |                            |
|  | Mar-20   | 74.95  | 61.40                     |              |                            |
|  | Register and Transfer Agents   | BIGSHARE SERVICES PRIVATE LIMITED<br>1st Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East) Mumbai 400059 Maharashtra<br>Tel No.:+91-22-62638200<br>Fax No.:+91-22-62638299<br>Email: ipo@bigshareonline.com<br>Investor Grievance Email: investor@bigshareonline.com<br>Website: www.bigshareonline.com<br>Contact Person: Mr. Ashok Shetty<br>SEBI Regn. No.: MB/INR000001385 |                           |              |                            |
|  | Share Transfer System  | As all the shares are held in dematerialized mode, the transfer takes place instantaneously between the transferor, transferee, and the Depository Participant through electronic debit/credit of the accounts involved.   |                           |              |                            |
|  | Distribution of Shareholding (as on 31.03.2020)  |  |                           |              |                            |
|  | Shareholding   | No. of Shareholders  | Percentage of Shareholder | Share Amount | Percentage of Shareholding |
|  | 1-5000   | 45   | 21.63                     | 20700        | 00.009                     |
|  | 5001-10000   | 7  | 03.37                     | 63070        | 00.029                     |
|  | 10001-20000  | 5  | 02.40                     | 81530        | 00.037                     |
|  | 20001-30000  | 29   | 13.94                     | 849440       | 00.388                     |
|  | 30001-40000  | 3  | 01.44                     | 112220       | 00.052                     |
|  | 40001-50000  | 6  | 02.89                     | 290100       | 00.132                     |
|  | 50001-100000   | 58   | 27.89                     | 3610370      | 01.648                     |
|  | 100001-999999999   | 55   | 26.44                     | 214039920    | 97.705                     |
|  | Total  | 208  | 100.00                    | 219067350    | 100.00                     |
|  | Dematerialization of shares and Liquidity  | All the Equity shares i.e. 100 % of the total issued, subscribed and paid-up equity share capital of the Company was held in dematerialized form.  |                           |              |                            |
|  | Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity | Not Applicable   |                           |              |                            |
|  | Plant Locations  | 1. Village Rajoua, Distt:- Sagar (M.P.)<br>2. Village Sourai Tehsil – Banda, Distt:- Sagar (M.P.)  |                           |              |                            |
|  | Address for correspondence   | 5-O-21, Basement R. C. Vyas Colony,  |                           |              |                            |

|  |  |  |
|--|--|--|
|  |  | Bhilwara – 311001,<br>Rajasthan, India.<br>Ph. No. 91-1482-237104/ 239091/ 230060<br>Email:secretarial@mbapl.com;<br>Website: <a href="http://www.mbapl.com">www.mbapl.com</a> |
|  | 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 mobilization of funds, whether in India or abroad | Not Applicable   |

## 11. Other Disclosures

### (a) **Related Party Transactions:**

During the year, none of the transactions with the related parties were in conflict with the interest of the Company at large.

All the related party transactions have been disclosed in the notes to the accounts of the Balance Sheet presented in the Annual Report.

### (b) **Details of non-compliance:**

There were no strictures or penalties imposed by either SEBI or Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets during the last three years.

### (c) **Vigil Mechanism/ Whistle Blower Policy:**

The Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. None of the person of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy is displayed on the Company's website viz. <http://mbapl.com/pdf/Vigil-mechanism.pdf>

### (d) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has fully complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### (e) **Web link where policy for determining 'material' subsidiaries is disclosed:**

The policy for determining 'material' subsidiaries is available on the website of the Company at <http://mbapl.com/pdf/Material-Subsidiaries-Policy.pdf>

**(f) Web link where policy on dealing with related party transactions is disclosed:**

The policy on dealing with related party transactions is available on the website of the Company at <http://mbapl.com/pdf/Policy-on-related-party-transactions.pdf>

**(g) Commodity price risk or foreign exchange risk and hedging activities:**

The Company has a proper Risk Management Practices and any risk arising from exposure to foreign currency for exports and imports is being hedged on a continuous basis. As of now, the Company does not hedge any commodity price risk.

**(h) Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under regulation 32(7A).**

Not Applicable

**(i) Certificate from the Practicing Company Secretary for the Non - Disqualification of Directors under SEBI (LODR), 2015- Regulation 34(3):**

The Company has received Certificate from Practicing Company secretary, M/s. Sourabh Bapna & Associates, regarding that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a director of companies by the Board, Ministry of Corporate Affairs or any other statutory authority as on March 31, 2019.

**(j) Where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required in the relevant financial year the same to be disclosed along with the reason thereof:-** Not Applicable

**(k) Total fees of all service paid by the listed company and its Subsidiary, 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: -** Rs. 1, 10,000 per annum.

**(l) Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.**

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



## **MADHYA BHARAT AGRO PRODUCTS LIMITED**

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-20.

No. of complaints received: Nil

No. of complaints disposed off: Nil

**(m) Instance of non-Compliance of any requirement of corporate governance report:**

There has been no instance of non-compliance of any requirement of corporate governance report.

**(n) Disclosure of compliance of regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46:**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(o) Disclosure of Accounting Treatment:**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**(p) CEO and CFO Certification**

The Chairman and Managing Director and Chief Financial Officer of the Company give annual Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange(s). The annual Compliance Certificate given by Chairman and Managing Director and Chief Financial Officer is attached with this Report an integral part of the Annual Report.

**(q) Code of conduct for Board Members and Senior Management Personnel**

The Board had approved a code of conduct for Board Members and Senior Management Personnel of the company which also incorporates the duties of Independent directors as laid down in Companies act, 2013. The Code has been displayed on the company's website [www.mbapl.com](http://www.mbapl.com). The Board Members and Senior Management Personnel have affirmed compliance with the aforesaid code.



## **MADHYA BHARAT AGRO PRODUCTS LIMITED**

**(r) Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance:**

The Company taken Certificate from the Practicing Company secretaries, M/s. Sourabh Bapna & Associates, regarding compliance of conditions of corporate governance is attached with this Report an integral part of the Annual Report.

**For and on Behalf of the Board of Directors**

Place Bhilwara (Raj)

Sd/-  
(Pankaj Ostwal)  
**Managing Director**

Sd/-  
(Sourabh Gupta)  
**Whole Time Director**  
&  
**Chief Financial Officer**  
DIN 07177647

Date1 21.07.2020

DIN 02586806

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS  
OF CORPORATE GOVERNANCE**

To The Members,  
Madhya Bharat Agro Products Limited

We have examined the compliance conditions of corporate governance by Madhya Bharat Agro Products Limited for the Financial year ended March 31, 2020 as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us,

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For Sourabh Bapna & Associates  
Company Secretaries

Sd/-  
(Sourabh Bapna)  
Proprietor  
C.P. No. 19968  
M. No. A51505

Date: 21.07.2020  
Place: Bhilwara



## **CERTIFICATION FROM THE MANAGING DIRECTOR AND THE CFO**

In terms of Regulation 34(3) of the SEBI (LODR) Regulation, 2015, we hereby certify as under:

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 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;

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 violates the Code of Conduct of the Company.

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. 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 do further certify that there has been:

i. No Significant changes in internal control over financial reporting during the year;

ii. No Significant changes in accounting policies during the year;

iii. No Instances of fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**For and on Behalf of the Board of Directors**

Sd/-

(Pankaj Ostwal)

**Managing Director**

Sd/-

(Sourabh Gupta)

**Whole Time Director**

**&**

**Chief Financial Officer**

Place Bhilwara (Raj)

Date 21.07.2020

**DIN 02586806**

**DIN 07177647**

**ANNEXURE VIII****MANAGEMENT DISCUSSION & ANALYSIS REPORTS****INDUSTRY SCENARIO AND DEVELOPMENTS**

The Company is mainly engaged in the manufacturing of fertilizer and chemical products. Out of three main nutrient viz N, P & K, which every soil requires, we are in the business of producing P through SSP. The winner in this field is those manufacturers who have integrated facilities and we are one among them. Demand of P has regularly increased and the same is ever growing with additional land coming under cultivation. The product being a part of agriculture revolution, received always Govt. support. India still has capacity less than the demand and the deficit is met by imports.

**OPPORTUNITIES**

MBAPL has undertaken backward integration and there exists good scope for various expansion and development of new product due to availability of ample land and skill manpower. There exists ample scope for value addition product from Sulphuric Acid. Following opportunities are also available for MBAPL:

- Increase in product line covering Macro and Micro nutrients.
- MBAPL has approval for Phosphoric Acid plant, for new addition of P nutrient by way of TSP seems a good opportunity.
- The expansion activities chalked out by the company and optimization of production, introduction of value-added products at regular interval are favourable to the company.
- High Growth Potential.

**THREATS**

- Competition from other Fertilizer manufacturing companies and imports.
- The main threat to the industry is vagaries of monsoon.
- Frequent changes in Government policies for fertilizer industry particularly in subsidy quantum and disbursement procedure.

**SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

Detail of Unit wise or Product wise performance is furnished separately in the Annual Report.

**FUTURE OUTLOOK- EXPANSION & INFRASTRUCTURE PROJECT**

The Company is in the process to implementing 66000 MTPA Triple Super Phosphate (TSP) plant along with the 62700 MTPA Sulphuric Acid plant in the existing unit in Madhya Pradesh. We are in advance stage of implementation of three units viz; Beneficiated Rock Phosphate (BRP), Phosphoric Acid (PAP) and TSP units of TSP Projects. BRP and PAP units we expect to have trial run shortly.

## RISK & CONCERN

Our business is mostly dependent upon the growth of agriculture and Agri-products which are subject to substantial risks faced by the Monsoon in India. Weather condition such as delayed monsoon or less rainfall may affect our business, the dependence on Government policies which ultimately impact the overall performance of the industry. These are all factors which are beyond the control of the private enterprise and would continue to be a challenge.

## INTERNAL CONTROL SYSTEM

The company has in place an adequate internal control system, which is commensurate with the size, scale and complexity of the company. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit compliance is ensured by the direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

During the period under review the Internal Financial Control were tested and no reportable material weakness in the design or operation were observed.

## OPERATIONAL PERFORMANCE

During the year under review, Your Company has achieved turnover of Rs. 13086.36 Lakh as against of Rs. 11605.33 Lakh and the net profit after tax for the current year stands at Rs. 1483.75 Lakh as against Rs. 1143.26 Lakh in previous year.

## KEY FINANCIAL RATIOS

| Sr. No | Particulars of Ratio        | 31.03.2020 | 31.03.2019 | Explanation for change in Ratios  |
|--------|-----------------------------|------------|------------|---|
| 1      | Debtors Turnover            | 8.30       | 8.99       | Down due to slower realization from debtor and Govt. Subsidy                      |
| 2      | Inventory Turnover          | 3.78       | 5.39       | Decreased due to high stock holding .   |
| 3      | Interest Coverage Ratio     | 8.00       | 5.35       | Improved due to better performance  |
| 4      | Current Ratio               | 2.62       | 2.19       | Improved due to retention of almost maximum profits in business                   |
| 5      | Debt Equity Ratio           | 0.45       | 0.37       | Increased due to availment of Term Loan and enhancement of working capital Limit. |
| 6      | Operating Profit Margin (%) | 16.40      | 13.57      | Improved due to better performance  |
| 7      | Net Profit Margin (%)       | 11.34      | 9.85       | Improved due to better performance  |



## MADHYA BHARAT AGRO PRODUCTS LIMITED

### DETAILS PERTAINING TO RETURN ON NET-WORTH OF THE COMPANY

| Sr. No | Particulars of Ratio    | 31.03.2020 | 31.03.2019 | Explanation for change in Return on Net Worth |
|--------|-------------------------|------------|------------|---|
| 1      | Return on Net Worth (%) | 11.38      | 9.79       | Improved due to better performance            |

### HUMAN RESOURCE DEVELOPMENT

As a part of ongoing exercise of the restructuring and re-organisation of the Company's business, the Company undertakes periodic comprehensive reviews of its HR policies and amends the same suitably from time to time, to meet the emerging business requirements. We have had cordial relations with the staff throughout the year.

### CAUTIONARY STATEMENT

There are certain statements in this report which the Company believes are forward looking. The forward looking statements stated in this report could significantly differ from the actual results due to certain risks and uncertainties, including but not limited to economic developments, Government actions, etc.

**For and on Behalf of the Board of Directors**

Place Bhilwara (Raj)

Date 21.07.2020

Sd/-  
(Pankaj Ostwal)  
**Managing Director**

DIN 02586806

Sd/-  
(Sourabh Gupta)  
**Whole Time Director**  
&  
**Chief Financial Officer**  
DIN 07177647



# **MADHYA BHARAT AGRO PRODUCTS LIMITED**

## **ANNEXURE-IX**

### **NOMINATION AND REMUNERATION POLICY**

*(Pursuant to clause (e) of sub-section (3) of section 134 of the Companies Act, 2013)*

#### **Introduction:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee, in compliances with Section 178 of the Companies Act, 2013 read along with applicable rules thereto.

#### **Objectives of the Committee:**

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Specify the manner for effective evaluation of performance of Board, its committees and individual directors (including Independent director) to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance and to provide necessary report to the Board for further evaluation.
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- vi. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vii. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- viii. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- ix. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- x. To develop a succession plan for the Board and to regularly review the plan.

#### **Definitions:**

- **“Board”**:-Board means Board of Directors of the Company.



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

- **“Director”**:-Directors means Directors of the Company.
- **“Key Managerial Personnel”**:- Key Managerial Personnel (KMP) means-
  - (i) The Chief Executive Officer or the managing director or the manager;
  - (ii) The Whole-Time Director;
  - (iii) The Company Secretary;
  - (iv) The Chief Financial Officer; and
  - (v) Such other officer as may be prescribed under the applicable statutory provisions/ regulations
- **“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Chairman:**

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### **Frequency of Meetings:**

The Committee shall meet once in a year.

### **Committee Members' Interests:**

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **Voting:**

(a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

(b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### **General Appointment Criteria:**

i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under or any other enactment for the time being in force.

iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, or any other enactment for the time being in force.

iv. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

### **Criteria for Evaluation of the Board:**

Following are the Criteria for evaluation of performance of the Board:

#### **1. Executive Directors:**

The Executive Directors shall be evaluated on the basis of targets/Criteria given to executive Directors by the Board from time to time

#### **2. Non-Executive Director:**

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

(a) Act objectively and constructively while exercising their duties;

(b) Exercise their responsibilities in a bona fide manner in the interest of the Company;





## **MADHYA BHARAT AGRO PRODUCTS LIMITED**

- (c) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) Do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) Refrain from any action that would lead to loss of his independence
- (f) Inform the Board immediately when they lose their independence,
- (g) Assist the Company in implementing the best corporate governance practices.
- (h) Strive to attend all meetings of the Board of Directors and the Committees;
- (i) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) Strive to attend the general meetings of the Company;
- (k) Keep themselves well informed about the Company and the external environment in which it operates;
- (l) Do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
- (n) Abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.

### **Remuneration:**

The Committee will recommend the remuneration to be paid to the Managing Director, Whole Time Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.

### **Deviations from this policy**

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

**For and on Behalf of the Board of Directors**

|       |                          |                                |
|-------|--------------------------|--------------------------------|
|       | Sd/-                     | Sd/-                           |
|       | (Pankaj Ostwal)          | (Sourabh Gupta)                |
| Place | <b>Managing Director</b> | <b>Whole Time Director</b>     |
|       |                          | <b>&amp;</b>                   |
|       |                          | <b>Chief Financial Officer</b> |
| Date  | <b>DIN 02586806</b>      | <b>DIN 07177647</b>            |





# MADHYA BHARAT AGRO PRODUCTS LIMITED

## ANNEXURE X

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

(Information pursuant to section 134 (3) (0) of the Companies Act, 2013 read with the Rule 8 & 9 of (Companies CSR Rule, 2014)

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

In adherence to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors upon the recommendation of CSR Committee, in its Meeting held on 29<sup>th</sup> September, 2014, approved a CSR Policy of the Company.

