

September 03, 2022

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|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 532967 | To, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip ID: KIRIINDUS |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|

Dear Sir/Madam,

Sub: Annual Report for the FY 2021-22.

In Compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report for the FY 2021-22 along with the Notice convening 24th Annual General Meeting, scheduled to be held on Thursday, September 29, 2022 at 02.30 p.m. through Video Conferencing ("VC").

The aforesaid Annual Report is also available on the website of the Company i.e. www.kiriindustries.com.

We request to kindly take the same on records.

Thanking you,

Yours faithfully,

For Kiri Industries Limited

Suresh Gondalia
Company Secretary
Encl: As stated

DYES

Plot No : 299/1/A & B, Phase-II, Nr. Water Tank, GIDC, Vatva,
Ahmedabad - 382 445, Gujarat, India.
Phone : +91-79-25894477
Fax : +91-79-25834960
Email : engage@kiriindustries.com **Web** : www.kiriindustries.com

INTERMEDIATES

Plot No : 396/399/403/404, EPC Canal Road, Village : Dudhwada,
Tal. : Padra, Dist. : Vadodara - 391450. Gujarat, India.
Phone : +91-2662-273444
Fax : +91-2662-273444
Email : intermediates@kiriindustries.com **Web** : www.kiriindustries.com

CHEMICALS

Plot No : 552-A, 566, 567, 569-71, Village : Dudhwada, Tal. : Padra,
Dist. : Vadodara - 391 450 Gujarat, India.
Phone : +91-2662-273724, 25
Fax : +91-2662-273726
Email : intermediates@kiriindustries.com **Web** : www.kiriindustries.com



Kiri Industries Limited

Future Full of Colours.....

WIDENING **OUR**

Spectrum

ANNUAL REPORT 20**21-22**

Corporate Information

Board of Directors

Mr. Manish Kiri

Chairman & Managing Director

Mr. Keyoor Bakshi

Independent Director

Mr. Mukesh Desai

Independent Director

Ms. Veena Padia

Independent Director

Mr. Ulrich Hambrecht

Independent Director

Senior Management

Mr. Jayesh Vyas

Chief Financial Officer

Mr. Suresh Gondalia

Company Secretary

Mr. Prashant Pandya

President - Corporate Affairs & Strategy

Registered Office

7th Floor, Hasubhai Chambers, Opp. Town Hall,

Ellisbridge, Ahmedabad – 380006

T: 079-26574371/72/73 | F: 079-26574374

E: info@kiriindustries.com

W: www.kiriindustries.com

CIN:L24231GJ1998PLC034094

Works

DYE DIVISION:

Plot No 299/1/A & B, Nr. Water Tank, Phase-II,
GIDC, Vatva, Ahmedabad – 382445, Gujarat, India

DYE INTERMEDIATE DIVISION:

Plot No: 396 EPC Canal Road,
Village: Dudhwada, Ta: Padra, D.: Vadodara: 391450,
Gujarat, India

CHEMICAL DIVISION:

Plot No: 552, 566, 567, 569-71,
Village: Dudhwada, Tal. Padra, D.: Vadodara- 391450
Gujarat, India.

Auditors

STATUTORY: Pramodkumar Dad & Associates
Chartered Accountants, Ahmedabad

COST: V. H. Savaliya & Associates
Cost Accountants, Ahmedabad

SECRETARIAL: Kashyap R. Mehta & Associates
Company Secretaries, Ahmedabad

Registrar and Shares Transfer Agent

Cameo Corporate Services Limited

Subramanian Building #1, Club House Road,
Chennai-600002.

T: +91-44-2846 0390 | F: +91-44-2846 0129

E: cameo@cameoindia.com

W: www.cameoindia.com

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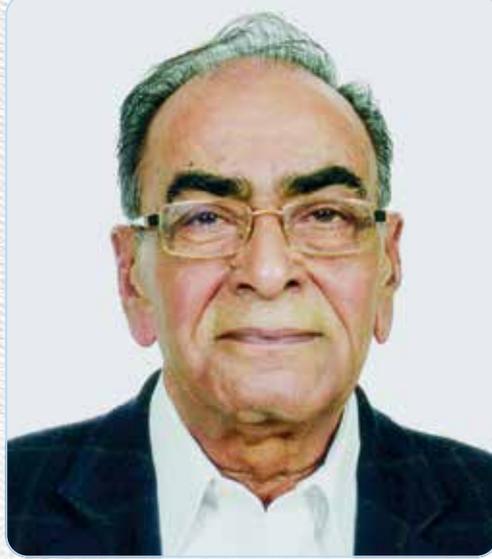
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Tribute



Shri Pravinchandra Amrutlal Kiri

(Founder Chairman, Kiri Industries Limited)
(Birth: 01-11-1945 | Death: 12-06-2022)

नैनं छिन्दन्ति शस्त्राणि नैनं दहति पावकः । न चैनं क्लेदयन्त्यापो न शोषयति मारुतः ॥

**A visionary who has left an inspirational legacy.
The values set by you in Kiri Group, will always remain with us.
A fountainhead of Knowledge and always a source of motivation,
he has left behind reach harvests of memories to cherish, honour and emulate.
As we move forward to add colour to the lives of millions,
we will carry your philosophy forward to greater heights.**



Kiri Industries Family

The future is indefinite and exists only as a spectrum of possibilities

STEPHEN HAWKING

Possibilities...

It's not simply a word.

It's a feeling that drives aspirations to new heights. It's a thought that empowers one to walk the extra mile to unearth the new. It's hope that rekindles ambition to take that extra step that will ultimately position you into a higher orbit.

At KIL, we are ideating such possibilities, which will, over a period of time, transform into on-ground realities and generate superior value for our shareholders.

At KIL, we are captivated by the thought of

Widening our Spectrum.





AT A Glance



- A fully integrated dye manufacturing company
- One of the leading manufacturers and exporters of Dyes and Dye Intermediates in India
- Diversified product lines
- Internationally recognized and accredited products and services
- Presence in more than 50 countries across 7 continents
- An ISO 9001, 14001, 45001 :2015 certified company
- Registration of Global Organic Textile Standard (GOTS), ZDHC and bluesign system partner
- Winner of several CHEMEXCIL & GDMA awards
- Listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE)



25
Years of experience



1,149+
Team members



6
State-of-the-art
manufacturing facilities

KIRI INDUSTRIES LIMITED (KIL) IS ONE OF THE LARGEST MANUFACTURERS AND EXPORTERS OF A WIDE RANGE OF **Dyes, Dye Intermediates and Basic chemicals**

SINCE inception in 1998, Kiri Industries Limited (KIL) is consistently delivering quality specialty chemical products to India's textile sector.

As one of the largest Dyes, Dye Intermediates and Basic chemicals manufacturers and exporters of India, KIL offers a diversified product range to customers across the globe.

In its nearly 25 years of existence, KIL went into a joint venture with a foreign company and acquired one of the major colour and textile solution providers, DyStar.

KIL has an impressive portfolio of Dyes, Dye Intermediates and Basic chemicals with a leading position in majority of its products. The manufacturing units of KIL uses world-class



technology with effective compliance of environmental norms delivering quality products to customers while committing to the highest level of sustainability in the industry.

As a niche chemical manufacturer, KIL leverages its intellectual capital and experience to develop new products in one of the most cost-effective ways. This helps in continuously rejuvenating its products basket with innovative products, expanding its market presence, strengthening its brand reputation and meeting the ever-changing needs of customers.

CONSOLIDATED FINANCIAL HIGHLIGHTS

14,989
Total Revenue, FY22
(₹ million)

8,650
Domestic Revenue, FY22
(₹ million)

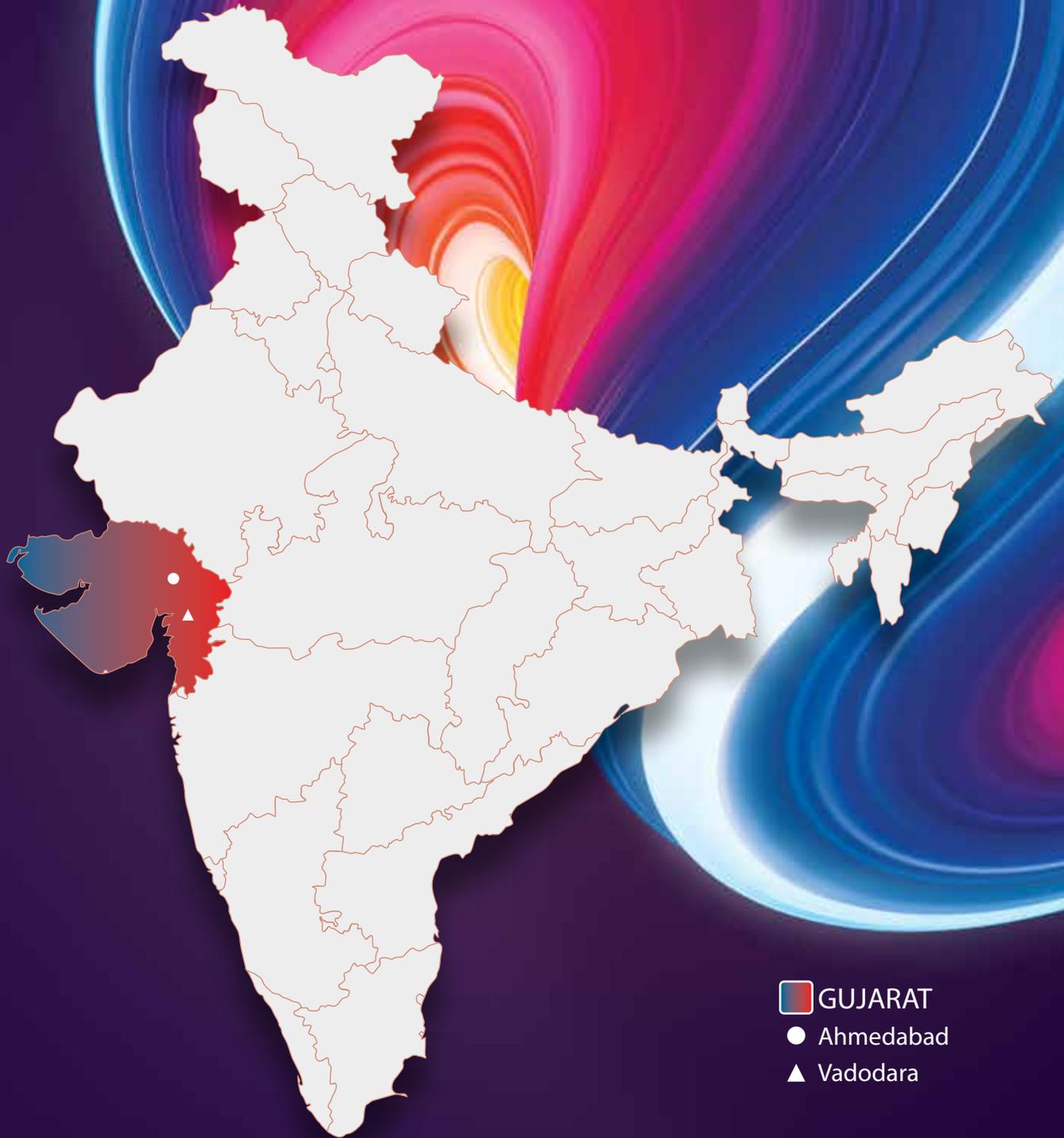
6,339
Export Revenue, FY22
(₹ million)

1,213
EBITDA, FY22
(₹ million)

526
Net Profit, FY22
(₹ million)

25,378
Market Capitalisation,
March 31, 2022 (₹ million)

OUR Operating facilities



Unit I, II & IV



Ahmedabad, Gujarat, India

Products: S.O. Dyes,
Disperse Dyes

INSTALLED CAPACITY

Reactive dyes
36,000^{MTPA}

Disperse dyes
8,000^{MTPA}

Unit III



Vadodara, Gujarat, India

Products: Intermediates
– V.S., H. Acid and other
specialties

INSTALLED CAPACITY

Vinyl Sulphone
18,000^{MTPA}

H-acid
7,200^{MTPA}

Specialty intermediates
16,000^{MTPA}

Acetanilide
12,000^{MTPA}

Unit V



Vadodara, Gujarat, India

Products: Sulphuric acid,
Oleum, Chloro-sulphonic
acid along with a 3.3 MW
steam-based power plant

INSTALLED CAPACITY

Basic Chemicals

500^{TPD}

Sulphuric acid
280^{TPD}

Oleum 23%
Oleum 65%
120^{TPD}

Chloro
sulphonic acid
100^{TPD}

Thionyl chloride
150^{TPD}

Lonsen Kiri plant (JV with Longsheng, China)

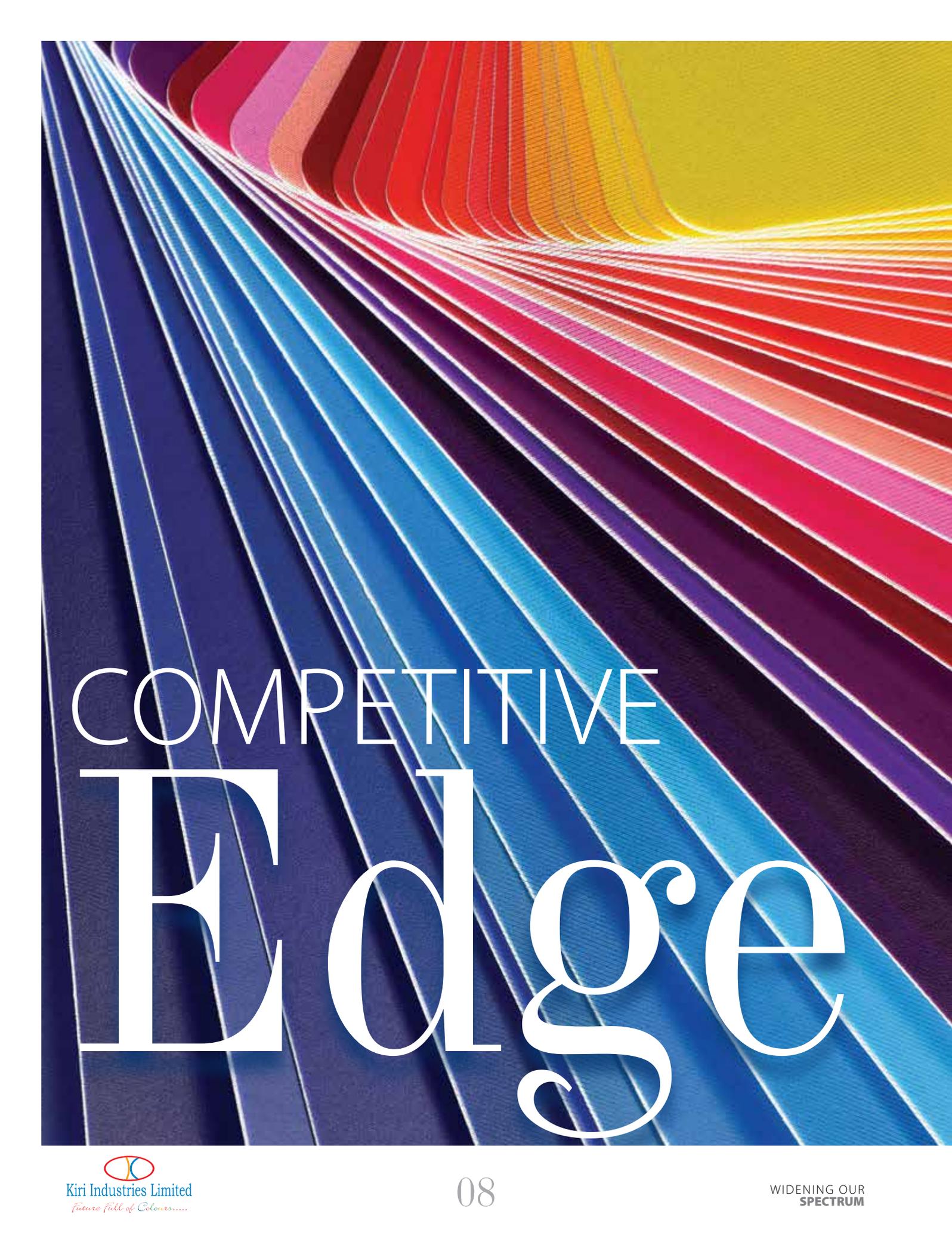


Vadodara, Gujarat, India

Products: Reactive and
Indigo Dyes

INSTALLED CAPACITY

50,000^{MTPA}



COMPETITIVE
Edge



Rich experience of more than two decades in the Dyes & Dye Intermediates industry



Widely diversified product portfolio for end-to-end solutions for the textile industry



Equipped with state-of-the-art laboratories for product development and application & environment-oriented research



Integrated logistics base to ensure a constant supply of raw materials to the manufacturing units and finished goods to customers as well



Extensive global reach with a sales network in more than fifty countries across seven continents