In accordance with the primary CSR philosophy of the group and the specified activities under Schedule VII to the Companies Act, 2013, the CSR activities of the Company cover certain thrust areas such as Tree Plantation, School Bags Distribution, Promoting Education, Environmental Sustainability, Eradicating Hunger and healthcare.

The Corporate Social Responsibility Policy of the Company is available on the website of the Company <http://www.mbapl.com> in the 'Investor Handbook' under 'Investor Relation'.

**2. Composition of CSR Committee-**

CSR Committee shall consist of following persons:

- |                           |          |
|---------------------------|----------|
| (1) Shri Arvind Kothari   | Chairman |
| (2) Shri Paras Mal Surana | Member   |
| (3) Shri Bheru Lal Ostwal | Member   |

**3. Average net profit of the company for last three financial years-**

| Year        | Net profit (In Lakh) |
|-------------|----------------------|
| 2018-2019   | 1620.60              |
| 2017-2018   | 758.32               |
| 2016-2017   | 1373.16              |
| Total       | 3752.08              |
| Avg. Profit | 1250.69              |

**4. CSR Expenditure - CSR Expenditure for financial year 2019-2020 of Company is 25.01 Lakh i.e. 2% of Rs. 1250.69 Lakh.**

**5. Details of CSR Spent during the financial year 2019-2020**

(a) Total amount spent for the financial year Rs. 26.20 Lakh

(b) Amount unspent for the financial year Rs. NIL

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

(Rs. in Lakh)

| (1)          | (2)                                | (3)                                    | (4)   | (5)  | (6)   | (7)   | (8)  |
|--------------|------------------------------------|--|---|--|---|---|--|
| S. No.       | CSR Project or activity Identified | Sector in which the Project is covered | Projects or Programs<br>(1) Local Area or other<br>(2) Specify The State and District where Projects or Programs was undertaken | Amount outlay (budget) Project Programs Wise | Amount Spent on The Projects or programs<br><b>Sub heads-</b><br>(1) Direct Expenditure On projects or programs<br>(2)Overheads | Cumulative expenditure Up to the Reporting period | Amount Spent : Direct or Through Implementing Agency |
| 1.           | Food & other Distribution          | Eradicating Hunger, poverty            | Sagar (Madhya Pradesh)  | 0.67   | 0.67 (Direct Expenditure)   | 0.67  | Direct   |
| 2            | Plantation Expenses                | Environmental sustainability           | Sagar (Madhya Pradesh)  | 18.53  | 18.53 (Direct Expenditure)  | 18.53   | Direct   |
| 3            | Acharya Shree Bhiksu Seva Sansthan | Charity / Donation                     | Bhilwara (Raj.)   | 5.00   | 5.00 (Direct Expenditure)   | 5.00  | Direct   |
| 4            | Terapanth Professional Forum       | Charity / Donation                     | New Delhi   | 2.00   | 2.00 (Direct Expenditure)   | 2.00  | Direct   |
| <b>Total</b> |                                    |  |   | 26.20  | 26.20   | 26.20   | `  |

**6. In case the Company has failed to spend the 2% of the average net profit of the last 3 FYs or any part thereof, the Company shall provide the reason for not spending the amount in its Board Report- N.A.**



## *MADHYA BHARAT AGRO PRODUCTS LIMITED*

### **7. Responsibility Statement-**

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

**For and on Behalf of the Board of Directors**

Place Bhilwara (Raj)

Date 21.07.2020

Sd/-  
(Pankaj Ostwal)  
**Managing Director**

**DIN 02586806**

Sd/-  
(Sourabh Gupta)  
**Whole Time Director**  
&  
**Chief Financial Officer**  
**DIN 07177647**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MADHYA BHARAT AGRO PRODUCTS LIMITED**

#### **Report on the Audit of the Standalone Financial Statements**

##### **Opinion**

We have audited the accompanying standalone financial statements of **MADHYA BHARAT AGRO PRODUCTS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

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

##### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 ethical 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 obtained by us is sufficient and appropriate to provide a basis for our 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Description of Key Audit Matters

| The key audit matter   | How the matter was addressed in our audit  |
|--|--|
| <p><b>Adoption of Ind AS 116, Leases</b></p> <p>As described in Note 2 to the standalone financial statements, during the current year the Company has adopted Ind AS 116, Leases ('Ind AS 116'), the new standard on lease accounting. The application and transition to this accounting standard is complex and is an area of focus in our audit .</p> <p>Ind AS 116 introduces a new lease accounting model wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.</p> <p>The Company adopted the full retrospective approach method to transition to Ind AS 116, consequently comparative financial information was not restated.</p> | <p>Our audit procedures on adoption of Ind AS 116 include the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of the processes and internal controls relating to implementation of the new lease standard.</li> <li>• Based on our evaluation of the contractual agreements entered into and our knowledge of the business, assessed the appropriateness of the leases identified by the Company.</li> <li>• Involved our internal valuation specialists to evaluate the reasonableness of the discount rates used in computing the lease liabilities.</li> <li>• On transition to Ind AS 116 with effect from 1 April 2019: <ul style="list-style-type: none"> <li>▪ Evaluated the method of transition and related adjustments.</li> <li>▪ Tested completeness of the lease data by reconciling the Company's operating lease commitments as at 31 March 2019 to data used in computing the ROU asset and related lease liabilities.</li> <li>▪ Selected samples using the statistical sampling approach. For such samples selected, we assessed the key terms and conditions of each lease with the underlying lease contracts, evaluated computation of</li> </ul> </li> </ul> |

|  |  |
|--|--|
| <p>Additionally, the standard mandates detailed disclosures with respect of transition.</p> <p>Refer Note 2 (O) and Note 3 to the standalone financial statements.</p> | <p>lease liabilities and challenged the key estimates such as discount rates and the lease term.</p> <ul style="list-style-type: none"> <li>• For new / modified leases, tested the lease accounting and estimates/ judgments used by the Company.</li> <li>• Evaluated the appropriateness of the accounting policy, disclosures provided under the new lease standard and assessed the completeness and mathematical accuracy of the relevant disclosures, including those related to transition.</li> </ul> |
|--|--|

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including 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.

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 Responsibilities for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 standalone 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 standalone financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### **Report on Other Legal and Regulatory Requirements**

- 1) As required by 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 Flows 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.



- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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 does not have any pending litigations which would impact its financial position;
    - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
- 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 M/s. Rajneesh Kanther & Associates**  
Chartered Accountants  
(Firm's Registration No. 021262C)

Sd/-  
Rajneesh Kanther  
Partner  
(Membership No. 102162)

Place: Bhilwara  
Date: July 21, 2020

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of MADHYA BHARAT AGRO PRODUCTS LIMITED of even date)

### **Report on the Internal Financial Controls over Financial Reporting 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 **MADHYA BHARAT AGRO PRODUCTS LIMITED** (the “Company”) as of March 31, 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 Board of Directors of the Company 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 (the “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 respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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.

### **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, to the best of our information and according to the explanations given to us, 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 March 31, 2020, based on the internal financial 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 M/s. Rajneesh Kanther & Associates**  
Chartered Accountants  
(Firm's Registration No. 021262C)

Sd/-

Rajneesh Kanther  
Partner  
(Membership No. 102162)

Place: Bhilwara  
Date: July 21, 2020

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of MADHYA BHARAT AGRO PRODUCTS LIMITED of even date)**

- 1) In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a regular program of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the standalone financial statements, the lease agreements are in the name of the Company.
- 2) As per the information and explanation given to us, the inventories have been physically verified during the year by the management at reasonable intervals. No material discrepancy was noticed on such verification.
- 3) As per the information and explanations given to us and on the basis of the books of accounts, the company has not granted loans to any parties covered in the register maintained under section 189 of the Companies act, 2013. Thus clause iii (a), iii (b), iii(c) are not applicable.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- 5) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of sections 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- 6) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.

7) According to the information and explanations given to us, in respect of statutory dues:

- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

| Name of the statute  | Nature of dues | Amount<br>(Rs. In Lakhs) | Period to which the<br>amount relates<br>(Financial Year) | Forum where dispute<br>is pending                         |
|--|----------------|--------------------------|---|---|
| Demand raised by commercial tax department for Entry tax for the F.Y.2012-13 | Sales Tax      | 3.72                     | 2012-13   | Appeal made to Appellate Authority ,APP DC Sagar Division |

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions or Government and there are no dues to debenture holders during the year.
- 9) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- 10) To the best of our knowledge and 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 year.
- 11) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- 12) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- 13) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- 14) 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 paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- 15) 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 any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- 16) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M/s. Rajneesh Kanther & Associates**  
Chartered Accountants  
(Firm's Registration No. 021262C)

Sd/-  
Rajneesh Kanther  
Partner  
(Membership No. 102162)

Place: Bhilwara  
Date: July 21, 2020

**MADHYA BHARAT AGRO PRODUCTS LIMITED**

5-O-21, Basement, R.C. Vyas Colony, Bhilwara (Raj.) India

Website: www.mbapl.com Email: secretarial@mbapl.com; CIN No.: L24121RJ1997PLC029126

Balance Sheet As at 31st March, 2020



(Rs. in lakhs)

|    | Particulars  | Note No. | As at 31st March 2020 | As at 31st March 2019 | As at 1st April, 2018 |
|----|--|----------|-----------------------|-----------------------|-----------------------|
| I  | <b>ASSETS</b>  |          |                       |                       |                       |
|    | <b>Non-Current Assets</b>  |          |                       |                       |                       |
|    | (a) Property, Plant and Equipment  | 3        | 8316.70               | 9250.99               | 10218.23              |
|    | (b) Capital work-in-progress   | 3        | 3071.37               | 935.24                | 903.84                |
|    | <b>(c) Financial Assets</b>  |          |                       |                       |                       |
|    | (i) Other Financial Assets   | 4        | 65.61                 | 69.71                 | 97.58                 |
|    | (d) Deferred tax assets (Net)  | 5        | 0.00                  | 99.54                 | 172.94                |
|    | (e) Other Non-Current Assets   | 6        | 242.47                | 0.00                  | 0.00                  |
|    | <b>Total Non Current Assets</b>  |          | <b>11696.15</b>       | <b>10355.48</b>       | <b>11392.59</b>       |
|    | <b>Current Assets</b>  |          |                       |                       |                       |
|    | (a) Inventories  | 7        | 3298.09               | 2089.17               | 1445.71               |
|    | <b>(b) Financial Assets</b>  |          |                       |                       |                       |
|    | (i) Trade receivables  | 8        | 2777.13               | 2225.60               | 1174.07               |
|    | (ii) Cash and cash equivalents   | 9        | 95.03                 | 4.89                  | 2.01                  |
|    | (iii) Loans  | 10       | 1.28                  | 2.44                  | 0.25                  |
|    | (iv) Other Current Financial Assets  | 11       | 177.89                | 816.69                | 944.12                |
|    | (c) Other current assets   | 12       | 863.24                | 464.42                | 194.94                |
|    | <b>Total Current Assets</b>  |          | <b>7212.66</b>        | <b>5603.21</b>        | <b>3761.10</b>        |
|    | <b>Total Assets</b>  |          | <b>18908.81</b>       | <b>15958.69</b>       | <b>15153.69</b>       |
| II | <b>EQUITY AND LIABILITIES</b>  |          |                       |                       |                       |
|    | <b>Equity</b>  |          |                       |                       |                       |
|    | (a) Equity Share capital   | 13       | 2190.67               | 2190.67               | 2190.67               |
|    | (b) Other Equity   | 14       | 10845.11              | 9490.16               | 8479.62               |
|    | <b>Total Equity</b>  |          | <b>13035.78</b>       | <b>11680.83</b>       | <b>10670.29</b>       |
|    | <b>LIABILITIES</b>   |          |                       |                       |                       |
|    | <b>Non-Current Liabilities</b>   |          |                       |                       |                       |
|    | (a) Financial Liabilities  |          |                       |                       |                       |
|    | (i) Borrowings   | 15       | 2918.85               | 1703.96               | 1944.47               |
|    | (ii) Lease Liabilities   | 16       | 12.93                 | 13.34                 | 13.53                 |
|    | (b) Deferred tax liabilities (Net)   | 5        | 185.97                | 0.00                  | 0.00                  |
|    | <b>Total Non Current Liabilities</b>   |          | <b>3117.75</b>        | <b>1717.30</b>        | <b>1958.00</b>        |
|    | <b>Current liabilities</b>   |          |                       |                       |                       |
|    | (a) Financial Liabilities  |          |                       |                       |                       |
|    | (i) Borrowings   | 17       | 785.41                | 676.93                | 1385.06               |
|    | (ii) Trade Payables  | 18       |                       |                       |                       |
|    | (A) total outstanding dues of micro enterprises and small enterprises                      |          | 117.92                | 126.26                | 0.00                  |
|    | (B) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 458.81                | 391.69                | 522.90                |
|    | (iii) Lease Liabilities  | 16       | 0.21                  | 0.20                  | 0.18                  |
|    | (iv) Other financial liabilities   | 19       | 323.21                | 384.46                | 341.07                |
|    | (b) Other current liabilities  | 20       | 1031.69               | 895.73                | 248.83                |
|    | (c) Current tax liabilities (Net)  | 21       | 38.03                 | 85.29                 | 27.36                 |
|    | <b>Total Current Liabilities</b>   |          | <b>2755.28</b>        | <b>2560.56</b>        | <b>2525.40</b>        |
|    | <b>Total Equity and Liabilities</b>  |          | <b>18908.81</b>       | <b>15958.69</b>       | <b>15153.69</b>       |

Significant Accounting Policies and  
The accompanying notes form an integral part of the  
Financial Statements  
As per our report of even date.

1 to 43

**For :M/s Rajneesh Kanther & Associates**  
**Chartered Accountants**  
**(Firm Registration No. 021262C)**

**For and on behalf of the Board of Directors**

Sd/-  
(Pankaj Ostwal)  
**Managing Director**  
**DIN 02586806**

Sd/-  
(Praveen Ostwal)  
**Director**  
**DIN : 00412207**

Sd/-  
(Rajneesh Kanther)  
**Partner**  
**Membership No. 102162**  
Place: Bhilwara  
Date: 21st July, 2020

Sd/-  
(Pallavi Sukhwat)  
**Company Secretary**  
**Membership No. ACS 43744**

Sd/-  
(Sourabh Gupta)  
**CFO**  
**DIN 07177647**

**MADHYA BHARAT AGRO PRODUCTS LIMITED**  
**5-O-21, Basement, R.C. Vyas Colony, Bhilwara (Raj.) India**  
**Website: www.mbapl.com Email: secretarial@mbapl.com; CIN No.: L24121RJ1997PLC029126**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020**



( Rs. in lakhs)

| Particulars   | Note No. | For the year ended 31st March, 2020 | For the year ended 31st March 2019 |
|---|----------|-------------------------------------|------------------------------------|
| <b>REVENUE</b>  |          |                                     |                                    |
| Revenue From operations   | 22       | 13086.36                            | 11605.33                           |
| Other income  | 23       | 22.47                               | 26.68                              |
| <b>Total Revenue</b>  |          | <b>13108.83</b>                     | <b>11632.01</b>                    |
| <b>Expenses:</b>  |          |                                     |                                    |
| Cost of materials consumed  | 24       | 6706.75                             | 5161.38                            |
| Changes in inventories of finished goods, work-in-progress, and Stock-in- Trade     | 25       | (983.04)                            | (355.22)                           |
| Employee Benefits Expense   | 26       | 799.15                              | 565.77                             |
| Finance costs   | 27       | 306.49                              | 362.47                             |
| Depreciation and amortization expense   | 28       | 1041.14                             | 1038.79                            |
| Other expenses  | 29       | 3091.70                             | 3283.58                            |
| <b>Total expenses</b>   |          | <b>10962.19</b>                     | <b>10056.77</b>                    |
| <b>Profit Before Exceptional Items and Tax</b>                                      |          | <b>2146.64</b>                      | <b>1575.24</b>                     |
| Exceptional items   |          | 0.00                                | 0.00                               |
| <b>Profit before Tax</b>  |          | <b>2146.64</b>                      | <b>1575.24</b>                     |
| <b>Tax expense:</b>   |          |                                     |                                    |
| (1) Current tax   |          | 378.71                              | 358.32                             |
| (2) Deferred tax  |          | 284.18                              | 73.66                              |
| <b>Total Tax Expense</b>  |          | <b>662.89</b>                       | <b>431.98</b>                      |
| <b>Profit For the Year</b>  |          | <b>1483.75</b>                      | <b>1143.26</b>                     |
| <b>Other Comprehensive Income</b>   | 30       |                                     |                                    |
| <b>Items that will not be reclassified to profit or loss</b>                        |          |                                     |                                    |
| Remeasurement of defined benefit plans  |          | 4.59                                | (0.93)                             |
| Tax relating to remeasurement of defined benefits plans                             |          | (1.34)                              | 0.27                               |
| <b>Total Other Comprehensive Income for the period</b>                              |          | <b>3.25</b>                         | <b>(0.66)</b>                      |
| <b>Total Comprehensive Income for the period</b>                                    |          | <b>1487.00</b>                      | <b>1142.60</b>                     |
| <b>Earning Per equity Share of Face value Rs.10 each (Basic and Diluted in Rs.)</b> | 38       | 6.77                                | 5.22                               |

Significant Accounting Policies and

The accompanying notes form an integral part of the Financial Statements

1 to 43

As per our report of even date.

**For :M/s Rajneesh Kanther & Associates**  
**Chartered Accountants**  
**(Firm Registration No. 021262C)**

**For and on behalf of the Board of Directors**

Sd/-  
(Pankaj Ostwal)  
**Managing Director**  
**DIN 02586806**

Sd/-  
(Praveen Ostwal)  
**Director**  
**DIN : 00412207**

Sd/-  
(Rajneesh Kanther)  
**Partner**  
**Membership No. 102162**

Sd/-  
(Pallavi Sukhwai)  
**Company Secretary**  
**Membership No.**  
**ACS 43744**

Sd/-  
(Sourabh Gupta)  
**CFO**  
**DIN 07177647**

Place: Bhilwara  
Date: 21st July, 2020



**MADHYA BHARAT AGRO PRODUCTS LIMITED**  
**5-O-21, Basement, R.C. Vyas Colony, Bhilwara (Raj.) INDIA**  
**Website: www.mbapl.com Email: secretarial@mbapl.com; CIN No.: L24121RJ1997PLC029126**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2020**

(Rs. in lakhs)

| Particulars  | For the Year ended on 31<br>st March 2020 | For the Year ended<br>31st March 2019 |
|--|---|---------------------------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>           |   |                                       |
| Net profit before tax                                    | 2,146.64                                  | 1,575.24                              |
| <b>Adjustments for:</b>                                  |   |                                       |
| Depreciation and Amortisation                            | 1,041.14                                  | 1,038.79                              |
| Finance Cost   | 305.42                                    | 361.39                                |
| Interest Income  | (4.58)                                    | (3.22)                                |
| Loss / (Profit) on sale of Property, Plant & Equipment   | 0.29                                      | (10.35)                               |
| Interest paid on Lease Liabilities                       | 1.07                                      | 1.08                                  |
| <b>Operating profit before working capital change</b>    | <b>3,489.98</b>                           | <b>2,962.93</b>                       |
| <b>Adjustments for:</b>                                  |   |                                       |
| Increase/(Decrease) in Trade payable                     | 58.78                                     | (4.94)                                |
| Increase/(Decrease) in Other Current Liability           | 135.96                                    | 646.90                                |
| (Increase)/Decrease in Inventories                       | (1,208.92)                                | (643.46)                              |
| (Increase)/Decrease in Trade Receivable                  | (551.53)                                  | (1,051.53)                            |
| (Increase)/Decrease in Other Financial Assets            | 400.43                                    | 155.29                                |
| (Increase)/Decrease in Other Current Assets              | (394.24)                                  | (270.40)                              |
| (Increase)/Decrease in Other Financial Assets -Loans     | 1.16                                      | (2.19)                                |
| Increase/(Decrease) in Other Financial Liability         | (61.25)                                   | 43.39                                 |
| <b>Net changes in working capital</b>                    | <b>(1,619.61)</b>                         | <b>(1,126.94)</b>                     |
| <b>Cash Generated from/(used in) operations</b>          | <b>1,870.37</b>                           | <b>1,835.99</b>                       |
| Direct Taxes paid  | 425.97                                    | 300.39                                |
| <b>Net cash from/(Used in) operating activities (A)</b>  | <b>1,444.40</b>                           | <b>1,535.60</b>                       |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>           |   |                                       |
| Purchase of Property, Plant & Equipment                  | (2,265.14)                                | (138.20)                              |
| Sale/Decrease of Fixed Assets                            | 21.85                                     | 45.61                                 |
| Sale proceed of Property, Plant & Equipment              | -   | -                                     |
| Loss / (Profit) from sale of investment                  | -   | -                                     |
| Interest Income  | 4.58                                      | 3.22                                  |
| <b>Net cash from investing activities (B)</b>            | <b>(2,238.71)</b>                         | <b>(89.37)</b>                        |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>            |   |                                       |
| Proceeds/(repayment) of long term borrowings             | 1,214.89                                  | (240.51)                              |
| Proceeds/(Repayment) of short term borrowings            | 108.48                                    | (708.13)                              |
| Repayment of Lease Liabilities                           | (1.45)                                    | (1.26)                                |
| Finance Costs (Including Lease Liabilities Interest)     | (305.42)                                  | (361.39)                              |
| Dividend Paid  | (109.53)                                  | (109.53)                              |
| Dividend Distribution tax Paid                           | (22.52)                                   | (22.53)                               |
| <b>Net cash from financing activities (C)</b>            | <b>884.45</b>                             | <b>(1,443.35)</b>                     |
| <b>Net increase in cash and cash equivalents (A+B+C)</b> | <b>90.14</b>                              | <b>2.88</b>                           |
| Cash and cash equivalents as at the Start of the Year    | 4.89                                      | 2.01                                  |
| Cash and cash equivalents as at the End of the Year      | 95.03                                     | 4.89                                  |

**Note:**

- The above cash flow statement has been prepared under the indirect method as set out in Ind -AS 7 specified under section 133 of the Companies Act, 2013
- Figures in brackets denote cash outflow.
- Previous year figures have been regrouped and recasted where ever necessary to confirm the current year classification.

As per our report of even date.

**For: M/s Rajneesh Kanther & Associates**  
**Chartered Accountants**  
**(Firm Registration No. 021262C)**

**For and on behalf of the Board of Directors**

Sd/-  
(Rajneesh Kanther)  
**Partner**  
M.no. 102162  
Place: Bhilwara  
Date: 21st July, 2020

Sd/-  
(Pankaj Ostwal)  
**Managing Director**  
**DIN 02586806**

Sd/-  
(Praveen Ostwal)  
**Director**  
**DIN : 00412207**

Sd/-  
(Pallavi Sukhwat)  
**Company Secretary**  
**Membership No.**  
**ACS 43744**

Sd/-  
(Sourabh Gupta)  
**CFO**  
**DIN 07177647**

**Madhya Bharat Agro Products Limited.**  
**5-0-21, Basement, R.C.Vyas Colony, Bhilwara (Raj.) India**  
**Website: www.mbapl.com Email: secretarial@mbapl.com; CIN No.: L24121RJ1997PLC029126**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March 2020**



**A. EQUITY SHARE CAPITAL**

(Rs. in lakhs)

| Particulars                                       | As at 31st March, 2020 |                 | As at 31st March, 2019 |                 | As at 1st April, 2018 |                 |
|---|------------------------|-----------------|------------------------|-----------------|-----------------------|-----------------|
|   | No. of Shares          | Amount          | No. of Shares          | Amount          | No. of Shares         | Amount          |
| Balance at the beginning of the year              | -                      | 2,190.67        | 21,906,735             | 2,190.67        | 21,906,735            | 2,190.67        |
| Changes in equity share capital during year       | -                      | -               | -                      | -               | -                     | -               |
| <b>Balance at the end of the reporting period</b> | <b>-</b>               | <b>2,190.67</b> | <b>21,906,735</b>      | <b>2,190.67</b> | <b>21,906,735</b>     | <b>2,190.67</b> |

**B. OTHER EQUITY**

| Particulars  | Reserve and Surplus |                   | Other Comprehensive Income             | Money Received against Share Warrants | Total            |
|--|---------------------|-------------------|--|---------------------------------------|------------------|
|  | Securities Premium  | Retained Earnings | Remeasurement of defined benefit plans |                                       |                  |
| <b>Balance at the beginning of the reporting year i.e 01.04.2018</b> | 1,686.52            | 6,793.10          |  | -                                     | 8,479.62         |
| <b>Total Comprehensive Income for the year</b>                       | -                   | 1,143.26          | (0.66)                                 | -                                     | 1,142.60         |
| Dividend paid  | -                   | 109.53            |  | -                                     | 109.53           |
| Dividend distribution tax  | -                   | 22.53             |  | -                                     | 22.53            |
| <b>Balance at the end of the reporting period i.e. 31.03.2019</b>    | <b>1,686.52</b>     | <b>7,804.30</b>   | (0.66)                                 | -                                     | <b>9,490.16</b>  |
| <b>Total Comprehensive Income for the year</b>                       | -                   | 1,483.75          | 3.25                                   | -                                     | 1,487.00         |
| Dividends Paid (including Dividend Distribution Tax)                 | -                   | 132.05            | -                                      | -                                     | 132.05           |
| <b>Balance at the end of the reporting period i.e. 31.03.2020</b>    | <b>1,686.52</b>     | <b>9,156.00</b>   | <b>2.59</b>                            | -                                     | <b>10,845.11</b> |

As per our report of even date.

**For :M/s Rajneesh Kanther & Associates**  
**Chartered Accountants**  
**(Firm Registration No. 021262C)**

**For and on behalf of the Board of Directors**

Sd/-  
(Pankaj Ostwal)  
**Managing Director**  
**DIN 02586806**

Sd/-  
(Praveen Ostwal)  
**Director**  
**DIN : 00412207**

Sd/-  
(Rajneesh Kanther)  
**Partner**  
**Membership No. 102162**  
Place: Bhilwara  
Date: 21st July, 2020

Sd/-  
(Pallavi Sukhwai)  
**Company Secretary**  
**Membership No. ACS 43744**

Sd/-  
(Sourabh Gupta)  
**CFO**  
**DIN 07177647**

## **1. GENERAL INFORMATION:**

Madhya Bharat Agro Products Limited ("the Company") is a public limited company, incorporated in India having its registered office at 5-O-21, Basement, R.C. Vyas Colony, Bhilwara (Rajasthan) 311001. The equity shares of the Company are listed on NSE Limited. The company is engaged in the manufacturing of fertilizers & chemicals having manufacturing facility located Unit at Rajoua Distt. Sagar (M.P.) & Unit at Industrial Area, Village Sourai Teh.-Banda Dist.t Sagar (M.P.)

### **1.1 BASIS OF PREPARATION:**

#### **A. Statement of compliance**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements for the year ended 31st March, 2020 are the first financial statement under Ind AS. For all periods upto and including the year ended 31st March, 2019, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended 31st March, 2019 and the opening Balance Sheet as at 1st April, 2018 have been restated in accordance with Ind AS for comparative information. The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e 1st April, 2018. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss including Comprehensive income and Statement of Cash Flows are provided in the Notes.

#### **B. Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest Lakhs, except as stated otherwise.

#### **C. Basis of measurement**

The financial statements have been prepared under the historical cost convention on accrual basis. The following items are measured on each reporting date as under:

- Defined benefit plans- plan assets at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in the active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### **D. Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual result may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

##### **Judgments:**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements have been given below:

- Classification of leases into finance or operating lease
- Whether an arrangement contains a lease.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

##### **Assumptions and estimation uncertainties:**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included below:

- Estimation of current and deferred tax expense and asset/ liability.
- Estimated useful life of property, plant and equipment.
- Estimation of defined benefit obligation.
- Measurement and likelihood of occurrence of provisions and contingencies.
- Impairment of trade receivables.

#### **E. Critical accounting estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item 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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **1. Useful lives of property, plant and equipment and Intangible Assets**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

### **2. Employee benefits**

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note no K.

### **3. Revenue Recognition**

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Judgement is also required to determine the transaction price for the contract. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

### **4. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### **5. Loss allowance for receivables**

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

### **6. Taxes**

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **7. Contingencies**

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends upon performance of services by respective contractors. For contingent losses that are considered

probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

## **2. SIGNIFICANT ACCOUNTING POLICIES:**

### **A. Current and non-current classification**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

**Assets:** An asset is classified as current when it satisfies any of the following criteria:

- a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within twelve months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Liabilities:** A liability is classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets/ liabilities are classified as noncurrent. Based on the nature of products and the time between the acquisition of assets for processing and their realization in Cash or cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of Current / Noncurrent classification of assets and liabilities.

### **B. Property, plant and equipment (PPE)**

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Property, plant and equipment acquired on hire purchase basis are recognized at their cash values. For qualifying assets, borrowing costs are capitalized in accordance with the Company's accounting policy.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per I-GAAP less accumulated depreciation and cumulative impairment on the transition date of 1st April, 2018.

PPE not ready for the intended use on the Balance Sheet date is disclosed as "capital work-in-progress."

Depreciation is recognized using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation on additions to / deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated.

An item of Property, plant and equipment is derecognized when it is estimated that Company will not receive future economic benefits from its use or upon its disposal. Any gains and losses on disposal of such item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

### C. Depreciation and amortization

Depreciation method, estimated useful lives and residual values are determined based on technical parameters / assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful life of Property, Plant & Equipment is aligned to the useful life specified under Schedule II to the Companies Act, 2013 except useful life for computing depreciation in the following case:

| Assets                      | Useful life (Years) |
|-----------------------------|---------------------|
| Buildings                   | 30 -60              |
| Plant and Machinery         | 8 -20               |
| Office Equipment            | 5                   |
| Furniture & Fixtures        | 10                  |
| Vehicles                    | 8 -10               |
| Computers                   | 3                   |
| Energy Saving Equipment     | 15                  |
| Pollution Control Equipment | 15                  |
| Electric Installations      | 10                  |

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the Property, Plant and Equipment are likely to be used.

Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.