Large customer base in India and across the world; long and healthy business relationship with all the global customers



Preferred resource center for variety of textile Dyes in India and across the globe



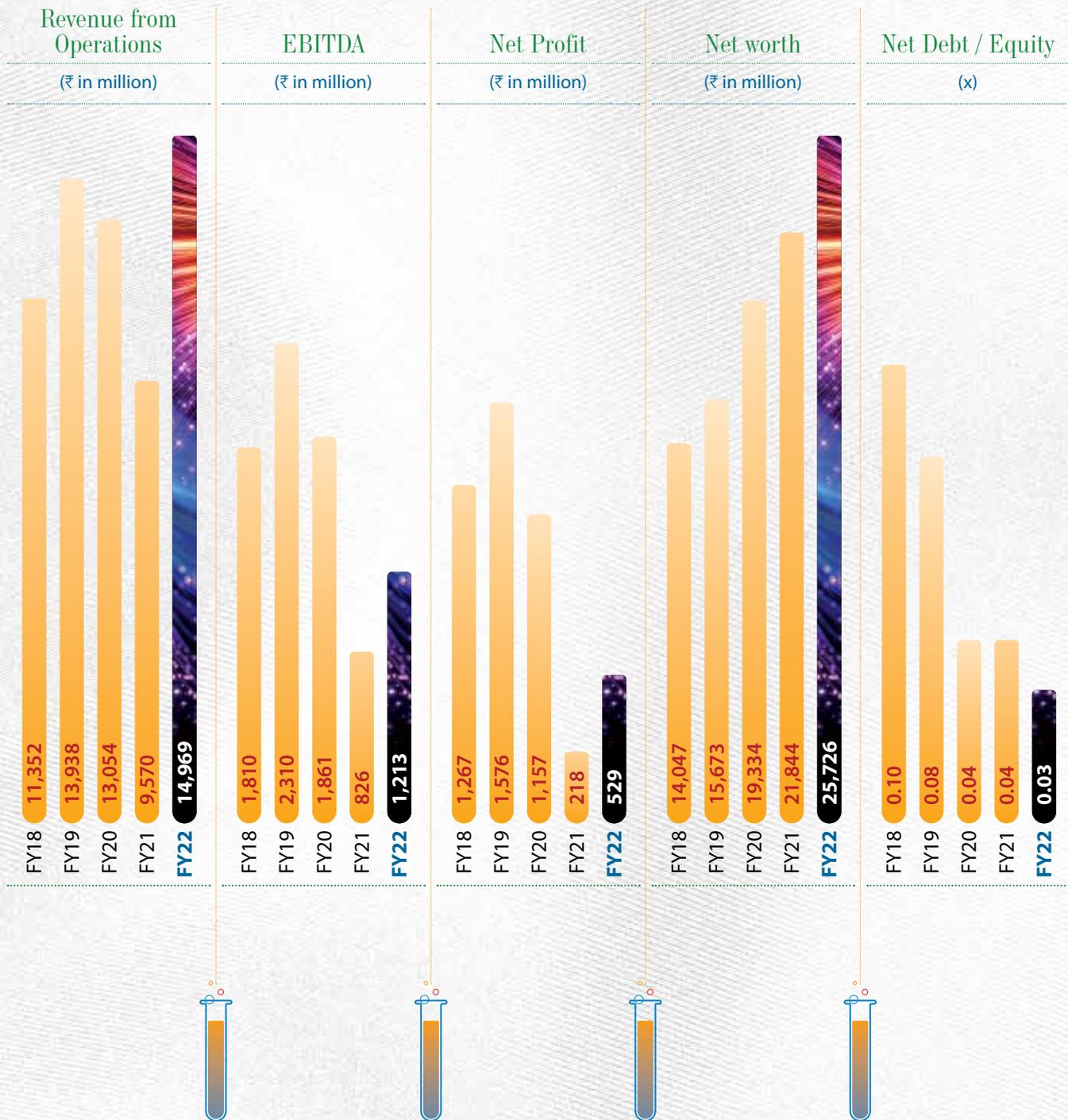
An effective, ambitious and focused management team with the right mix of talent and experience

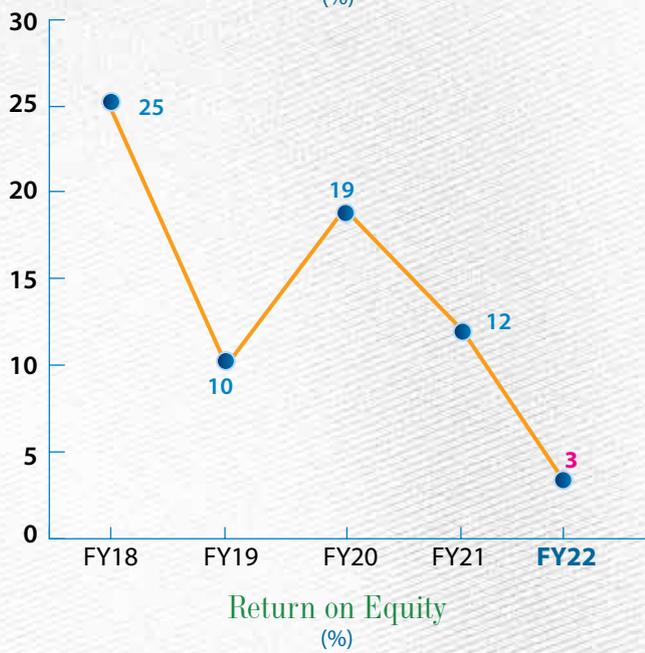
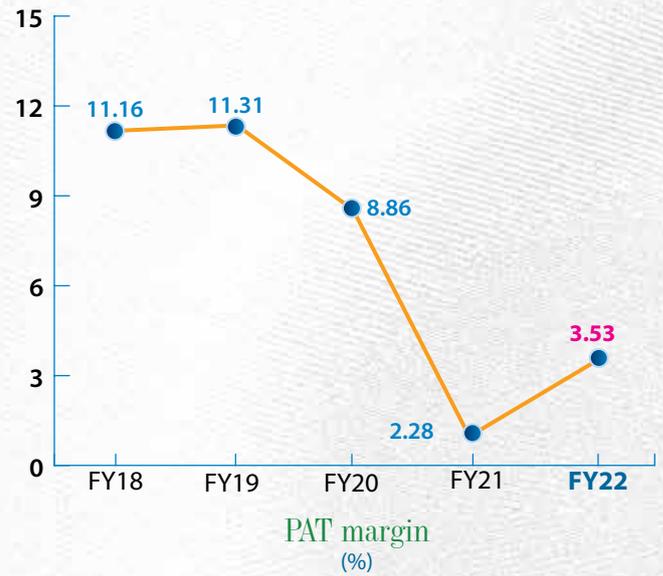
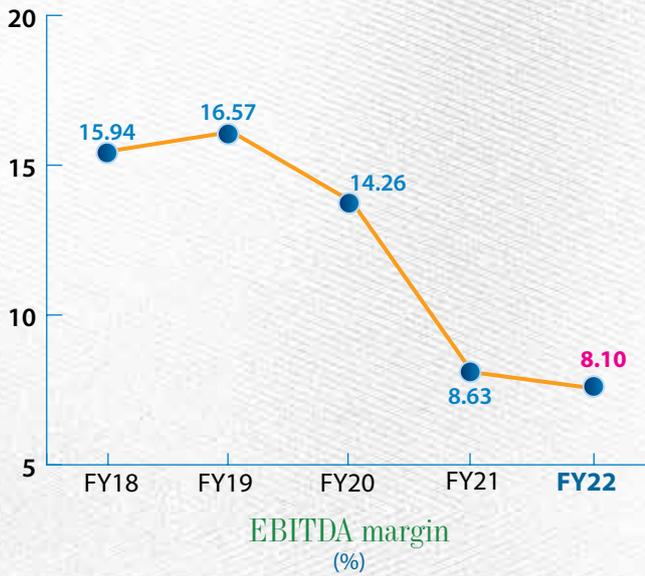


Environment • Environment-friendly, Zero-Liquid Discharge (ZLD) of the Intermediate facility of the company

KEY PERFORMANCE Indicators

(Consolidated Financials)





OUR FUTURE IS EXTREMELY RIVETING AS WE ARE EXCITED ABOUT WIDENING OUR BUSINESS SPECTRUM. WE WILL PERSISTENTLY EXPLORE NEWER WAYS AND AVENUES TO FURTHER IMPROVE OUR TOP-LINE
Growth & Profitability.