Depreciation on an item of property, plant and equipment sold, discarded, demolished or scrapped, is provided up to the date on which such item of property, plant and equipment is sold, discarded, demolished or scrapped.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

**D. Impairment of assets**

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary company to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. The intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- a) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognized immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

**E. Financial Instruments**

**i) Financial assets**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are recognized at fair value on initial recognition. Financial assets are subsequently classified as measured at:

- amortized cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)



Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

### **De recognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

### **Impairment of financial assets**

The Company recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost;

At each reporting date, the Company assesses whether financial assets carried at amortized cost has impaired and provisions are made for impairment accordingly. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

### **Measurement of expected credit losses**

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### **Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

### **ii) Financial liabilities**

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit and loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

### **Derecognise**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

### **iii) Offsetting financial instruments**

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

### **F. Borrowing costs**

Borrowing costs attributable to the acquisition or construction of fixed assets are capitalised as part of cost of the assets, up to the date the asset is put to use. Other Borrowing cost is charged to Statement of Profit & loss in the year in which they are incurred.

### **G. Income tax**

Income tax comprises current and deferred tax. It is recognized in statement of profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

#### **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### **Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets- unrecognized or recognized, are reviewed at each reporting date and are recognized /reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realized.

Minimum Alternate Tax ('MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the

specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### H. Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolesces and damages as under:

|      |   |                                    |
|------|---|------------------------------------|
| (i)  | Raw and packing materials, stores and spares including fuel | At Cost on FIFO basis              |
| (ii) | Stock in trade and Finished Goods                           | At Cost plus appropriate overheads |

Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out (FIFO) basis.

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

#### I. Cash and cash equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

#### J. Foreign currency translation

- i) The functional currency and presentation currency of the Company is Indian Rupee.
- ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date.

At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognized in profit or loss in the period in which they arise except for:

- A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- B. Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

#### K. Employee benefits

##### i) Defined benefit obligations

##### a) Post-employment benefits (Gratuity):

The liability recognized in balance sheet in respect of gratuity (unfunded) is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using projected unit credit method.

Re measurement actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement if changes in equity and in the balance sheet.

**b) Other employee benefits:**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method.

**ii) Defined contribution plan**

Company pays contributions to provident fund, employee pension scheme and employee state insurance as per statutes/ amounts as advised by the Authorities. The Company has no further obligations once the contributions have been paid. The contributions are accounted for as defined contribution plan and the contributions are recognized as employee benefit expense when they are due.

**iii) Short-term benefits:**

Liabilities for salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of reporting period in which the employees rendered the related services are recognized in respect of employee's service up to the end of reporting period and are measured at the amount expected to be paid when the liabilities are settled. These liabilities are presented as current employee benefit obligations in the balance sheet.

**L. Provision and contingent liabilities**

The Company sets up a provision when there is a present legal or constructive obligation as a result of a past event and it will probably requires an outflow of resources to settle the obligation and a reliable estimate can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or where reliable estimate of the obligation cannot be made. Contingent liabilities are disclosed on the basis of judgment of the management/ independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

**M. Revenue recognition**

- A.** Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

**B.** Revenues from Products are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

**C.** The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

**D.** Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

**E. Government Subsidy**

Subsidy has been recognized by the company on the basis of the notification received from the ministry of Chemicals and fertilizers from time to time.

**F. Other Revenue :**

- **Interest income**

Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

- **Rental income**

Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the statement of profit and loss.

- **Insurance Claims**

Insurance claims are accounted for as and when admitted by the concerned authority.

**N. Segment Accounting**

The Managing Directors monitor the operating results of the business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products. Segment revenue includes sales and other income directly identifiable with/ allocable to the Segment. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

Segment result represent the profit before interest and tax earned by each segment without allocation of central administrative costs.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

The company has disclosed Business Segments as its primary segments. Reporting segments have been identified as Fertilizers and Chemicals, taking into accounts the nature of product, the different risk and returns, the organizational structure and the internal reporting system.

The company caters mainly to the need of domestic market. The direct export turnover is Nil during the year. As such there are no reportable geographical segments.

**O. Leases:**

**As a Lessee**

The Company implemented a single accounting model as per Ind AS 116, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. The Company elected to apply exemptions to short term leases or for leases for which the underlying asset is of low value.

Based on the accounting policy applied the Company recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives,
- Any initial direct costs incurred by the lessee,
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the shorter of lease term or useful of underlying assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The lease payments are discounted using the Company's incremental borrowing rate or the rate implicit in the lease contract.

**P. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**Madhya Bharat Agro Products Limited**

Notes forming part of Financial Statements for the Year Ended 31st March 2020


**3. Property, Plant and Equipment**

(Rs. in lakhs)

|   | Particulars                | Gross Block        |           |             |                       | Accumulated Depreciation |                        |                |              |                       | Net Block                     |                               |
|---|----------------------------|--------------------|-----------|-------------|-----------------------|--------------------------|------------------------|----------------|--------------|-----------------------|-------------------------------|-------------------------------|
|   |                            | As at 1 April 2019 | Additions | (Disposals) | As at 31st March 2020 | As at 1 April 2019       | Opening Retain Earning | for the period | On disposals | As at 31st March 2020 | Balance as at 31st March 2020 | Balance as at 31st March 2019 |
| a | Tangible Assets            |                    |           |             |                       |                          |                        |                |              |                       |                               |                               |
|   | Free hold Land             | 847.38             | 41.11     | -           | 888.49                | -                        | -                      | -              | -            | -                     | 888.49                        | 847.38                        |
|   | lease hold land(ROU)       | 1,768.55           | -         | -           | 1,768.55              | 73.43                    |                        | 73.43          | -            | 146.86                | 1,621.69                      | 1,695.12                      |
|   | Factory Building           | 2,879.95           | -         | -           | 2,879.95              | 508.69                   |                        | 93.00          | -            | 601.69                | 2,278.26                      | 2,371.27                      |
|   | Office Building            | 163.47             | -         | -           | 163.47                | 20.37                    |                        | 2.59           | -            | 22.96                 | 140.51                        | 143.10                        |
|   | Plant & Machinery          | 6,601.65           | 1.61      | -           | 6,603.26              | 2,795.02                 |                        | 799.55         | -            | 3,594.57              | 3,008.69                      | 3,806.63                      |
|   | Plant Electricals          | 571.39             | -         | -           | 571.39                | 278.91                   |                        | 51.11          | -            | 330.02                | 241.37                        | 292.48                        |
|   | OE-Office Equipments       | 16.84              | 0.99      | -           | 17.83                 | 11.86                    |                        | 1.19           | -            | 13.05                 | 4.78                          | 4.98                          |
|   | Tools & Spares             | 1.39               | -         | -           | 1.39                  | 1.23                     |                        | 0.04           | -            | 1.27                  | 0.12                          | 0.16                          |
|   | Furniture & Fixtures       | 30.37              | 1.10      | -           | 31.47                 | 19.81                    |                        | 2.84           | -            | 22.65                 | 8.82                          | 10.56                         |
|   | Vehicles                   | 99.64              | 79.59     | 41.36       | 137.87                | 27.57                    |                        | 14.11          | 19.21        | 22.47                 | 115.40                        | 72.07                         |
|   | Quality Control Laboratory | 11.75              | -         | -           | 11.75                 | 7.49                     |                        | 1.06           | -            | 8.55                  | 3.20                          | 4.26                          |
|   | Computers                  | 16.95              | 4.61      | -           | 21.56                 | 14.02                    |                        | 2.21           | -            | 16.23                 | 5.33                          | 2.93                          |
|   | Gas Cylinder               | 0.14               | -         | -           | 0.14                  | 0.09                     |                        | 0.01           | -            | 0.10                  | 0.04                          | 0.05                          |
|   | Total                      | 13,009.47          | 129.01    | 41.36       | 13,097.12             | 3,758.50                 | -                      | 1,041.14       | 19.21        | 4,780.42              | 8,316.70                      | 9,250.99                      |
|   |                            |                    |           |             |                       |                          |                        |                |              |                       |                               |                               |
| c | Capital Work In Progress   | 935.24             | 2,136.13  |             | 3,071.37              |                          |                        |                |              |                       | 3,071.37                      | 935.24                        |
|   | Building                   | 60.28              | 304.10    |             | 364.38                |                          |                        |                |              |                       | 364.38                        | 60.28                         |
|   | Plant & Machinery          | 874.96             | 1,832.03  |             | 2,706.99              |                          |                        |                |              |                       | 2,706.99                      | 874.96                        |
|   | Total this year            | 13,944.71          | 2,265.14  | 41.36       | 16,168.49             | 3,758.50                 | -                      | 1,041.14       | 19.21        | 4,780.42              | 11,388.06                     | 10,186.23                     |

|   | Particulars                | Gross Block        |           |             |                       | Accumulated Depreciation |                        |                |              |                       | Net Block                     |                               |
|---|----------------------------|--------------------|-----------|-------------|-----------------------|--------------------------|------------------------|----------------|--------------|-----------------------|-------------------------------|-------------------------------|
|   |                            | As at 1 April 2018 | Additions | (Disposals) | As at 31st March 2019 | As at 1 April 2018       | Opening Retain Earning | for the period | On disposals | As at 31st March 2019 | Balance as at 31st March 2019 | Balance as at 31st March 2018 |
| a | Tangible Assets            |                    |           |             |                       |                          |                        |                |              |                       |                               |                               |
|   | Free hold Land             | 831.65             | 34.19     | 18.46       | 847.38                | 0.00                     |                        | -              | -            | -                     | 847.38                        | 831.65                        |
|   | lease hold land            | 1768.55            | 0.00      | -           | 1,768.55              | 0.00                     |                        | 73.43          | -            | 73.43                 | 1,695.12                      | 1768.55                       |
|   | Factory Building           | 2879.95            | 0.00      | -           | 2,879.95              | 415.68                   |                        | 93.00          | -            | 508.69                | 2,371.27                      | 2464.26                       |
|   | Office Building            | 163.47             | 0.00      | -           | 163.47                | 17.77                    |                        | 2.60           | -            | 20.37                 | 143.10                        | 145.70                        |
|   | Plant & Machinery          | 6608.65            | 44.89     | 51.89       | 6,601.65              | 2036.47                  |                        | 797.94         | 39.39        | 2,795.02              | 3,806.63                      | 4572.16                       |
|   | Plant Electricals          | 571.39             | 0.00      | -           | 571.39                | 224.73                   |                        | 54.18          | -            | 278.91                | 292.48                        | 346.67                        |
|   | OE-Office Equipments       | 14.92              | 1.92      | -           | 16.84                 | 10.68                    |                        | 1.18           | -            | 11.86                 | 4.98                          | 4.24                          |
|   | Tools & Spares             | 1.39               | 0.00      | -           | 1.39                  | 1.18                     |                        | 0.05           | -            | 1.23                  | 0.16                          | 0.21                          |
|   | Furniture & Fixtures       | 30.37              | 0.00      | -           | 30.37                 | 16.95                    |                        | 2.86           | -            | 19.81                 | 10.56                         | 13.41                         |
|   | Vehicles                   | 91.95              | 25.81     | 18.12       | 99.64                 | 31.04                    |                        | 10.35          | 13.82        | 27.57                 | 72.07                         | 60.91                         |
|   | Quality Control Laboratory | 11.75              | 0.00      | -           | 11.75                 | 6.42                     |                        | 1.07           | -            | 7.49                  | 4.26                          | 5.33                          |
|   | Computers                  | 16.95              | 0.00      | -           | 16.95                 | 11.88                    |                        | 2.14           | -            | 14.02                 | 2.93                          | 5.08                          |
|   | Gas Cylinder               | 0.14               | 0.00      | -           | 0.14                  | 0.08                     |                        | 0.01           | -            | 0.09                  | 0.05                          | 0.06                          |
|   | Total                      | 12,991.13          | 106.81    | 88.47       | 13,009.47             | 2,772.88                 | -                      | 1,038.81       | 53.21        | 3,758.50              | 9,250.99                      | 10,218.23                     |
| b | Capital Work In Progress   | 903.84             | 43.54     |             | 947.38                |                          |                        |                |              |                       | 935.24                        | 903.84                        |
|   | Building                   | 38.51              | 21.77     |             | 60.28                 |                          |                        |                |              |                       | 60.28                         | 38.51                         |
|   | Plant & Machinery          | 865.33             | 9.63      |             | 874.96                |                          |                        |                |              |                       | 874.96                        | 865.33                        |
|   |                            |                    |           |             | -                     |                          |                        |                |              |                       |                               |                               |
|   | Total this year            | 13,894.97          | 150.35    | 88.47       | 13,956.85             | 2,772.88                 | -                      | 1,038.81       | 53.21        | 3,758.50              | 10,186.23                     | 11,122.07                     |

Additional Note:

- For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per I-GAAP less accumulated depreciation and cumulative impairment on the transition date of 1st April, 2018.
- Refer Note 15 and 17 for details of assets pledged.
- Leasehold land includes assets acquired as "Right to Use".

**4. OTHER FINANCIAL ASSETS**

(Rs. in lakhs)

| Particulars  | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| (Unsecured, considered good)<br>Security Deposits* | 65.61                 | 69.71                 | 97.58                |
| <b>Total</b>                                       | <b>65.61</b>          | <b>69.71</b>          | <b>97.58</b>         |

\* Pledged with government authorities and others

**6. Non-current assets**

(Rs. in lakhs)

| Particulars  | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| (Unsecured and considered Good)<br>Capital Advances - Others | 242.47                | -                     | -                    |
| <b>Total</b>   | <b>242.47</b>         | <b>-</b>              | <b>-</b>             |

**7. INVENTORIES**

(Rs. in lakhs)

| Particulars                                      | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| (As taken, valued & certified by the management) |                       |                       |                      |
| a) Raw Materials                                 | 786.28                | 594.96                | 329.50               |
| b) Finished Goods                                | 2,250.29              | 1,257.61              | 830.00               |
| c) Finished Goods WIP                            | -                     | 9.64                  | 82.03                |
| d) Stores & spares                               | 258.30                | 210.40                | 192.28               |
| e) Other Consumables                             | 3.22                  | 16.56                 | 11.90                |
| <b>Total</b>                                     | <b>3,298.09</b>       | <b>2,089.17</b>       | <b>1,445.71</b>      |

7.1 All the above inventories have been valued as per the accounting policy (Refer Note No. 2 H)

7.2 The major components of inventory in case of raw material are Rock-Phosphate, Sulphuric Acid & HDPE Bags, boron, Zinc Sulphate (Boron & Zinc Sulphate are fortified with SSP), Sulphur etc. and in case of finished goods its includes Beneficiated Rock Phosphate(BRP), Single Super Phosphate(SSP), Granular Single Super Phosphate(GSSP), Chemical Product & Sulphuric Acid & Oluem.

7.3 Inventories as above are hypothecated to secured short term borrowings (Refer Note No. 17.1)

**8. TRADE RECEIVABLES**

(Rs. in lakhs)

| Particulars                                    | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| Trade receivables Unsecured, Considered Good   | 1,455.58              | 891.89                | 698.51               |
| Subsidy receivables Unsecured, Considered Good | 1,321.55              | 1,333.71              | 475.56               |
| <b>Total</b>                                   | <b>2,777.13</b>       | <b>2,225.60</b>       | <b>1,174.07</b>      |

8.1 Above Trade receivables are hypothecated to secured short term borrowings (Refer Note No. 17.1)

**9. CASH AND CASH EQUIVALENTS**

(Rs. in lakhs)

| Particulars                           | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|---------------------------------------|-----------------------|-----------------------|----------------------|
| Cash on Hand                          | 0.97                  | 0.49                  | 0.05                 |
| Balance with bank in Current Accounts | 17.18                 | 4.17                  | 1.73                 |
| Fixed Deposit with Bank               | 76.88                 | 0.23                  | 0.23                 |
| <b>Total</b>                          | <b>95.03</b>          | <b>4.89</b>           | <b>2.01</b>          |

**10. LOANS - CURRENT**

(Rs. in lakhs)

| Particulars   | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|---|-----------------------|-----------------------|----------------------|
| (Unsecured and Considered Good)<br>Loan to Employee | 1.28                  | 2.44                  | 0.25                 |
| <b>Total</b>  | <b>1.28</b>           | <b>2.44</b>           | <b>0.25</b>          |

**11. OTHER CURRENT FINANCIAL ASSETS**

(Rs. in lakhs)

| Particulars   | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|---|-----------------------|-----------------------|----------------------|
| (Unsecured and Considered Good)<br>Security Deposit | 96.07                 | 88.46                 | 6.35                 |
| VAT Subsidy Recievables                             | 81.82                 | 728.23                | 937.77               |
| <b>Total</b>  | <b>177.89</b>         | <b>816.69</b>         | <b>944.12</b>        |



# 5. DEFERRED TAX LIABILITIES (NET)

(Rs. in lakhs)

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for income tax purposes. Significant component of the Company's net deferred income tax are as follows:-

| Particulars                         | Defined benefit obligation | Property, plant and equipment | Provisions & others | MAT credit entitlement | Total           |
|-------------------------------------|----------------------------|-------------------------------|---------------------|------------------------|-----------------|
| <b>Balance as at 1 April, 2018</b>  | <b>1.89</b>                | <b>1511.52</b>                | <b>(1127.29)</b>    | <b>(559.06)</b>        | <b>(172.94)</b> |
| (Changed)/Credited:                 |                            |                               |                     |                        |                 |
| - to Statement of profit and loss   | (1.31)                     | (341.86)                      | 775.16              | (358.32)               | 73.67           |
| - to other comprehensive income     | (0.27)                     |                               |                     |                        | (0.27)          |
| - to current tax liability          |                            |                               |                     |                        |                 |
| <b>Balance as at 31 March, 2019</b> | <b>0.30</b>                | <b>1169.66</b>                | <b>(352.12)</b>     | <b>(917.38)</b>        | <b>(99.54)</b>  |
| (Changed)/Credited:                 |                            |                               |                     |                        |                 |
| - to Statement of profit and loss   | 0.16                       | (175.91)                      | 348.33              | 111.60                 | 284.18          |
| - to other comprehensive income     | 1.34                       |                               |                     |                        | 1.34            |
| - to current tax liability          |                            |                               |                     |                        |                 |
| <b>Balance as at 31 March, 2020</b> | <b>1.80</b>                | <b>993.75</b>                 | <b>(3.79)</b>       | <b>(805.78)</b>        | <b>185.97</b>   |

# B. Income tax recognised in profit or loss

(Rs. in lakhs)

| Particulars                                     | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|-------------------------------------|-------------------------------------|
| Current Tax                                     | 378.71                              | 358.32                              |
| Deferred Tax                                    | 284.18                              | 73.66                               |
| <b>Total income tax recognised for the year</b> | <b>662.89</b>                       | <b>431.98</b>                       |

# C. Income tax recognised in other comprehensive income

(Rs. in lakhs)

| Particulars  | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| Remeasurement of defined benefit obligation                      | 1.34                                | 0.27                                |
| <b>Total income tax recognised in other comprehensive income</b> | <b>1.34</b>                         | <b>0.27</b>                         |

# D. The income tax expense for the year can be reconciled to the accounting profit as follows:

(Rs. in Lakhs)

| Particulars  | 2019-20       | 2018-19       |
|--|---------------|---------------|
| Net Profit as per Statement of Profit and Loss (before tax)          | 2146.64       | 1652.29       |
| Applicable Tax Rate  | 29.12%        | 21.55%        |
| Computed Tax Expense   | 625.10        | 356.05        |
| <b>Tax effect of :</b>   |               |               |
| Items Considered Separately  | 0.00          | 0.00          |
| The amount of eligible / ineligible expenditure                      | 209.11        | 2.27          |
| Carried Forward Losses Utilised                                      | (347.81)      | 0.00          |
| MAT Adjustment   | (107.70)      | 0.00          |
| <b>Current Tax Provision (Net of MAT Credit) (A)</b>                 | <b>378.71</b> | <b>358.32</b> |
| Incremental Deferred Tax Liability on account of Tangible Assets     | 285.52        | 73.39         |
| <b>Deferred Tax Provision (B)</b>                                    | <b>285.52</b> | <b>73.39</b>  |
| <b>Tax Expenses recognised in Statement of Profit and Loss (A+B)</b> | <b>664.23</b> | <b>431.71</b> |
| Effective Tax Rate   | 30.94%        | 26.13%        |

**12. OTHER CURRENT ASSETS**

(Rs. in lakhs)

| Particulars                            | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| <b>(Unsecured and Considered Good)</b> |                       |                       |                      |
| Prepaid expenses                       | 29.83                 | 22.29                 | 13.45                |
| Advances to suppliers                  | 100.91                | 126.80                | 19.49                |
| GST Input Receivables                  | 732.50                | 315.33                | 162.00               |
| <b>Total</b>                           | <b>863.24</b>         | <b>464.42</b>         | <b>194.94</b>        |

**13. Equity Share Capital**

(Rs. in lakhs)

| Particulars  | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| <b>Authorized Share Capital</b>  |                       |                       |                      |
| 2,50,00,000(31 March 2019 - 2,50,00,000 and 31 March,2018 - 2,50,00,000) | 2,500.00              | 2,500.00              | 2,500.00             |
| Equity Shares of Rs.10/- each  |                       |                       |                      |
| <b>Issued, Subscribed and Paid Up</b>                                    |                       |                       |                      |
| 2,19,06,735(31 March 2019 - 2,19,06,735 and 31 March 2018 - 2,19,06,735) | 2,190.67              | 2,190.67              | 2,190.67             |
| Equity Shares of Rs. 10/- each   |                       |                       |                      |
| <b>Total issued, subscribed and fully paid up share capital</b>          | <b>2,190.67</b>       | <b>2,190.67</b>       | <b>2,190.67</b>      |

**a. Terms and Rights attached to Equity Shares**

Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

**i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

| Particulars                                | As at 31st March 2020 | As at 31st March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| Shares outstanding at the 1st April, 2018  | 21,906,735.00         | 21,906,735.00         | 21,906,735.00        |
| Add: Shares Issued during the year         | -                     | -                     | -                    |
| Shares outstanding at the 31st March, 2019 | 21,906,735.00         | 21,906,735.00         | 21,906,735.00        |
| Add: Shares Issued during the year         | -                     | -                     | -                    |
| Shares outstanding at the 31st March, 2020 | 21,906,735.00         | 21,906,735.00         | 21,906,735.00        |

**ii) Shares of the company held by holding company**

out of equity shares issued by the company, shares held by its holding company are as below:

(Rs. in lakhs)

| Name of Shareholder   | As at 31st March 2020 |
|---|-----------------------|
| Ostwal Phoschem (India) Limited, holding Company<br>(Holds 1,43,07,804 Equity Shares of Rs.10/- each) | 1430.78               |

Note: Ostwal Phoschem (India) Limited is become Holding Company of Madhya Bharat Agro Products Limited w.e.f. 13th December 2019

**iii) Details of shares held by shareholders holding more than 5% shares of the company**

| Name of Shareholder              | As at 31st March 2020 |              |
|----------------------------------|-----------------------|--------------|
|                                  | No. of Shares held    | % of Holding |
| Ostwal Phoschem (India) Limited. | 14307804              | 65.31%       |
| Suswani Textiles Pvt. Ltd.       | 1441840               | 6.58%        |
| Visualize Tradecom Pvt. Ltd.     | 1085496               | 4.95%        |
| Paneri Textiles Pvt. Ltd.        | -                     | -            |
| Seasons Agrochem India Pvt. Ltd. | -                     | -            |
| Chunri Prints Pvt. Ltd.          | -                     | -            |
| Vesta Tex Pvt. Ltd.              | -                     | -            |
| Name of Shareholder              | As at 31st March 2019 |              |
|                                  | No. of Shares held    | % of Holding |
| Ostwal Phoschem (India) Limited. | 8261770               | 37.71%       |
| Suswani Textiles Pvt. Ltd.       | 1468000               | 6.70%        |
| Visualize Tradecom Pvt. Ltd.     | 1167000               | 5.33%        |
| Paneri Textiles Pvt. Ltd.        | 1015500               | 4.64%        |
| Seasons Agrochem India Pvt. Ltd. | 2066790               | 9.43%        |
| Chunri Prints Pvt. Ltd.          | 1089500               | 4.97%        |
| Vesta Tex Pvt. Ltd.              | 1000000               | 4.56%        |
| Name of Shareholder              | As at 1st April 2018  |              |
|                                  | No. of Shares held    | % of Holding |
| Ostwal Phoschem (India) Limited. | 7202770               | 32.88%       |
| Suswani Textiles Pvt. Ltd.       | 1468000               | 6.70%        |
| Visualize Tradecom Pvt. Ltd.     | 1221000               | 5.57%        |
| Paneri Textiles Pvt. Ltd.        | 1015500               | 4.64%        |
| Seasons Agrochem India Pvt. Ltd. | 2066790               | 9.43%        |
| Chunri Prints Pvt. Ltd.          | 1089500               | 4.97%        |
| Vesta Tex Pvt. Ltd.              | 1000000               | 4.56%        |

Note- \*Paneri Textiles Pvt. Ltd., Seasons Agrochem India Pvt. Ltd., Chunri Prints Pvt. Ltd., Vesta tex Pvt. Ltd. are merge in Ostwal Phoschem (India) Limited. W.e.f. 13 th December 2019

**iv)** The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**14. Other Equity**

(Rs. in lakhs)

| Particulars                                     | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|---|-----------------------|-----------------------|----------------------|
| <b>Securities Premium</b>                       |                       |                       |                      |
| Balance at the beginning of the year            | 1,686.5200            | 1,686.52              | 1,686.52             |
| Addition during the year                        | -                     | -                     | -                    |
| <b>Balance at the end of the year</b>           | <b>1,686.5200</b>     | <b>1,686.52</b>       | <b>1,686.52</b>      |
| <b>Retained Earnings</b>                        |                       |                       |                      |
| Balance at the beginning of the year            | 7,804.3005            | 6,793.10              | 6,391.18             |
| Add: Net Profit/(Net Loss) For the current year | 1,483.75              | 1,143.26              | 511.45               |
| Less: Appropriations                            | -                     | -                     | -                    |
| Transferred to General Reserve                  | -                     | -                     | -                    |
| Dividend On Equity Shares                       | 109.5300              | 109.53                | 109.53               |
| Tax On Dividend                                 | 22.5200               | 22.53                 | -                    |
| <b>Balance at the end of the year</b>           | <b>9,155.9976</b>     | <b>7,804.30</b>       | <b>6,793.10</b>      |
| <b>Other Comprehensive Income</b>               |                       |                       |                      |
| Balance at the beginning of the year            | -0.6591               | -                     | -                    |
| Addition during the year                        | 3.2518                | -0.66                 | -                    |
| <b>Balance at the end of the year</b>           | <b>2.5928</b>         | <b>-0.66</b>          | <b>-</b>             |
| <b>Total</b>                                    | <b>10,845.1104</b>    | <b>9,490.16</b>       | <b>8,479.62</b>      |

**Nature and Purpose of Other Reserves / Other Equity****14.1 Securities Premium Reserve**

Balance of Security premium reserve consist of premium on issue of share over its face value. The balance will be utilized for issue of fully paid bonus shares, buy-back of its own share as per provisions of the Companies Act, 2013.

**14.2 Dividend**

The following dividends were declared and paid by the Company during the year.

(Rs. in lakhs)

| Particulars   | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|---|-----------------------|-----------------------|----------------------|
| Final Dividend for the year ended 31st March, 2019 & 31 st March 2018, 31st |                       |                       | -                    |
| March 2017 ₹ 0.50 per Share   | 109.53                | 109.53                | -                    |
| Dividend Distribution Tax on Final Dividend                                 | 22.52                 | 22.53                 | -                    |
| <b>Total</b>  | <b>132.05</b>         | <b>132.06</b>         | <b>-</b>             |

**15. BORROWINGS- NON CURRENT**

(Rs. in lakhs)

| Particulars                 | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|-----------------------------|-----------------------|-----------------------|----------------------|
| <b>Secured</b>              |                       |                       |                      |
| <b>Term Loan From Banks</b> |                       |                       |                      |
| Rupee Loans                 | 2,918.85              | 1,694.46              | 1,944.47             |
|                             | <b>2,918.85</b>       | <b>1,694.46</b>       | <b>1,944.47</b>      |
| <b>Unsecured</b>            |                       |                       |                      |
| Members & Relatives         | -                     | 9.50                  | -                    |
|                             | -                     | <b>9.50</b>           | -                    |
| <b>Total</b>                | <b>2,918.85</b>       | <b>1,703.96</b>       | <b>1,944.47</b>      |

**a) Term Loan**

i) Nature of Security – The term loans takeover by HDFC Bank from SBI is secured by way of 1st charge in the from of mortgage of assets of the company's immovable properties at Banda Unit Sulphuric and SSP unit (present and future) at village Sorai, Tehsil Banda, Distt Sagar, (MP) owned by the company.

ii) **Terms of repayment** – Term loans from HDFC Bank Ltd. are repayable in monthly installments and having fixed interest rate @ 8.70%

(Rs. in lakhs)

| Name of Banks  | Date of Maturity | No. of Instalments outstanding as on 31.03.2020 | Total Outstanding | As at 31st March 2020 |                          |
|----------------|------------------|---|-------------------|-----------------------|--------------------------|
|                |                  |   |                   | Current Maturities    | Net Long Term Borrowings |
| HDFC Bank Ltd. | 31st March 2025  | 61  | 3199.16           | 280.31                | 2918.85                  |
| <b>Total</b>   |                  |   | <b>3,199.16</b>   | <b>280.31</b>         | <b>2,918.85</b>          |

(Rs. in lakhs)

| Name of Banks  | Date of Maturity | No. of Instalments outstanding as on 31.03.2019 | As at 31ST March 2019 |                    |                          |
|----------------|------------------|---|-----------------------|--------------------|--------------------------|
|                |                  |   | Total Outstanding     | Current Maturities | Net Long Term Borrowings |
| HDFC Bank Ltd. | 31st March 2025  | 73  | 1,947.51              | 253.05             | 1,694.46                 |
| <b>Total</b>   |                  |   | <b>1,947.51</b>       | <b>253.05</b>      | <b>1,694.46</b>          |

iii) **Guarantors** - Secured loans are guaranteed by personal guarantee of Sh.Pankaj Ostwal (Managing Director) and Sh.Mahendra Kumar Ostwal, Sh. Praveen Ostwal, Director.