Manish Kiri
CHAIRMAN & MANAGING DIRECTOR

DEAR
SHAREHOLDERS,

I am pleased to share with you my thoughts through this statement for Kiri Industries Limited (KIL). Your company has yet again demonstrated its ability to stand tall in the face of considerable headwinds that promised to derail it from the committed path.

FY22 was replete with challenges. It started with the second wave of the pandemic which tested India's metal severely. Like every other enterprise, we had our share of issues that were overcome by our Covid action force who left no stone unturned to help the team in these trying times.

Even as demand resurfaced and we looked to improved possibilities, the surge in energy costs owing to the spike in coal and gas prices as well as an increase in raw materials cost sucked out the winds from beneath our sails. The incremental cost could not be completely passed on to the end customers. Our cost structures were severely compromised. We were pushed against a wall.

Also, the irrational jump in raw cotton prices impeded the progress of the textile sector in the second half of FY22. The jump in working capital requirements forced some players to throttle operations. This hampered demand for our products.

Further, the geo-political issues that erupted in the last quarter of FY22 resulted in a significant supply chain disruption globally. It resulted in a spike in all inputs cost – it was next to impossible to pass on the incremental costs.

Even as standalone Revenue from Operations increased at a healthy uptick from ₹689 crore in FY21 to ₹1136 crore in FY22. EBITDA stood at



₹33 crore in FY22 against ₹1 crore in FY21. Net loss on a standalone basis declined from ₹37 crore to ₹9 crore in FY22 – the reduction in the net loss was very heartening. The credit for this achievement rests squarely on the shoulders of our team who have gone above and beyond to help the Company overcome these trying times.

In FY22 consolidated Revenue from Operation grew by 56% from ₹957 crore to ₹1497 crore. EBIDTA grew by 46% from ₹85 crore to ₹123 crore in FY22. During FY22, net profit including share of profit from associates increased by 54% from ₹252 crore to ₹388 crore.

This brings me to the most important part of my message. After more than 7 years, we have crossed the finish line. We won the legal battle in the Singapore Court. This is a huge moment for all of us. We will be able to come out from the grave suffering on account of minority oppression and will receive about US\$ 600 Mn pursuant to the buyout order given by Singapore International Commercial Court (SICC) and Supreme Court of Singapore.

I expect two questions to be crossing your mind. 1) By when will we receive the funds? 2) Where will we deploy the funds?

First, the Longsheng Group/Senda will need to pay funds as per the Court order. I estimate that they will need to honour the judgement within FY23. And yes, they have the necessary liquidity to meet this liability.

Next, where do we deploy the funds?

India is emerging as a land of opportunities. The western world is looking upon India as a reliable sourcing hub. India is ardent about its goal of becoming a US\$5 trillion economy (it is already around US\$ 3 trillion). This ambition is throwing up multiple business opportunities in diverse sectors. Moreover, it is creating new business spaces which did not exist even a decade ago.

Further, the Prime Minister of India has expressed his desire to graduate India to the Developed Nation status. This single statement, if dedicatedly implemented, promises to change the industrial ecosystem of India.

We will cherry-pick some interesting opportunities after a detailed analysis of the challenges and prospects. After we narrow down on some avenue where the prospects align with our risk-return appetite, we will deploy these funds prudently in a phased manner. This diversification will help us to create immense value for all our stakeholders.

Having said this, I must mention that we do not propose to get out of our Dyes and Dye Intermediates business. We will continue to grow this business too. While there are challenges in the near term, primarily owing to spiralling input costs, we see interesting opportunities appear over the medium to long-term horizon.

India is working single-mindedly towards uplifting the textile sector, a key economic driver for the nation. The Indian Government has entered into Free Trade Agreements (FTAs) with the UAE and Australia. Moreover, it is actively discussing the prospects of endorsing FTAs with the European Union, Canada and the UK. These agreements will be 'big-ticket' deals for the textiles sector with the potential to create a level playing field for the Indian industry vis-à-vis competitors such as Bangladesh, Sri Lanka and Vietnam. It would have significant positive ramifications for the Indian textile industry over the medium term and our dyes and chemical business.

Our future is extremely riveting as we are excited about widening our business spectrum. We will persistently explore newer ways and avenues to further improve our top-line growth and profitability.

In closing, I, on behalf of the Board, would like to thank our esteemed shareholders, partners, Central and State Governments and other stakeholders for reposing their confidence in our capability and extending their support in our long journey of perseverance. I thank all my colleagues on the Board for their oversight in this crucial phase of our growth, their support, and immense encouragement to the management team.

We stand firm in our commitment to building a stronger business and delivering value to all our stakeholders.

Warm regards,

Manish Kiri
Chairman & Managing Director

CARE FOR Society & the Environment



Kiri Industries Ltd (KIL) has committed itself to sustainable operation and development in all its business activities.

Sustainability increases productivity and enhances innovation which is a necessary prerequisite for value creation. It is an integral part of the Company's work culture which helps it to build a competitive advantage through difference, supports profitable growth, creates value for all stakeholders, builds strong brand equity and mitigates risk.

The Company continues to implement initiatives to reduce its environmental burden, improve the health and safety ecosystem

within its operating facilities, storage, distribution infrastructure and manages waste disposal responsibly. These result in the efficient utilisation of resources in an environment-friendly manner.

The business practices are dictated by the 3R philosophy 'Reduce, Reuse and Recycle'. As a result, the Company continuously updates its technology which facilitates in the optimal utilisation of resources, superior man-machine productivity and reduced wastage.

- The superheated steam from our basic chemical unit is used to generate 3.3 MW of electricity, reducing our carbon footprint.

- The sophisticated filtration and RO (reverse osmosis) systems installed at the dye manufacturing facility, facilitate the effluent recycling system. This optimises the consumption of chemicals and solvents.
- By-products in the Dye Intermediate units are reused internally while the rest of those are sold to outside customers.
- Our Dye Intermediates unit is Zero liquid discharge which reduces the requirement of fresh water in the production process, reduces the use of raw material and thereby increases operational efficiency.

Board of Directors

Mr. Manish Kiri

Chairman & Managing Director

He holds Bachelor degree in Engineering (Electronics & Communication) from Gujarat University and a Master Degree in Business Management from Wayne State University, USA. He envisions the company's operational strategies and its future forays and expansions. He also designs its marketing strategies and commandeers their implementation. He oversees the overall sales and exports, customer relationship management and expansions, ensuring a sustainable growth of the company. He was the force behind the Company's JV (Lonsen Kiri Chemical Industries Ltd.), and acquisition of DyStar. He was awarded the 'Outstanding Entrepreneur' by Ahmedabad Management Association in the year 2011. He is Chairman of Gujarat Council - Chemical Committee of ASSOCHAM and member of advisory committee of Gujarat Chamber of Commerce and Industry. He is special invited member of executive committee of Gujarat Dyestuff Manufacturers Association.

Mr. Keyoor Bakshi

Independent Director

He holds degrees in Commerce and Law from Gujarat University. He is a Fellow Member of the Institute of Company Secretaries of India and had served as the President of the Institute of Company Secretaries of India in the year 2008. Actively involved in various assignments relating to Corporate Laws, Finance, amalgamations, mergers / de-mergers, acquisitions and takeovers, corporate restructuring and planning. He is also holding position of independent director in various Companies.

Mr. Mukesh Desai

Independent Director

He holds degree of B.E. (Production) and Post Diploma in Management Study from Bombay University. He has vast working experience in different types of manufacturing units in India and abroad. He has successfully implemented project of various industries like Engineering, Chemical, Automobile, Rubber and water project.

Ms. Veena Padia

Independent Director

She holds Master degree in Economics from M. S. University. She has vast leadership experience in providing strategic advisory expertise and directing development and implementation of widespread programmes and organisations through insights into livelihood, education, microfinance, gender, and health relating to gender and marginalised and socially excluded communities. She worked with private-sector CSR divisions, government agencies and international donors and NGOs such as DFID, USDA, ADB, World Bank, CARE and IFAD and guided sizeable teams consisting of middle/senior level managerial personnel and handling large-scale and multi-dimensional project management, including administration and finances.

Mr. Ulrich Hambrecht

Independent Director

Mr. Ulrich Hambrecht, is a German National. He holds degree of Master of Chemistry and Bachelor of Banking Science. He has more than 46 years of experience in the field of Textile Chemicals, Mergers and Acquisitions. He has served as CEO, General Sales manager and Head of Finishing Department of CHT R. Beitlich GmbH, Germany and CEO of Rudolf Chemie GmbH, Germany. At present he is serving to Rudolf Chemie GmbH, Germany as a Member of Advisory Board. He was Member of the Board of TEGEWA (an Association of textile auxiliary manufacturers) Germany.