**16. Lease Liabilities**

(Rs. in lakhs)

| Particulars                   | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|-------------------------------|-----------------------|-----------------------|----------------------|
| Lease liability (Non current) | 12.93                 | 13.34                 | 13.53                |
| Lease liability (Current)     | 0.21                  | 0.20                  | 0.18                 |
| <b>Total</b>                  | <b>13.14</b>          | <b>13.54</b>          | <b>13.71</b>         |

**17. BORROWINGS – CURRENT**

(Rs. in lakhs)

| Particulars  | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| <b>Secured</b><br><b>Loans Repayable On Demand From Banks</b><br>Working Capital -HDFC Bank Ltd. | 785.41                | 676.93                | 1,385.06             |
| <b>Total</b>   | <b>785.41</b>         | <b>676.93</b>         | <b>1,385.06</b>      |

i)**Nature of Security** – The advance shall be secured by 1st charge on Company's movable assets of Unit II including movable plant and machinery, machinery spares, tools and accessories, furniture, fixture, vehicles, and all other movable assets present and future, intangible, goodwill, uncalled capital, present and future.

ii)**Terms of repayment** – The bank loan for working capital is repayable on demand and having interest rate 8.70% as on 31/03/2020

iii)The bank loan for working capital is guaranteed by personal guarantee of Sh.Pankaj Ostwal(Managing Director) and Sh.Mahendra Kumar Ostwal,Sh.Praveen Ostwal

**18. TRADE PAYABLES**

(Rs. in lakhs)

| Particulars  | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|--|-----------------------|-----------------------|----------------------|
| Trade Payable - Due to Micro and Small Enterprises | 117.92                | 126.26                | -                    |
| Trade payable Due to others                        | 458.81                | 391.69                | 522.90               |
| <b>Total</b>                                       | <b>576.73</b>         | <b>517.95</b>         | <b>522.90</b>        |

Additional Note:-

18.1 The Government of India has promulgated an act namely "The Micro, Small & Medium Enterprises Development Act 2006" which comes into force with effect from October, 2006. As per the Act, the Company is required to identify the Micro & Small Enterprises & Pay them interest on overdue beyond the specified period irrespective of the terms agreed with the enterprises. The Company has initiated the process of identification of such suppliers. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Accordingly, there were no interest due on the principal amount, not there was necessity to pay interest for delayed payment in terms of section 16 of the Micro, Small and Medium Enterprises Development Act. Since the Company is regular in making payments to all suppliers, the management does not anticipate any significant interest liability.

18.2 The balance outstanding with sundry creditors either debit or credit are subject to confirmation and reconciliation

**19. OTHER CURRENT FINANCIAL LIABILITIES**

(Rs. in lakhs)

| Particulars                          | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|--------------------------------------|-----------------------|-----------------------|----------------------|
| Current Maturities of Long Term Debt | 280.31                | 253.05                | 236.67               |
| Liability Towards Staff & Workers    | 17.53                 | 37.41                 | 37.15                |
| Security Deposits from Dealers       | 25.25                 | 18.25                 | 1.56                 |
| Liability for Expenses               | 0.12                  | 75.75                 | 65.69                |
| <b>Total</b>                         | <b>323.21</b>         | <b>384.46</b>         | <b>341.07</b>        |

**20. OTHER CURRENT LIABILITIES**

(Rs. in lakhs)

| Particulars            | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|------------------------|-----------------------|-----------------------|----------------------|
| Statutory dues         | 8.76                  | 11.81                 | 17.38                |
| Advance from customers | 1,022.93              | 883.92                | 231.45               |
| <b>Total</b>           | <b>1,031.69</b>       | <b>895.73</b>         | <b>248.83</b>        |

**21. CURRENT TAX LIABILITIES (NET)**

(Rs. in lakhs)

| Particulars                                 | As at 31st March 2020 | As at 31ST March 2019 | As at 1st April 2018 |
|---|-----------------------|-----------------------|----------------------|
| Provision for taxation (Net of advance tax) | 38.03                 | 85.29                 | 27.36                |
| <b>Total</b>                                | <b>38.03</b>          | <b>85.29</b>          | <b>27.36</b>         |

**22. REVENUE FROM OPERATIONS**

(Rs. in lakhs)

| Particulars             | As at 31st March 2020 | As at 31ST March 2019 |
|-------------------------|-----------------------|-----------------------|
| a) Sale Of Products     | 8,819.48              | 8,110.13              |
| b) Government Subsidies | 4,266.88              | 3,456.52              |
| c) Sale of services     | -                     | 38.68                 |
| <b>Total</b>            | <b>13,086.36</b>      | <b>11,605.33</b>      |

**23. OTHER INCOME**

(Rs. in lakhs)

| Particulars                                       | As at 31st March 2020 | As at 31ST March 2019 |
|---|-----------------------|-----------------------|
| Interest on Govt. deposit                         | 4.58                  | 3.22                  |
| Net Gain/(Loss) on Foreign Currency Fluctuation   | 1.83                  | (0.68)                |
| Profit on sale of Property ,Plant ,Equipment(Net) | (0.29)                | 10.35                 |
| Miscellaneous balance W/off                       | 16.34                 | 9.16                  |
| Others  | 0.01                  | 4.63                  |
| <b>Total</b>                                      | <b>22.47</b>          | <b>26.68</b>          |

**24. COST OF MATERIALS CONSUMED**

(Rs. in lakhs)

| Particulars         | As at 31st March 2020 | As at 31ST March 2019 |
|---------------------|-----------------------|-----------------------|
| Opening Stock       | 611.52                | 341.40                |
| Add: Purchases      | 6,884.73              | 5,431.50              |
| Less: Closing Stock | 789.50                | 611.52                |
| <b>Total</b>        | <b>6,706.75</b>       | <b>5,161.38</b>       |

**25. Changes in inventories of finished goods work-in-progress and Stock-in-Trade**

(Rs. in lakhs)

| Particulars                                 | As at 31st March 2020 | As at 31ST March 2019 |
|---|-----------------------|-----------------------|
| Stock at the beginning of the year (A)      |                       |                       |
| Finished Goods(Including traded goods)      | 1,257.61              | 830.00                |
| Work in progress                            | 9.64                  | 82.03                 |
| <b>Total</b>                                | <b>1,267.25</b>       | <b>912.03</b>         |
| Stock at the end of the year (B)            |                       |                       |
| Finished Goods                              | 2,250.29              | 1,257.61              |
| Work in progress                            | -                     | 9.64                  |
| <b>Total</b>                                | <b>2,250.29</b>       | <b>1,267.25</b>       |
| <b>(Increase)/ Decrease in stocks (B-A)</b> | <b>(983.04)</b>       | <b>(355.22)</b>       |

**26. EMPLOYEE BENEFITS EXPENSE**

(Rs. in lakhs)

| Particulars                          | As at 31st March 2020 | As at 31ST March 2019 |
|--------------------------------------|-----------------------|-----------------------|
| Salaries, Bonus and allowances       | 753.99                | 528.58                |
| Contribution to Provident Fund & ESI | 21.90                 | 19.60                 |
| Gratuity Fund contribution           | 4.10                  | 3.96                  |
| Staff welfare expenses               | 19.16                 | 13.63                 |
| <b>Total</b>                         | <b>799.15</b>         | <b>565.77</b>         |

**27. INTEREST EXPENSE**

(Rs. in lakhs)

| Particulars                   | As at 31st March 2020 | As at 31ST March 2019 |
|-------------------------------|-----------------------|-----------------------|
| Term Loan Interest            | 154.26                | 182.22                |
| Working Capital Interest      | 127.09                | 77.73                 |
| Interest on lease liabilities | 1.07                  | 1.08                  |
| Other Interest                | 16.76                 | 94.94                 |
| Bank Charges                  | 7.31                  | 6.50                  |
| <b>Total</b>                  | <b>306.49</b>         | <b>362.47</b>         |

**28. DEPRECIATION AND AMORTISATION EXPENSE**

(Rs. in lakhs)

| Particulars                         | As at 31st March 2020 | As at 31ST March 2019 |
|-------------------------------------|-----------------------|-----------------------|
| Depreciation on Tangible Assets     | 967.71                | 965.36                |
| Depreciation on Right of Use Assets | 73.43                 | 73.43                 |
| <b>Total</b>                        | <b>1,041.14</b>       | <b>1,038.79</b>       |

**29. OTHER EXPENSES**

(Rs. in lakhs)

| Particulars                                 | As at 31st March 2020 | As at 31ST March 2019 |
|---|-----------------------|-----------------------|
| <b>Manufacturing Expenses</b>               |                       |                       |
| Consumption of Stores & Spares parts        | 689.30                | 554.41                |
| Power & Fuel                                | 496.54                | 474.92                |
| Repairs & Maintenance to Plant & Machinery  | 19.55                 | 14.85                 |
| Other manufacturing expenses                | 162.39                | 116.52                |
| <b>Sub Total</b>                            | <b>1,367.78</b>       | <b>1,160.70</b>       |
| <b>Administration Expenses</b>              |                       |                       |
| Repairs to Building                         | 7.00                  | 3.77                  |
| Insurance                                   | 28.17                 | 17.08                 |
| <b>Auditors' Remuneration :</b>             |                       |                       |
| Statutory Audit Fess                        | 1.10                  | 1.10                  |
| CSR Expenses                                | 26.20                 | 6.49                  |
| Travelling Expenses                         | 74.64                 | 48.21                 |
| Vehicle Running & Maintenance Expenses      | 9.51                  | 9.82                  |
| Consultancy Charges                         | 20.55                 | 1.15                  |
| Office Expense                              | 24.19                 | 11.82                 |
| Miscellaneous Expenditure                   | 49.68                 | 27.70                 |
| <b>Sub Total</b>                            | <b>241.04</b>         | <b>127.14</b>         |
| <b>Selling &amp; Distribution Expenses</b>  |                       |                       |
| Freight & Transport                         | 1,268.33              | 1,064.64              |
| Advertisement & Business Promotion Expenses | 8.55                  | 33.86                 |
| Godown Rent                                 | 16.64                 | 4.86                  |
| Discount Allowed                            | 189.36                | 892.37                |
| <b>Sub Total</b>                            | <b>1,482.88</b>       | <b>1,995.73</b>       |
| <b>Grand Total</b>                          | <b>3,091.70</b>       | <b>3,283.57</b>       |

**30. OTHER COMPREHENSIVE INCOME**

(Rs. in lakhs)

| Particulars  | As at 31st March 2020 | As at 31ST March 2019 |
|--|-----------------------|-----------------------|
| <b>Items that will not be reclassified to profit or loss</b> |                       |                       |
| Remeasurement of Defined Benefit Plans                       | 4.59                  | (0.93)                |
| Tax relating to remeasurement of defined benefits plans      | (1.34)                | 0.27                  |
| <b>Total</b>   | <b>3.25</b>           | <b>(0.66)</b>         |

### **31. FIRST TIME ADOPTION OF IND AS:**

As stated in Note 1.1, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31st March, 2020, the comparative information presented in these financial statements for the year ended 31st March, 2019 and in the preparation of an opening Ind AS statement of financial position at 1st April, 2018 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amount reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Ind AS 101 allows first-time adopters certain exemptions/exceptions from the retrospective application of certain requirements under Ind AS. In preparing these financial statements, the Company has applied the following exemptions:

#### **A. IND AS OPTIONAL EXEMPTIONS**

##### **i. Deemed cost for property, plant and equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

#### **B. IND AS MANDATORY EXCEPTIONS**

##### **ii. Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April, 2018 are consistent with the estimates as at the same date made in conformity with previous GAAP

##### **iii. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**C. RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS**

Ind As 101 requires an entity to reconcile Equity, Total Comprehensive Income and Cash Flow for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

| Reconciliation of Equity   |                              |                       |                 |                  | (Rs. in Lakhs)                            |                 |                  |
|--|------------------------------|-----------------------|-----------------|------------------|---|-----------------|------------------|
| Particulars  |                              | As at 31st March 2019 |                 |                  | As at 1st April 2018 (Date of transition) |                 |                  |
| First-time Ind AS adoption reconciliation  | Notes to First time Adoption | Previous GAAP*        | Adjustments     | Ind AS           | Previous GAAP*                            | Adjustments     | Ind AS           |
| <b>ASSETS</b>  |                              |                       |                 |                  |   |                 |                  |
| <b>Non-Current Assets</b>  |                              |                       |                 |                  |   |                 |                  |
| (a) Property, Plant and Equipment  | 6                            | 9,312.57              | (61.58)         | 9,250.99         | 10,206.39                                 | 11.84           | 10,218.23        |
| (b) Capital Work-in-Progress   |                              | 935.24                | -               | 935.24           | 903.84                                    | -               | 903.84           |
| <b>(c) Financial Assets</b>  |                              |                       |                 |                  |   |                 |                  |
| (i) Other Financial Assets   |                              | 69.71                 | -               | 69.71            | 97.58                                     | -               | 97.58            |
| (d) Deferred tax assets (Net)  | 3                            | 109.66                | (10.12)         | 99.54            | 191.30                                    | (18.36)         | 172.94           |
| <b>Total Non-Current assets</b>  |                              | <b>10,427.18</b>      | <b>(71.70)</b>  | <b>10,355.48</b> | <b>11,399.11</b>                          | <b>(6.52)</b>   | <b>11,392.59</b> |
| <b>Current assets</b>  |                              |                       |                 |                  |   |                 |                  |
| (a) Inventories  |                              | 2,089.17              | -               | 2,089.17         | 1,445.71                                  | -               | 1,445.71         |
| <b>(b) Financial Assets</b>  |                              |                       |                 |                  |   |                 |                  |
| (i) Trade Receivables  |                              | 2,225.60              | -               | 2,225.60         | 1,174.07                                  | -               | 1,174.07         |
| (ii) Cash and Cash equivalents   |                              | 4.89                  | -               | 4.89             | 2.01                                      | -               | 2.01             |
| (iii) Loans  |                              | 2.44                  | -               | 2.44             | 0.25                                      | -               | 0.25             |
| (iv) Other Current Financial Assets  |                              | 816.69                | -               | 816.69           | 944.12                                    | -               | 944.12           |
| (c) Other Current Assets   | 2                            | 463.37                | 1.05            | 464.42           | 189.22                                    | 5.72            | 194.94           |
| <b>Total Current assets</b>  |                              | <b>5,602.16</b>       | <b>1.05</b>     | <b>5,603.21</b>  | <b>3,755.38</b>                           | <b>5.72</b>     | <b>3,761.10</b>  |
| <b>Total Assets</b>  |                              | <b>16,029.34</b>      | <b>(70.65)</b>  | <b>15,958.69</b> | <b>15,154.49</b>                          | <b>(0.80)</b>   | <b>15,153.69</b> |
| <b>EQUITY AND LIABILITIES</b>  |                              |                       |                 |                  |   |                 |                  |
| <b>Equity</b>  |                              |                       |                 |                  |   |                 |                  |
| (a) Equity Share Capital   |                              | 2,190.67              | -               | 2,190.67         | 2,190.67                                  | -               | 2,190.67         |
| (b) Other Equity   | 8                            | 9,464.84              | 25.32           | 9,490.16         | 8,384.60                                  | 95.02           | 8,479.62         |
| <b>Total Equity</b>  |                              | <b>11,655.51</b>      | <b>25.32</b>    | <b>11,680.83</b> | <b>10,575.27</b>                          | <b>95.02</b>    | <b>10,670.29</b> |
| <b>LIABILITIES</b>   |                              |                       |                 |                  |   |                 |                  |
| <b>Non-Current Liabilities</b>   |                              |                       |                 |                  |   |                 |                  |
| <b>(a) Financial Liabilities</b>   |                              |                       |                 |                  |   |                 |                  |
| (i) Borrowings   |                              | 1,703.96              | -               | 1,703.96         | 1,944.47                                  | -               | 1,944.47         |
| (ii) Lease Liabilities   | 6                            | -                     | 13.34           | 13.34            | -   | 13.53           | 13.53            |
| (b) Deferred Tax Liabilities (Net)   | 3                            | -                     | -               | -                | -   | -               | -                |
| <b>Total Non-Current Liabilities</b>   |                              | <b>1,703.96</b>       | <b>13.34</b>    | <b>1,717.30</b>  | <b>1,944.47</b>                           | <b>13.53</b>    | <b>1,958.00</b>  |
| <b>Current Liabilities</b>   |                              |                       |                 |                  |   |                 |                  |
| <b>(a) Financial Liabilities</b>   |                              |                       |                 |                  |   |                 |                  |
| (i) Borrowings   |                              | 676.93                | -               | 676.93           | 1,385.06                                  | -               | 1,385.06         |
| (ii) Trade Payables  |                              | -                     | -               | -                | -   | -               | -                |
| (A) Total outstanding dues of micro enterprises  |                              | 126.26                | -               | 126.26           | -   | -               | -                |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises |                              | 391.69                | -               | 391.69           | 522.90                                    | -               | 522.90           |
| (iii) Lease Liabilities  | 6                            | -                     | 0.20            | 0.20             | -   | 0.18            | 0.18             |
| (iii) Other Financial Liabilities  |                              | 384.46                | -               | 384.46           | 341.07                                    | -               | 341.07           |
| (b) Other Current Liabilities  |                              | 895.73                | -               | 895.73           | 248.83                                    | -               | 248.83           |
| (c) Provisions   | 1                            | 194.80                | (109.51)        | 85.29            | 136.89                                    | (109.53)        | 27.36            |
| <b>Total Current Liabilities</b>   |                              | <b>2,669.87</b>       | <b>(109.31)</b> | <b>2,560.56</b>  | <b>2,634.74</b>                           | <b>(109.35)</b> | <b>2,525.40</b>  |
| <b>Total Equity and Liabilities</b>  |                              | <b>16,029.34</b>      | <b>(70.65)</b>  | <b>15,958.69</b> | <b>15,154.48</b>                          | <b>(0.80)</b>   | <b>15,153.69</b> |