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting (“AGM”) of the members of **KIRI INDUSTRIES LIMITED (“the Company”)** will be held on Thursday, 29th day of September, 2022 at 02.30 p.m. through Video Conference (“VC”), to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements for the year ended on March 31, 2022, together with the reports of the Directors’ and Auditors’ thereon.
2. To re-appoint a Director in place of Mr. Manish Kiri (DIN: 00198284), who retires by rotation and being eligible, offers himself for re-appointment.
3. **To re-appoint M/s. Pramodkumar Dad & Associates, Chartered Accountants, as Statutory Auditors of the Company.**

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

“**RESOLVED THAT** pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) M/s. Pramodkumar Dad & Associates, Chartered Accountants, having firm registration No. 115869W, be and are hereby re-appointed for second term as the Statutory Auditors of the Company, for five consecutive years, to hold office from the conclusion of this 24th Annual General Meeting till the conclusion of the 29th Annual General Meeting to be held in the year 2027 on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.”

SPECIAL BUSINESSES:

4. **To ratify the remuneration of Cost Auditors of the Company for the Financial Year 2022-23.**

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded

for payment of remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) plus applicable tax and out of pocket expenses to M/s. V. H. Savaliya & Associates, Cost Accountants, who have been appointed by the Board at its meeting held on August 12, 2022, for audit of cost records for the Financial Year 2022-23 and the same be and is hereby ratified and confirmed by the members of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, things, deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. **To approve Material Related Party Transaction with M/s. Lonsen Kiri Chemical Industries Limited.**

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

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“SEBI Listing Regulations”), the applicable provisions of the Companies Act, 2013 (“Act”) read with Rules made thereunder, other applicable laws/statutory provisions, if any, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), the Company’s policy on “Materiality of Related Party Transactions and on dealing with Related Party Transactions”, and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary and on the basis of the approval of the Audit Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to enter/continue to enter into Material Related Party Contracts/Arrangements/ Transactions (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) with M/s. Lonsen Kiri Chemical Industries Limited being ‘Related Party’ within the meaning of the Act and the SEBI Listing Regulations, in the course of sale, purchase or supply of any goods or materials (“Related Party Transactions”), on such material terms and conditions as detailed in the explanatory statement to this Resolution and as may be mutually agreed between related party and the Company, for each of the financial years from FY 2022-23 to FY 2026-27, such that the maximum value of transaction, in aggregate, does not exceed ₹ 750 Crores (Rupees Seven Hundred Fifty Crores only) per annum (which is expected to exceeds rupees one thousand crore or ten per cent of

NOTICE (Contd...)

the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower or any other materiality threshold as may be applicable under law/ regulations from time to time), provided that the said contract(s)/arrangement(s)/ transaction(s) shall be carried out in the ordinary course of business of the Company and in respect of transactions with related party under Section 2(76) of the Act, are at arm's length basis.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof) be and are hereby authorized to perform and execute all such acts, deeds, matters and things including delegation of authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

6. To approve continuation of directorship of Mr. Ulrich Hambrecht (DIN: 01967154) as Non-Executive Independent Director.

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

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations

and Disclosure Requirements) Regulations, 2015, as amended and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, consent of the Members be and is hereby accorded to continue and hold office of Non-executive Independent Director by Mr. Ulrich Hambrecht (DIN: 01967154) for his current tenure i.e. from November 12, 2019 to November 11, 2024, notwithstanding that on May 08, 2023, he attains the age of 75 years during the aforesaid tenure.

RESOLVED FURTHER THAT other terms and conditions of his appointment shall remain same as approved by the members of the Company at the 22nd Annual General Meeting of the Company held on September 25, 2020.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto."

By order of the Board of Directors

Place: Ahmedabad
Date: August 12, 2022

Suresh Gondalia
Company Secretary

Registered Office:
7th Floor, Hasubhai Chambers,
Opp. Townhall, Ellisbridge,
Ahmedabad – 380 006
CIN: L24231GJ1998PLC034094

Notes:

1. Pursuant to the General Circular nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020, 02/2021 dated January 13, 2021, 21/2021 dated December 14, 2021 and 02/2022 dated May 05, 2022 issued by the Ministry of Corporate Affairs ("MCA") and Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 issued by the SEBI (hereinafter referred to as "the Circulars"), the companies are allowed to hold AGM through video conference ("VC") or other audio visual means ("OAVM"), without the physical presence of members at a common venue and also allowed to send notice and annual report through electronic mode only. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC. The deemed venue for AGM shall be the Registered Office of the Company. Central Depository Services (India) Limited ("CDSL") will be providing facility for voting through

remote e-voting, participation in the AGM through VC facilities and e-voting during the AGM. The procedure for participating in the meeting through VC is explained at Note No. 14 and is also available on the website of the Company at www.kiriindustries.com.

2. Pursuant to the provisions of the Companies Act, 2013 ("Act"), a Member entitled to attend and vote at the AGM 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/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. However, the body corporates are entitled to appoint authorised representatives to attend the AGM through VC and participate and cast their votes through e-voting and requested to send a true copy of board resolution or authorization letter to the Company by

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email on info@kiriindustries.com or upload on VC portal. In case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.

3. Participation of members through VC will be reckoned for the purpose of ascertaining quorum for the AGM as per Section 103 of the Act.
4. The Notice of the AGM along with the Annual Report for the financial year 2021-22 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, in accordance with the aforesaid Circulars. Members may note that Notice and Annual Report has been uploaded on the website of the Company at www.kiriindustries.com and also be accessed from the websites of the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the website of CDSL i.e. www.evotingindia.com.
5. The Members can join the AGM through VC mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available to 1000 members on "first come first served basis". This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The Company has notified closure of register of members and share transfer books from Friday, September 23, 2022 to Thursday, September 29, 2022 (both days inclusive) for the purpose of AGM.
7. Relevant documents referred to in the accompanying Notice and all the statutory registers will be available for inspection without fees by members from the date of circulation of this notice till the date of AGM i.e. September 29, 2022. Members seeking to inspect such documents can send an email to info@kiriindustries.com.
8. Notice of the Meeting is being sent to all the Members, whose names appeared in the Register of Members as on Friday, August 26, 2022.
9. As per provisions of Regulations 40 of Listing Regulations and SEBI notification dated 24 January, 2022, transfer of listed securities shall not be processed unless the securities are held in dematerialized form. Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares. Trading in equity shares of the Company is compulsory in dematerialised mode by all the members. Members are therefore advised to convert their shares in dematerialized form in case they wish to trade their equity shares.
10. **Members are requested to:**
 - a. Intimate any changes in their address, details relating to nomination, e-mail address, telephone or mobile number, bank details such as name of bank and branch details, bank account number, MICR code, IFSC code etc. and dividend related matter to their Depository Participants ("DP") in case the shares are held in electronic form and to the Company's Registrar and Share Transfer Agent i.e. Cameo Corporate Services Limited, Subramanian Building # 1, Club House Road, Chennai- 600 002, in case shares are held in physical form.
 - b. Note that dividends that are not claimed within seven (7) years from the date of transfer to the Company's unpaid dividend account will be transferred to Investor Education and Protection Fund (IEPF) as per Section 124 of the Act. The shares on which dividend remains unclaimed/unpaid for seven (7) consecutive years will be transferred to the IEPF as per Section 124 of the Act and the applicable Rules.

The following table provides dates on which unclaimed/unpaid dividend and their corresponding shares would become liable to be transferred to the IEPF:

| Financial Year | Type of Dividend | Dividend Rate (%) | Date of Declaration | Due date for transfer to IEPF |
|----------------|------------------|-------------------|---------------------|-------------------------------|
| 2018-19 | Final | 20% | 27.09.2019 | 27.10.2026 |
| 2019-20 | Final | 5% | 25.09.2020 | 25.10.2027 |

- c. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DP. Members holding shares in physical form can submit their PAN details to Registrar and Share Transfer Agents i.e. Cameo Corporate Services Limited.
- d. Quote Folio No./ DP ID and Client ID number in all correspondence with the Company and Registrar & Transfer Agent.
- e. Register their e-mail address with their respective DP to receive the Annual Report and other communications from the Company in electronic form.