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2019

(Rs. in lakhs)

| Particulars  | As at 31st March 2019        |                 |                |                 |
|--|------------------------------|-----------------|----------------|-----------------|
|  | Notes to First time Adoption | Previous GAAP*  | Adjustments    | Ind AS          |
| <b>INCOME:</b>   |                              |                 |                |                 |
| Revenue from operations  |                              | 11629.47        | (24.14)        | 11605.33        |
| Other income   |                              | 3.22            | 23.46          | 26.68           |
| <b>TOTAL INCOME</b>  |                              | <b>11632.69</b> | <b>(0.68)</b>  | <b>11632.01</b> |
| <b>EXPENSES:</b>   |                              |                 |                |                 |
| Cost of materials consumed   |                              | 5161.38         | 0              | 5161.38         |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade |                              | (355.22)        | 0              | (355.22)        |
| Employee benefits expense  | 2                            | 564.16          | 1.61           | 565.77          |
| Finance costs  | 7                            | 359.25          | 3.22           | 362.47          |
| Depreciation and amortization expense  | 6                            | 965.37          | 73.42          | 1038.79         |
| Other expenses   | 6                            | 3285.51         | (1.93)         | 3283.58         |
| <b>TOTAL EXPENSES</b>  |                              | <b>9980.45</b>  | <b>76.32</b>   | <b>10056.77</b> |
| <b>Profit Before Exceptional Items and Tax</b>                               |                              | 1652.23         | (76.99)        | 1575.24         |
| Exceptional Items  |                              | 0.00            | 0.00           | 0.00            |
| <b>Profit Before Tax</b>   |                              | 1652.23         | 0.00           | 1575.24         |
| <b>Tax Expense:</b>  |                              |                 |                |                 |
| (1) Current Tax  |                              | 358.31          | 0.01           | 358.32          |
| (2) Deferred Tax   | 3                            | 81.62           | (7.96)         | 73.66           |
| (3) MAT Credit Entitlement   |                              | 0               |                |                 |
| (3) Tax Expense for Earlier Years  |                              | 0.00            |                |                 |
| <b>Profit For the Year</b>   |                              | <b>1212.30</b>  | <b>(84.94)</b> | <b>1143.26</b>  |
| <b>Other Comprehensive Income</b>  |                              |                 |                |                 |
| <b>Items that will not be reclassified to profit or loss</b>                 |                              |                 |                |                 |
| Remeasurement of defined benefit plans                                       | 2                            | 0               | (0.93)         | (0.93)          |
| Tax relating to remeasurement of defined benefits plans                      |                              | 0               | 0.27           | 0.27            |
| <b>Total Other Comprehensive Income for the period</b>                       |                              | -               | (0.66)         | (0.66)          |
| <b>Total Comprehensive Income for the period</b>                             |                              | <b>1212.30</b>  | <b>(85.60)</b> | <b>1142.60</b>  |

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



**Reconciliation of Other Equity as at 31st March, 2019 and 1st April, 2018**

(Rs. in lakhs)

| Particulars                                  | Notes to First time Adoption | As at 31st March 2019 | As at 1st April 2018 |
|--|------------------------------|-----------------------|----------------------|
| <b>Other Equity as per previous GAAP</b>     |                              | 9,464.84              | 8,384.60             |
| <b>Adjustments:</b>                          |                              |                       |                      |
| Impact due to reversal of Proposed Dividend  | 1                            | 109.53                | 109.53               |
| Impact due to Prepaid Gratuity Created       | 2                            | 1.97                  | 5.72                 |
| Impact due to Lease Liability Created        | 7                            | (1.69)                | (1.87)               |
| Impact due to Deffered tax Liability         | 3                            | (10.12)               | (18.36)              |
| Impact due to Depreciation on Leasehold land | 6                            | (73.43)               | -                    |
| Impact due to Other Comprehensive Income     | 4                            | (0.93)                | -                    |
| <b>TOTAL EQUITY AS PER IND AS</b>            |                              | <b>9,490.16</b>       | <b>8,479.62</b>      |

**Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2019**

(Rs. in lakhs)

| Particulars   | Notes to First time Adoption | As at 31st March 2019 |
|---|------------------------------|-----------------------|
| <b>Profit after Tax under previous GAAP</b>         |                              | 1,212.30              |
| <b>Adjustments:</b>                                 |                              |                       |
| Impact due to Prepaid Gratuity Created              | 2                            | (4.83)                |
| Impact due to Lease Liability Created               | 7                            | 1.94                  |
| Impact due to Deffered tax Liability                | 3                            | 7.96                  |
| Impact Due to Exp. Transfer in Revenue (regrouping) |                              | (0.68)                |
| Impact due to Depreciation on Leasehold land        | 6                            | (73.43)               |
| <b>Profit after Tax as per Ind AS</b>               |                              | <b>1,143.26</b>       |
| Remeasurements of post employment benefits          | 4                            | (0.66)                |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>      |                              | <b>1,142.60</b>       |

**Impact of Ind AS adoption on the Statement of Cash Flow for the year ended March 31, 2019**

There were no material differences between the Cash Flow Statement presented under Ind AS and the previous GAAP.

#### **D. NOTES TO FIRST TIME ADOPTION**

##### **1. Proposed Dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and tax thereon of ₹ 109.53 Lakhs as at 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March 2019 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

##### **2. Remeasurements of post-employment benefit obligations**

Under Ind AS, re measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these re measurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended 31<sup>st</sup> March, 2019 decreased by ₹ 0.93 Lakhs.

Under previous GAAP, gratuity Expenses paid are shown in Employee benefits expenses only. Under Ind AS, the Company had accounted Defined Benefit Plans according to Ind AS 19 Employee Benefits from date of transition and accordingly gratuity expenses are segregated in employee & finance cost.

##### **3. Deferred Tax**

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognized on the adjustments made on transition to Ind AS.

##### **4. Other Comprehensive Income**

Under Ind AS, all items of income and expense recognized in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re measurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

5. Under previous GAAP, the fixed assets of the Company were revalued and a revaluation reserve was created. Under Ind AS, the Company has adopted previous GAAP carrying value as deemed cost for PPE as on transition date and accordingly revaluation reserve has been transferred to retained earnings, depreciation related to revaluation of ₹ 7.33 Lakhs as at 31<sup>st</sup> March, 2018 adjusted under revaluation reserve has been reversed with corresponding adjustment to retained earnings. Consequently, there is no impact on the total equity as at 31<sup>st</sup> March, 2019.

6. Property, plant & Equipment includes Leasehold land. As a Lessee (Company's) lease hold land is accounted as Operating lease under previous GAAP and accounting policy is adopted as per AS 19. Under Ind As, The Company implemented a single accounting model as per Ind AS 116, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. Based on the accounting policy applied the Company recognizes a right-of-use asset and a lease liability at the commencement date of the contract

for all leases conveying the right to control the use of an identified assets for a period of time. Depreciation is calculated using the straight-line method over the shorter of lease term or useful of underlying assets and accordingly company charged depreciation of Rs. 73.43 lacs in the year ended 31.03.2019.

7. A Lessee presents Interest Expense on the lease liability separately from the depreciation charged for the right of use asset. Interest expenses on the lease liability is a component of finance costs, which is presented separately in the statement of profit or loss.

#### 8. Retained earnings

Retained earnings as at 1st April, 2018 has been adjusted consequent to the above Ind AS transition adjustments.

### 32. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

#### I. The carrying value of financial instruments by categories are as follows:

(Rs. In lakhs)

| I. The carrying value of financial instruments by categories are as follows:               |                       |        |                 |                       |        |                 |                      |        |                 |
|--|-----------------------|--------|-----------------|-----------------------|--------|-----------------|----------------------|--------|-----------------|
| Particulars  | As at 31st March 2020 |        |                 | As at 31st March 2019 |        |                 | As at 1st April 2018 |        |                 |
|  | FVTPL                 | FVTOCI | Amortised cost  | FVTPL                 | FVTOCI | Amortised cost  | FVTPL                | FVTOCI | Amortised cost  |
| <b>Financial Assets</b>  |                       |        |                 |                       |        |                 |                      |        |                 |
| Other Non-Current Financial Assets   | -                     | -      | 65.61           | -                     | -      | 69.71           | -                    | -      | 97.58           |
| Trade Receivables  | -                     | -      | 2777.13         | -                     | -      | 2225.60         | -                    | -      | 1174.07         |
| Cash and Cash equivalents  | -                     | -      | 95.03           | -                     | -      | 4.89            | -                    | -      | 2.01            |
| Loans  | -                     | -      | 1.28            | -                     | -      | 2.44            | -                    | -      | 0.25            |
| Other Current Financial Assets   | -                     | -      | 177.89          | -                     | -      | 816.69          | -                    | -      | 944.12          |
| <b>Total Financial Assets</b>  | -                     | -      | <b>3116.94</b>  | -                     | -      | <b>3119.33</b>  | -                    | -      | <b>2218.03</b>  |
| <b>Financial Liabilities</b>   |                       |        |                 |                       |        |                 |                      |        |                 |
| Borrowings   | -                     | -      | 2,918.85        | -                     | -      | 1,703.96        | -                    | -      | 1,944.47        |
| Lease Liability  | -                     | -      | 13.14           | -                     | -      | 13.54           | -                    | -      | 13.71           |
| Short Terms Borrowings   | -                     | -      | 785.41          | -                     | -      | 676.93          | -                    | -      | 1,385.06        |
| Trade Payables   |                       |        |                 |                       |        |                 |                      |        |                 |
| (A) Total outstanding dues of micro enterprises and small enterprises                      | -                     | -      | 117.92          | -                     | -      | 126.26          | -                    | -      | 0.00            |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | -                     | -      | 458.81          | -                     | -      | 391.69          | -                    | -      | 522.90          |
| Other Current Financial Liabilities  | -                     | -      | 323.21          | -                     | -      | 384.46          | -                    | -      | 341.07          |
| <b>Total Financial Liabilities</b>   | -                     | -      | <b>4,617.34</b> | -                     | -      | <b>3,296.84</b> | -                    | -      | <b>4,207.20</b> |

#### II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

##### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor

risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given.

The carrying amount of following financial assets represents the maximum credit exposure:

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank references.

No provision on such receivables has been recognised as on the reporting date.

**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 or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the cash flows generated from operations to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**a) Maturities of financial liabilities**

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

| Particulars  | Carrying Amount       |                 | Contractual cash flows |                 |                   |
|--|-----------------------|-----------------|------------------------|-----------------|-------------------|
|  | As at 31st March 2020 | Total           | Within 1 Year          | 1–5 years       | More than 5 years |
| <b>Non-Derivative Financial Liabilities</b>  |                       |                 |                        |                 |                   |
| Borrowings   | 2,918.85              | 2,918.85        | -                      | 2,918.85        | -                 |
| Lease Liability  | 13.14                 | 13.14           | -                      | -               | 13.14             |
| Short Terms Borrowings   | 785.41                | 785.41          | 785.41                 | -               | -                 |
| Trade Payables   |                       |                 |                        |                 |                   |
| (A) Total outstanding dues of micro enterprises and small enterprises                      | 117.92                | 117.92          | 117.92                 | -               | -                 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 458.81                | 458.81          | 458.81                 | -               | -                 |
| Other Current Financial Liabilities  | 323.21                | 323.21          | 323.21                 | -               | -                 |
| <b>Total Non-Derivative Financial Liabilities</b>  | <b>4,617.34</b>       | <b>4,617.34</b> | <b>1,685.35</b>        | <b>2,918.85</b> | <b>13.14</b>      |

| Particulars  | Carrying Amount       |                 | Contractual cash flows |                 |                   |
|--|-----------------------|-----------------|------------------------|-----------------|-------------------|
|  | As at 31st March 2019 | Total           | Within 1 Year          | 1–5 years       | More than 5 years |
| <b>Non-Derivative Financial Liabilities</b>  |                       |                 |                        |                 |                   |
| Borrowings   | 1,703.96              | 1,703.96        | -                      | 1,703.96        | -                 |
| Lease Liability  | 13.54                 | 13.54           | -                      | -               | 13.54             |
| Short Terms Borrowings   | 676.93                | 676.93          | 676.93                 | -               | -                 |
| Trade Payables   |                       |                 |                        |                 |                   |
| (A) Total outstanding dues of micro enterprises and small enterprises                      | 126.26                | 126.26          | 126.26                 | -               | -                 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 391.69                | 391.69          | 391.69                 | -               | -                 |
| Other Current Financial Liabilities  | 384.46                | 384.46          | 384.46                 | -               | -                 |
| <b>Total Non-Derivative Financial Liabilities</b>  | <b>3,296.84</b>       | <b>3,296.84</b> | <b>1,579.34</b>        | <b>1,703.96</b> | <b>13.54</b>      |

| Particulars  | Carrying Amount      |                 | Contractual cash flows |                 |                   |
|--|----------------------|-----------------|------------------------|-----------------|-------------------|
|  | As at 1st April 2018 | Total           | Within 1 Year          | 1–5 years       | More than 5 years |
| <b>Non-Derivative Financial Liabilities</b>  |                      |                 |                        |                 |                   |
| Borrowings   | 1,944.47             | 1,944.47        | -                      | 1,944.47        | -                 |
| Lease Liability  | 13.71                | 13.71           | -                      | -               | 13.71             |
| Short Terms Borrowings   | 1,385.06             | 1,385.06        | 1,385.06               | -               | -                 |
| Trade Payables   |                      |                 |                        |                 |                   |
| (A) Total outstanding dues of micro enterprises and small enterprises                      | -                    | -               | -                      | -               | -                 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 522.90               | 522.90          | 522.90                 | -               | -                 |
| Other Current Financial Liabilities  | 341.07               | 341.07          | 341.07                 | -               | -                 |
| <b>Total Non-Derivative Financial Liabilities</b>  | <b>4,207.20</b>      | <b>4,207.20</b> | <b>2,249.03</b>        | <b>1,944.47</b> | <b>13.71</b>      |

**iv. Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and commodity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters, while optimising the return.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowing. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. Since all the borrowings are on floating rate, no significant risk of change in interest rate.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

**Commodity price risk**

Commodity price risk for the Company is mainly related to fluctuations of raw materials prices linked to various external factors, which can affect the production cost of the Company. Company actively manages inventory and in many cases sale prices are linked to major raw material prices. To manage this risk, the Company enters into long-term supply agreement for Raw Material, identifying new sources etc. Additionally, processes and policies related to such risks are reviewed and managed by senior management on continuous basis.