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11. The Explanatory Statement pursuant to Section 102 of the Act, in respect of the business set out above is annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment/re-appointment as Director under Item No. 2 and 6 of the Notice are also annexed.
12. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, there were no shares required to be transferred to IEPF Authority during Financial Year 2021-22.
13. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
14. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations and the Circulars, the Company is pleased to offer the facility of voting through electronic means for the businesses set out in the Notice. For this purpose, the Company has appointed CDSL for facilitating voting through electronic means, as the authorized e-voting's agency. The facility of casting votes by a members using remote e-voting as well as voting during AGM will be provided by CDSL.

THE INSTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC ARE AS UNDER:

- (i) The voting period begins on Monday, September 26, 2022 at 9.00 A.M. and ends on Wednesday, September 28, 2022 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, September 22, 2022 may cast their vote electronically.

The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during AGM.
- (iii) Pursuant to **SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of SEBI Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

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Pursuant to aforesaid SEBI Circular, login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode CDSL/NSDL is given below:

| Type of shareholders | Login Method |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on login icon and select New System Myeasi. 2) After successful login the Easi/Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the ESPs for casting his vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there is also link provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all ESPs. |
| Individual Shareholders holding securities in demat mode with NSDL Depository | <ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) 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. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders holding securities in demat mode login through their Depository Participants | You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or ESPs name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

| Login type | Helpdesk details |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

Step 2 : Access through CDSL e-voting system in case of shareholders holding shares in physical mode and non-individual shareholders holding shares in demat mode.

(v) Login method for e-voting and joining virtual meeting for shareholders holding shares in physical mode and non-individual shareholders holding shares in demat mode.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
- 6) If you are a first-time user follow the steps given below:

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

For shareholders holding shares in physical mode and non-individual shareholders holding shares in demat mode

| | |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

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

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

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant "Kiri Industries Limited" on which you choose to vote.

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

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

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

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

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- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Facility for Non – Individual Shareholders and Custodians – for Remote Voting
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; info@kiriindustries.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
3. Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at info@kiriindustries.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
10. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. The link for VC to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES:

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned

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copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to RTA's email id agm@cameoindia.com/ investor@cameoindia.com.

- For Demat shareholders, please update your email id & mobile no. with your respective DP.
- For Individual Demat shareholders – Please update your email id & mobile no. with your respective DP which is mandatory while e-voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on toll free no. 1800 22 55 33.

General Instructions:

- R.C. Tarpara & Associates, Practicing Company Secretaries (Membership No. FCS 6165, COP No. 5785), has been appointed as the Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting in a fair and transparent manner.
- The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company.
- The Results of voting will be declared within two working days from the conclusion of the AGM. The declared Results, along with the Scrutinizer's Report will be submitted to the Stock Exchanges where the Company's equity shares are listed (BSE Limited & National Stock Exchange of India Limited) and shall also be displayed on the Company's website www.kiriindustries.com and CDSL's website www.cdslindia.com.

Brief Profile of Directors being Appointed/Re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

A. Mr. Manish Kiri - Managing Director

| Name | Mr. Manish Kiri |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director Identification Number (DIN) | 00198284 |
| Date of Birth | December 26, 1972 |
| Nationality | Indian |
| Date of Appointment | May 14, 1998 |
| Qualifications | B.E. (Electronic & Communication), MBA (Wayne State University, USA) |
| Brief resume and nature of expertise in specific functional areas | Presently he is involved in formulating strategies and its implementation and also looks after overall business as a whole. He embarked upon a plan of fast growth and spearheaded the company's growth by establishing a large economy of scale manufacturing facilities and backward integration into manufacturing of intermediates and basic chemicals. |
| Disclosure of relationship between Directors inter-se | Not Applicable |
| Names of Listed entities in which he/she also holds the directorship and the membership of committees of the board | Nil |
| No. of shares held | 1747728 equity shares |

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B. Mr. Ulrich Hambrecht - Independent Director

| Name | Mr. Ulrich Hambrecht |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director Identification Number (DIN) | 01967154 |
| Date of Birth | May 08, 1948 |
| Nationality | German |
| Date of Appointment | November 12, 2019 |
| Qualifications | Master of Chemistry (Dipl.-Ing.) from University of Applied Science Reutlingen with Specialisation for application field textiles (chemicals and dyes) and Bachelor of Banking Science from the Kreissparkasse Organisation. |
| Brief resume and nature of expertise in specific functional areas | <p>Mr. Ulrich Hambrecht joined the Board as an Independent Director of the Company from November 12, 2019. He has vast experience in the field of Chemicals and allied Industries. He has been working in the Chemical Sector since more than 46 years. Currently he is working as a member of advisory Board in Rudolf Chemie GmbH and Non-Executive Director in Rudolf Atul Chemicals Limited.</p> <p>He has served as a CEO in Rudolf Chemie GmbH, Germany & as a CEO, General sales manager and head of Finishing Department in CHT R. Beitlich GmbH – Germany & Scientist in CIBA GEIGY AG, Basel, Switzerland.</p> |
| Disclosure of relationship between Directors inter-se | Not Applicable |
| Names of Listed entities in which he/she also holds the directorship and the membership of committees of the board | NIL |
| No. of shares held | NIL |

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Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 3

M/s. Pramodkumar Dad & Associates, Chartered Accountants, was appointed as Statutory Auditors of the Company at the 19th Annual General Meeting ('AGM') for a period of 5 years, up to the conclusion of 24th AGM. M/s. Pramodkumar Dad & Associates, are eligible for re-appointment for a further period of 5 years and have given their consent for re-appointment as Statutory Auditors of the Company and has issued certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder. M/s. Pramodkumar Dad & Associates have confirmed that they are eligible for the proposed appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder. As confirmed to Audit Committee and stated in their report on financial statements, the Auditors have reported their independence from the Company according to the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the ethical requirements relevant to audit.

It is hereby proposed to re-appoint M/s. Pramodkumar Dad & Associates, Chartered Accountants, having firm registration No. 115869W, as the Statutory Auditors of the Company for the second and final term of five consecutive years, who shall hold office from the conclusion of this 24th AGM till the conclusion of the 29th AGM of the Company to be held in the year 2027. The remuneration proposed to be paid to the Statutory Auditors during their second and final term would be commensurate with the services to be rendered by them during the said tenure. The Board of Directors in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

The Board of Directors of the Company proposes Ordinary Resolution as set out in Item No. 3 of the Notice for approval of Members of the Company.

None of the Directors/Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested in the resolution.

Item No. 4

The Board of Directors of the Company at their meeting held on August 12, 2022, have appointed M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad as Cost Auditors at a remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses for audit of the cost records for the financial year 2022-23 upon recommendation of their appointment by the Audit Committee at its meeting held on the even date.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and rules framed thereunder, the remuneration payable to the Cost Auditors shall be ratified by the members of the Company.

The Board of Directors of the Company proposes Ordinary Resolution as set out in Item No. 4 of the Notice for approval of Members of the Company.

None of the Directors/Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested in the resolution.

Item No. 5

The Securities and Exchange Board of India ("SEBI"), vide its notification dated November 9, 2021, has notified SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 ("Amendments") introducing amendments to the provisions pertaining to the Related Party Transactions under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The aforesaid amendments inter-alia included revision of current threshold i.e. 10% (ten percent) of the listed entity's consolidated turnover, for determination of material Related Party Transactions requiring prior Shareholders' approval with the threshold of lower of ₹ 1,000 crore (Rupees One thousand crore) or 10% (ten percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. Accordingly, the threshold for determination of material Related Party Transactions under Regulation 23(1) of the SEBI Listing Regulations has been reduced with effect from April 1, 2022.

M/s. Lonsen Kiri Chemical Industries Limited is a 'Related Party' within the meaning of the Act and the SEBI Listing Regulations. All the transactions with the related party are in the ordinary course of business and at arm's length basis. However, the estimated value of transaction (existing and proposed) with Related Party is likely to exceed the materiality threshold as prescribed under Regulation 23 of the SEBI Listing Regulations. Thus, these transactions would require prior approval of the Members by way of Resolution at the General Meeting and therefore approval of the Members is sought to enable the Board for entering into contracts/ arrangements/ agreements/ transactions (including any modifications, alterations, amendments or renewal thereto).