**33. Capital Management**

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt and the total equity of the Company. For this purpose, net debt is defined as total borrowings less cash and cash equivalents. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirements are met through short-term/long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company. The Company's net debt to equity ratio is as follows:

| <b>(Rs. in lakhs)</b>    |                   |                   |                   |
|--------------------------|-------------------|-------------------|-------------------|
| <b>Particulars</b>       | <b>31.03.2020</b> | <b>31.03.2019</b> | <b>01.04.2018</b> |
| Borrowing                | 3984.57           | 2633.94           | 3566.20           |
| Cash & cash equivalents  | 95.03             | 4.89              | 2.01              |
| <b>Net Debt</b>          | <b>3889.54</b>    | <b>2629.05</b>    | <b>3564.19</b>    |
| <b>Total equity</b>      | <b>13035.78</b>   | <b>11,680.83</b>  | <b>10670.29</b>   |
| <b>Debt/Equity ratio</b> | <b>0.30</b>       | <b>0.23</b>       | <b>0.33</b>       |

**34. DISCLOSURE OF RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24  
"RELATED PARTY DISCLOSURES"**

**A. Details of Related Parties**

|           |  |   |
|-----------|--|---|
| <b>a.</b> | <b>Parent</b>  | Ostwal Phoschem (India) Ltd. <b>(W.e.f. 13<sup>th</sup> December 2019)</b>  |
| <b>b.</b> | <b>Key Managerial Personnel</b>                                      | Shri Pankaj Ostwal (Managing Director)<br>Shri Sourabh Gupta (Whole Time Director & Chief Financial Officer)<br>Mrs. Pallvi Sukhwai (Company Secretary)           |
| <b>c.</b> | <b>Non-Executive Director/<br/>Independent Director</b>              | Shri Mahendra Kumar Ostwal<br>Shri Praveen Ostwal<br>Shri Bheru Lal Ostwal<br>Shri Arvind Kothari<br>Shri Parasmal Surana<br>Smt. Shruti Babel                    |
| <b>d.</b> | <b>Where persons mentioned in (a) exercise significant influence</b> | Krishna Phoschem Ltd.<br>Seasons Agrochem India Pvt Ltd. <b>(up to 12.12.2019)</b><br>Ostwal Phoschem (India) Ltd.<br>Nirmala Real Infrastructure Private Limited |
| <b>e.</b> | <b>Relatives of Key Managerial Personnel (KMP)</b>                   | Mrs. Nitu Ostwal<br>Mrs. Ekta Jain  |
| <b>f.</b> | <b>Other Related Parties</b>   | M.K. Ostwal HUF (Director is karta)<br>Pankaj Ostwal HUF (Director is karta)<br>Praveen Ostwal HUF (Director is karta)  |

**B. Transactions with the Related Parties**

| (Rs. in lakhs) |   |         |         |
|----------------|---|---------|---------|
| Sr. No.        | Particulars   | 2019-20 | 2018-19 |
| <b>1</b>       | <b>Purchase of goods (CG)</b>                         |         |         |
|                | Ostwal Phoschem (India) Ltd.                          | 810.41  | 2.51    |
|                | Krishna Phoschem Ltd.                                 | 1205.77 | 66.78   |
|                | Seasons Agrochem India Pvt Ltd.                       | 0.00    | 84.00   |
| <b>2</b>       | <b>Sale of goods</b>                                  |         |         |
|                | Ostwal Phoschem (India) Ltd.                          | 26.39   | 28.45   |
|                | Krishna Phoschem Ltd.                                 | 260.31  | 392.30  |
|                | Seasons Agrochem India Pvt Ltd.                       | 0.00    | 4.19    |
| <b>3</b>       | <b>Rent paid</b>                                      |         |         |
|                | Ostwal Phoschem (India) Ltd.                          | 0.12    | 0.06    |
|                | Seasons Agrochem India Pvt Ltd.                       | 0.00    | 0.05    |
| <b>4</b>       | <b>Interest paid to</b>                               |         |         |
|                | Ostwal Phoschem (India) Ltd.                          | 0.00    | 25.42   |
| <b>5</b>       | <b>Insurance paid for</b>                             |         |         |
|                | <b>(i) Key Managerial Personnel</b>                   |         |         |
|                | Shri Pankaj Ostwal                                    | 1.33    | 1.33    |
| <b>6</b>       | <b>Compensation paid to Key Managerial Personnel:</b> |         |         |
|                | <b>Remuneration</b>                                   |         |         |
|                | <b>(1) Short-term employment benefits / Salary</b>    |         |         |
|                | <b>(i) Key Managerial Personnel</b>                   |         |         |
|                | Shri Pankaj Ostwal                                    | 48.02   | 48.62   |
|                | Shri Sourabh Gupta                                    | 7.56    | 7.09    |
|                | Mrs. Pallavi sukhwal                                  | 2.64    | 2.08    |
| <b>7</b>       | <b>Dividend Paid</b>                                  |         |         |
|                | Ostwal Phoschem (India) Ltd.                          | 45.19   | 36.01   |
|                | Seasons Agro Chem India Private Limited               | 10.33   | 10.33   |
|                | Nirmala Realinfrastructure Private Limited            | 4.50    | 4.50    |
|                | Shri Praveen Ostwal                                   | 1.66    | 1.66    |
|                | Shri Pankaj Ostwal                                    | 1.01    | 1.01    |
|                | Shri MahendraKumarOstwal                              | 0.04    | 0.04    |
|                | Shri Bheru Lal Ostwal                                 | 0.27    | 0.27    |
|                | Shri Arvind Kothari                                   | 0.06    | 0.06    |
|                | Mrs. Nitu Ostwal                                      | 0.03    | 0.03    |
|                | Mrs. Ekta Jain  | 3.31    | 3.31    |
|                | PankajOstwal (Karta of PankajOstwal HUF)              | 0.29    | 0.29    |
|                | Praveen Ostwal (Karta of Praveen Ostwal HUF)          | 0.03    | 0.03    |

All related party contracts / arrangements have been entered on arms' length basis.



**C. Amount due to/from related parties:**

| (Rs. In Lakh) |  |         |         |
|---------------|--|---------|---------|
| Sr. No.       | Particulars  | 2019-20 | 2018-19 |
| 1             | Trade receivable/Loan Given<br>Ostwal Phoschem (India) Ltd.  | 0.12    | 0.01    |
| 2             | Compensation payable to Key Managerial Personnel as on 31.03.2020<br>Remuneration<br>Pankaj Ostwal | 2.50    | 0.00    |

**35. SEGMENT REPORTING****(Rs. in lakhs)**

| Particulars                   | Business Segments |                  |                 |                 | Total            |                  |
|-------------------------------|-------------------|------------------|-----------------|-----------------|------------------|------------------|
|                               | Fertilizer        |                  | Chemicals       |                 |                  |                  |
|                               | Current Year      | Previous Year    | Current Year    | Previous Year   | Current Year     | Previous Year    |
| <b>Segment Revenue</b>        |                   |                  |                 |                 |                  |                  |
| Turnover                      | 12,363.34         | 9,858.68         | 723.02          | 1,746.65        | 13,086.36        | 11,605.33        |
| <b>Segment Result</b>         |                   |                  |                 |                 |                  |                  |
| Segment Profit                | 2,247.63          | 1,584.78         | 183.03          | 326.24          | 2,430.66         | 1,911.02         |
| Unallocated Finance charges   |                   |                  |                 |                 | 306.49           | 362.47           |
| Unallocated expenses          |                   |                  |                 |                 | -                | -                |
| Unallocated Income            |                   |                  |                 |                 | 22.47            | 26.68            |
| Profit before tax             |                   |                  |                 |                 | <b>2,146.64</b>  | <b>1,575.24</b>  |
| Income tax (net)              |                   |                  |                 |                 | 662.89           | 431.98           |
| Profit after tax              |                   |                  |                 |                 | <b>1,483.75</b>  | <b>1,143.26</b>  |
| <b>Other Information</b>      |                   |                  |                 |                 |                  |                  |
| Segment assets                | 16,776.94         | 12,406.85        | 2,131.87        | 2,517.05        | 18,908.81        | 14,923.90        |
| Unallocated other assets      |                   |                  |                 |                 |                  | 1,034.79         |
| Total assets                  | <b>16,776.94</b>  | <b>12,406.85</b> | <b>2,131.87</b> | <b>2,517.05</b> | <b>18,908.81</b> | <b>15,958.69</b> |
| Segment liabilities           | 4,793.43          | 2,932.65         | 70.19           | 582.99          | 4,863.62         | 3,515.64         |
| Unallocated other liabilities |                   |                  |                 |                 | 1,009.41         | 762.22           |
| Total liabilities             | <b>4,793.43</b>   | <b>2,932.65</b>  | <b>70.19</b>    | <b>582.99</b>   | <b>5,873.03</b>  | <b>4,277.86</b>  |
| Capital Expenditure           | 129.01            | 106.81           | -               | -               | 129.01           | 106.81           |
| Depreciation                  | 757.73            | 681.96           | 283.41          | 283.41          | 1,041.14         | 965.37           |

**36. CORPORATE SOCIAL RESPONSIBILITIES (CSR)****(Rs. in lakhs)**

| Particulars   | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| a) The Gross amount required to be spent by the Company during the year         | 25.01                  | 17.64                  |
| b) The Details of the amount spent during the year on CSR activities as follow: |                        |                        |
|   |                        |                        |
|   |                        |                        |
| (i) Construction/Acquisition of any Asset                                       | -                      | -                      |
| (ii) On purpose other than (i) above  | 26.20                  | 6.49                   |

**37. EMPLOYEE BENEFITS****(a) Defined Contribution Plans:**

The Company has recognized the following amounts in the Statement of Profit and Loss which are included under Contribution to Provident and other funds;

|             |  | (Rs. In lakhs)          |              |
|-------------|--|-------------------------|--------------|
| Particulars |  | For the year ended 31st | For the year |
| I)          | Employers Contribution to Provident Fund | 21.90                   | 19.60        |

**b) Defined Benefit Plan:**

Disclosures for defined benefit plans based on actuarial valuation report:

**II) GRATUITY**

|             |  | (Rs. in lakhs)          |              |
|-------------|--|-------------------------|--------------|
| Particulars |  | For the year ended 31st | For the year |
| A)          | <b>Changes in defined benefit obligations</b>                      |                         |              |
|             | a) At the beginning of the year                                    | 30.43                   | 26.75        |
|             | b) Current Service Cost  | 4.10                    | 3.96         |
|             | c) Interest Cost   | 2.28                    | 2.14         |
|             | d) Actuarial (Gain) Loss   | -2.49                   | 2.84         |
|             | e) Benefits paid   | -1.16                   | -5.26        |
|             | f) Defined Benefits Obligation at the end of the year              | 33.16                   | 30.43        |
| B)          | <b>Change in Fair Value of Plan Assets</b>                         |                         |              |
|             | a) At beginning of the year  | 31.48                   | 32.46        |
|             | b) Expected Return on plan assets                                  | 2.69                    | 2.33         |
|             | c) Actuarial Gain / (Loss)   | 0.00                    | 0.00         |
|             | d) Employer Contributions  | 6.34                    | 1.94         |
|             | e) Benefits paid   | -1.16                   | -5.26        |
|             | f) Fair Value of the plan assets at the end of the year            | 39.35                   | 31.48        |
| C)          | <b>Reconciliation of fair value of obligation and Assets</b>       |                         |              |
|             | a) Present value of defined benefit obligation at end of the year  | 33.16                   | 30.43        |
|             | b) Fair value of plan assets at end of the year                    | 39.35                   | 31.48        |
|             | c) Amount recognized in Balance Sheet (a-b)                        | (6.19)                  | (1.05)       |
| D)          | <b>Expenses recognized in the Statement of Profit and Loss</b>     |                         |              |
|             | a) Current Service Cost  | 4.10                    | 3.96         |
|             | b) Interest Cost   | 2.28                    | 2.14         |
|             | Expenses recognized in the Statement of Profit and Loss            | 6.38                    | 6.10         |
| E)          | <b>Expenses recognized in the Other Comprehensive Income (OCI)</b> |                         |              |
|             | a) Remeasurement (gain) / loss                                     | (2.69)                  | (2.33)       |
|             | b) Actuarial (gain) / loss   | -2.49                   | 2.84         |
|             | c) Net (Income) / Expenses recognised in OCI (a-b)                 | (5.18)                  | 0.51         |

**38. EARNINGS PER SHARE (EPS)**

|             |   | (Rs. In Lakh) |             |
|-------------|---|---------------|-------------|
| Particulars |   | 2019-20       | 2018-19     |
| i)          | Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders ₹ In Lakhs | 1,483.75      | 1,143.26    |
| ii)         | Weighted Average Number of Equity Shares used as denominator for calculating EPS                        | 2,19,06,735   | 2,19,06,735 |
| iii)        | Basic and Diluted Earning per Share (₹)   | 6.77          | 5.22        |
| iv)         | Face Value per Equity Share (₹)   | 10            | 10          |

**39. Estimation of uncertainties relating to the global health pandemic from COVID-19 :**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Company. The Company has been taking various precautionary measures to protect employees and their families from COVID-19. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, other assets and in relation to other financial statement captions. Further

the impact assessment does not indicate any adverse impact on the ability of the company to continue as a going concern. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Company's financial statements, which may differ from that considered as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. The Company has resumed its business activities by reopening its factories and offices on a gradual basis in line with the guidelines issued by the Government authorities.

### MSME Disclosure

| (Rs in Lakhs)   |                      |                      |
|---|----------------------|----------------------|
| Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :  |                      |                      |
| Particulars   | As at March 31, 2020 | As at March 31, 2019 |
| Principal amount due  | 117.92               | 126.26               |
| Interest due on above   | -                    | -                    |
| Interest paid during the period beyond the appointed day  | -                    | -                    |
| Amount of interest due and payable for the period of delay in making payment without  | -                    | -                    |
| Amount of interest accrued and remaining unpaid at the end of the period  | -                    | -                    |
| 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 small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act | -                    | -                    |
| <b>Note:</b> The above information and that given in Note No. 18 'Trade Payables' regarding Micro and Small Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.                  |                      |                      |

#### 40. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on 08<sup>th</sup> July, 2020. The Board of Directors have recommended dividend of ₹ 0.50 per fully paid up equity share of ₹ 10/- each, aggregating ₹ 109.53 Lacs for the financial year 2019-20, which is based on relevant share capital as on 31st March, 2020. The actual dividend amount will be dependent on the relevant share capital outstanding as on the record date / book closure.

41. Previous year's figures have been reclassified, wherever necessary, to conform current year's presentation.
42. In the opinion of the Board, all assets other than fixed assets and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated.

For M/s Rajneesh Kanther & Assosaties

For and Behalf of the Board of Directors

Chartered Accountants

(Firm Registration No. 02126C)

Sd/-

(Pankaj Ostwal)

(Managing Directors)

DIN: 02586806

Sd/-

(Praveen Ostwal)

(Directors)

DIN: 00412207

Sd/-

(Rajneesh Kanther)

Partner

Membership No.012162

Place: Bhilwara

Date: 21st July, 2020

Sd/-

(Pallavi Sukhwal)

Company Secretary

Membership No .ACS43744

Sd/-

(Sourabh Gupta)

(CFO)

DIN: 07177647