Details of the aforesaid transactions are as follows:

The following details are in compliance with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021:

NOTICE (Contd...)

| Sr. No. | Particulars | |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Name of the related party | Lonsen Kiri Chemical Industries Limited (CIN- U24114GJ2008PLC053537) |
| 2. | Name of the director or key managerial personnel who is related, if any | Mr. Manish Kiri, Managing Director of the Company. |
| 3. | Nature of relationship with the Company including nature of its concern or interest (financial or otherwise) | It is a Joint Venture of Kiri Industries Limited and Well Prospering Limited and Mr. Manish Kiri is also a Managing Director of Lonsen Kiri Chemical Industries Limited. |
| 4. | Type/nature, material terms, monetary value and particulars of the proposed transaction | Sale, purchase or supply of goods or materials The maximum value of transaction, in aggregate, does not exceed ₹ 750 Crores (Rupees Seven Hundred Fifty Crores only) per annum. The proposed transactions in the normal course of business with terms and conditions that are generally prevalent in the industry segments that the Company operates in. |
| 5. | Tenure | Duration of 5 years from FY 2022-23 to FY 2026-27. |
| 6. | The percentage of the annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction | 50% of the consolidated turnover of the Company for the immediately preceding financial year i.e. FY 2021-22. |
| 7. | Justification that the proposed transactions is in the interest of the Company | The proposed transactions will provide ready market to sell its intermediate products and the counter party will get consistent supply and superior quality of raw materials within short period of time, saving significant logistics cost. |
| 8. | Valuation Report on which the Company has relied upon | Not Applicable |
| 9. | Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis | Not Applicable |
| 10. | Any other information relevant or important for the members to take a decision on the proposed resolution | None |

The proposed transactions are in the ordinary course of business and on an arm's length basis and as such are exempt from the provisions of Section 188 (1) of the Companies Act, 2013 and rules thereunder, however, for abundant caution, approval of Members under Section 188 and rules thereunder is also being sought.

The above proposed transactions was approved by the Audit Committee and the Board of Directors at their meetings held on May 30, 2022 and recommended to the Shareholders of the Company for their approval by passing of the resolution contained in Item No. 5 of the accompanying Notice.

None of the Directors or Key Managerial Personnel of the Company or its respective relatives, other than as mentioned above, is concerned or interested, in the resolution.

It is pertinent to note that no related party shall vote to approve this Resolution whether the entity is a related party to the particular transaction or not in terms of the provisions of the SEBI Listing Regulations.

Item No. 6

Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") provides that no listed company shall appoint or continue the directorship of any person as Non-executive Director who has attained the age of 75 (Seventy Five) years, unless a Special Resolution is passed to that effect and justification thereof is disclosed in the explanatory statement annexed to the Notice for such appointment.

Mr. Ulrich Hambrecht (DIN: 01967154) was appointed as Non-Executive Independent Director on the Board of the Company for a period of five years with effect from November 12, 2019 to November 11, 2024 and the same was approved by the Members of the Company at their Annual General Meeting held on September 25, 2020.

Mr. Hambrecht will attain the age of 75 years on May 08, 2023 and due to that he will cross the threshold of age limit during his tenure of appointment as an Independent Director. Accordingly,

NOTICE (Contd...)

to comply with the provisions of Regulations 17(1A) of the SEBI Listing Regulations, Company is seeking approval of the Members through Special Resolution.

A brief justification for his continuation as Non-executive Independent Director on the Board of the Company is as under:

Mr. Hambrecht, is a German National, born in 1948. He is Master of Chemistry and Bachelor of Banking Science. He has served as a CEO in Rudolf Chemie GmbH, Germany & as a CEO, General sales manager and head of Finishing Department in CHT R. Beitlich GmbH – Germany & Scientist in CIBA GEIGY AG, Basel, Switzerland. He is currently serving as a Non-Executive Director of Rudolf Atul Chemicals Limited. Having regard to his qualifications, knowledge and rich experience of the chemical sector, the Nomination and Remuneration Committee and the Board of Directors of the Company at their Meetings held on August 12, 2022 has recommended the continuation of Mr. Hambrecht as “Non-executive Independent Director” on the Board of the Company.

He fulfills all conditions specified under the applicable laws for the position of Non-executive Independent Director of the Company. The Company has also received necessary declarations from him that he meets the criteria of independence as prescribed under the applicable laws including but not limited to SEBI Listing Regulations. He is not disqualified to act as Director in terms of

Section 164 of the Companies Act, 2013. He is not debarred from holding the office of Director by virtue of any SEBI order or any such authority.

The Company has received Notice under Section 160 of the Companies Act, 2013 from a member proposing Mr. Hambrecht as a candidate for office of Director of the Company. A brief profile as required under Regulations 36(3) of the SEBI Listing Regulations is given in Annexure A to this notice.

Except Mr. Hambrecht, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution.

By order of the Board of Directors

Place: Ahmedabad
Date: August 12, 2022

Registered Office:
7th Floor, Hasubhai Chambers,
Opp. Townhall, Ellisbridge,
Ahmedabad – 380 006
CIN: L24231GJ1998PLC034094

Suresh Gondalia
Company Secretary

Director's Report

To,
The Members
Kiri Industries Limited

Your Board of Directors are pleased to present the 24th Annual Report together with Audited Financial Statements of the Company for the Financial Year ended on March 31, 2022.

❖ Standalone Performance

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------|-------------------|-------------------|
| | 2021-22 | 2020-21 |
| Total Revenue | 113,866.63 | 69,117.36 |
| Operational Expenses | 110,538.21 | 69,007.45 |
| Earning Before Finance Cost, Depreciation and Tax (EBIDTA) | 3,328.42 | 109.91 |
| Less: Finance Cost | 461.37 | 384.75 |
| Depreciation | 4,362.63 | 3,899.64 |
| Earning Before Taxation | (1,495.58) | (4,174.48) |
| Less: Current Tax | - | 631.97 |
| Deferred Tax | (563.91) | (1,150.55) |
| Other Comprehensive Income | (28.02) | (16.02) |
| Earnings After Tax (EAT) | (959.69) | (3,671.92) |

❖ Highlights of Standalone Operations

During the year under review, the Company has reported a total revenue of ₹ 1,13,866.63 Lakhs as compared to ₹ 69,117.36 Lakhs in FY 2020-21, which is increased by 65% as compared to previous year. The revenue has increased mainly on account of increase in price realisations and higher volume in Dyes, Dyes Intermediates and Basic Chemicals and also earned better margins compared to previous year.

The Company has reported significant increase in the Earnings before Interest, Depreciation and Tax ('EBIDTA'). The EBITDA of ₹ 3,328.42 Lakhs is reported during FY 2021-22 as against ₹ 109.91 Lakhs during FY 2020-21 mainly due to higher sales and increased margins. However, Operational Expenses have increased during the year on account of an increase in raw material cost, power & fuel cost and especially legal expenses being incurred towards litigation in Singapore Court.

Since March 2022, the momentum has slowed down since company experienced further increases in raw material prices in the back drop of Russia-Ukraine War and lockdown in China after resurgence of Covid. The gross margins were relatively better as compared to previous year, however it was also impacted on account of volatility in raw material prices. The company envisages to regain gross margins and EBIDTA, which it earned prior to pre-Covid times on stabilization of raw material prices and attaining optimum product mix in coming years.

The Company has reported loss of ₹ 959.69 Lakhs in FY 2021-22 as against loss of ₹ 3,671.92 Lakhs of FY 2020-21 mainly on account of increase in production cost including raw material cost, administrative and manufacturing expenses.

Director's Report (Contd...)

❖ Consolidated Performance

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------------------|-------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Total Revenue | 149,889.81 | 95,926.59 |
| Operational Expenses | 137,562.58 | 87,443.33 |
| Earnings before Interest, Depreciation and Tax (EBIDTA) | 12,327.23 | 8,483.26 |
| Less: Finance cost | 478.20 | 400.87 |
| Depreciation | 5,016.54 | 4,612.81 |
| Earnings Before Tax | 6,832.49 | 3,469.58 |
| Taxes | 1,540.84 | 1,292.28 |
| Other Comprehensive Income | (33.32) | (9.49) |
| Earnings After Tax (Before Share of Profit of Associates) | 5,258.33 | 2,167.81 |
| Share of Profit of Associates | 33,585.69 | 23,070.22 |
| Earnings After Tax (EAT) | 38,844.02 | 25,238.03 |

❖ Highlights of Consolidated Operations

During the year under review, total revenue of the Company has been increased by 56% from ₹ 95,926.59 Lakhs to ₹ 1,49,889.81 Lakhs. The EBIDTA has been increased by 46% during FY 2021-22 from ₹ 8,483.26 Lakhs to ₹ 12,327.23 Lakhs.

During the year, Earnings After Tax (including share of profit of associates) increased from ₹ 25,238.03 Lakhs in FY 2020-21 to ₹ 38,844.02 Lakhs in FY 2021-22, which is higher by 54% on account of higher sales. In the consolidated Earnings After Tax, of ₹ 38,844.02 Lakhs, Lonsen Kiri Chemical Industries Limited has contributed to ₹ 6,136.53 Lakhs.

❖ Dividend

To conserve the resources for the future development of the Company and due to current year losses, the Directors do not recommend any dividend on Equity Shares for the year under review. The Dividend Distribution Policy is available on the website of the Company i.e. www.kiriindustries.com.

The following table provides dates on which unclaimed/unpaid dividend and their corresponding shares would become due to be transferred to the IEPF:

| Financial Year for which dividend declared | Type of Dividend | Dividend Rate (%) | Date of Declaration | Amount of Unpaid/Unclaimed Dividend as on 31.03.2022 | Due Date for transfer to IEPF |
|--------------------------------------------|------------------|-------------------|---------------------|------------------------------------------------------|-------------------------------|
| 2018-19 | Final | 20 | 27.09.2019 | ₹ 2,93,104/- | 27.10.2026 |
| 2019-20 | Final | 5 | 25.09.2020 | ₹ 90,467/- | 25.10.2027 |

The Company has appointed a Nodal Officer as per IEPF, the details of which are available on the website of the Company i.e. www.kiriindustries.com.

❖ Subsidiaries and Consolidated Financial Statements

The Company has prepared Consolidated Financial Statements in accordance with the Indian Accounting Standards ("Ind AS") and as per Schedule III to the Companies Act, 2013. Except where otherwise stated, the accounting policies are consistently applied. The Board has reviewed the affairs of the Company's subsidiaries during the year at regular intervals.

Director's Report (Contd...)

As on March 31, 2022, there is 1 (one) Operational Subsidiary Company, 3 (three) Associate Company and 1 (one) Joint Venture Company. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its Subsidiary/Associates and Joint Venture, which forms part of this Annual Report. A statement containing salient features of the financial statements of the subsidiary companies/ Joint Ventures/Associates in Form AOC-1 is provided as "Annexure A" to this report. There were no other Companies which have become or ceased to become subsidiary, associate or joint venture of your Company.

In accordance with Section 136(1) of the Act, the audited financial statements including consolidated financial statements along with all other documents required to be attached thereto and audited accounts of the subsidiary companies are available on the website of the Company at www.kiriindustries.com.

Your Company has also implemented Policy for determining Material Subsidiary as per the requirements under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The said policy is available on the website of the Company i.e. www.kiriindustries.com.

❖ Directors and Key Managerial Personnel

With profound sadness and grief, the Board of Directors, report the sad demise of Mr. Pravinchandra Kiri (DIN: 00198275), Founder Chairman and Whole Time Director of the Company on June 12, 2022. His journey leading millions to follow the enlightened path paved, particularly when we take leaps towards the future. His vision and legacy will remain alive and will be guiding us, while taking forward greater heights.

Mr. Ulrich Hambrecht (DIN: 01967154), shall be attaining the age of 75 years on May 08, 2023 during his tenure. Hence, the Board of Directors upon recommendation of the Nomination and Remuneration Committee, accorded their consent to continue and hold office of Non-executive Independent Director by Mr. Ulrich Hambrecht, subject to the approval of Members.

As per provision of the Section 152(6) of the Act, Mr. Manish Kiri (DIN: 00198284), Managing Director, retires by rotation at the ensuing AGM and, being eligible, offers himself for re-appointment.

The Company has received requisite Notices from the member under Section 160 of the Companies Act, 2013 in respect of the aforesaid Director, proposing candidature for the office

of Director. The resolutions for appointment /re-appointment of aforementioned Directors along with their brief profile forms part of the Notice of the 24th AGM and the respective resolutions are recommended for approval of members.

There was no change in the composition of the Board of Directors and Key Managerial Personnel during the year under review, except as stated above.

❖ Auditors

• Statutory Auditors

M/s. Pramodkumar Dad & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 19th Annual General Meeting of the Company for a term of 5 (Five) consecutive years and they shall hold the office upto 24th Annual General Meeting of the Company to be held in year 2022. The tenure of the existing Auditors is going to be expired and therefore it is proposed to re-appoint M/s. Pramodkumar Dad & Associates as Statutory Auditors of the Company for the second term of five years to hold the office from the conclusion of 24th AGM till the conclusion of 29th AGM to be held in the year 2027. They have confirmed that they are not disqualified for continuing as Auditors of the Company.

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

• Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, M/s. V. H. Savaliya & Associates, Cost Accountants, were appointed as Cost Auditors of the Company by the Board of Directors at their meeting held on August 10, 2021 for the Financial Year 2021-22.

Your Company has maintained the cost records as prescribed under Section 148 of the Companies Act, 2013 and rules made thereunder.

The Cost Audit Report for the financial year 2021-22, issued by M/s. V. H. Savaliya & Associates, Cost Accountants does not contain any qualification, reservation, adverse remark or disclaimer.

• Secretarial Auditors

Pursuant to Section 204 of the Act read with Rule 9 of the Companies (Appointment and

Director's Report (Contd...)

Remuneration of Managerial Personnel) Rules, 2014 and the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 as amended, M/s. Kashyap R. Mehta & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditors of the Company by the Board, at their meeting held on August 10, 2021 for financial year 2021-22. The Secretarial Audit Report in the prescribed form MR-3 is attached herewith as "**Annexure B**".

The Secretarial Audit Report contains following observations:

1. Ownership of an agricultural land intended for industrial purpose will be transferred in the name of the company upon receiving necessary approval for conversion into non agriculture land.
2. There are delay in submission of necessary disclosures by promoters to the Company under SEBI PIT Regulations relating to invocation and sale of shares of promoters. However, the Company submitted disclosures under regulation 7(2)(b) of SEBI (PIT) Regulations, 2015 within 2 trading days from the date of receipt of disclosures from promoters.

As regard to the said observations, Board stated that the land was acquired for future expansion of the Company. Since a Company cannot hold agriculture land, it was initially acquired in the name of Chairman of the Company, and the same would be transferred in the name of the Company after its conversion into non-agriculture land. Further, the Company has complied with Regulation 7(2)(b) of SEBI (PIT) Regulations, 2015 as the Company has submitted disclosures within the prescribed timeline. Invocation and sale of said shares were under dispute and upon resolution of dispute, the promoters has made disclosure to the Company. Both the above observations do not have material impact on financial performance of the Company.

The Secretarial Audit Report for the year ended on March 31, 2022 does not contain any qualifications, reservations or adverse remarks, except as mentioned above.

❖ Declaration by Independent Directors and statement on compliance of Code of Conduct

During the year under review, all Independent Directors have given their declarations stating that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) the Listing Regulations and have also complied the

Code for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013. In opinion of the Board, they fulfill the conditions of independence as specified in the Companies Act, 2013 and Rules made thereunder and Listing Regulations. They have further declared that they are not debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. In the opinion of Board, all the Independent Directors are persons of integrity and possess relevant expertise and experience including the proficiency.

In terms of provisions of Listing Regulations, the Board of Directors of the Company have laid down a Code of Conduct ("Code") for all Board Members and Senior Management Personnel of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Managing Director of the Company has given a declaration to the Company that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. Code of Conduct for Board Members and Senior Management Personnel is available on the website of the Company at www.kiriindustries.com.

❖ Meetings of the Board, Committees & Compliance to Secretarial Standards

During the year under review, 5 (Five) Meetings of Board of Directors were held on June 28, 2021, August 10, 2021, November 12, 2021, January 11, 2022 and February 10, 2022.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and Listing Regulations, a separate Meeting of the Independent Directors of the Company was held on February 10, 2022.

Details of composition and meetings of various committees held during the year are provided in Corporate Governance Report, which is forming part of this report.

During the year under the review, the Company has complied with the provisions of Secretarial Standard on Board Meetings (SS-1) and Secretarial Standard on General Meetings (SS-2).

❖ Listing Fees

The Equity Shares of your Company are listed and actively traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company had paid Annual Listing fees to both the stock exchanges for the Financial Year 2022-23 within the stipulated time.

Director's Report (Contd...)

❖ Changes in Capital Structure

The details of change in Capital structure during the year under review are given as under:

1. The Board of Directors at their meeting held on June 28, 2021 allotted 31,87,374 equity shares upon conversion of 7 (Seven) Foreign Currency Convertible Bonds (FCCBs).
2. The Board of Directors at their meeting held on August 10, 2021 allotted 31,87,374 equity shares upon conversion of 7 (Seven) Foreign Currency Convertible Bonds (FCCBs).
3. The Board of Directors at their meeting held on January 11, 2022 allotted 1,18,38,817 equity shares upon conversion of 26 (Twenty Six) Foreign Currency Convertible Bonds (FCCBs).

After above conversions, there are no FCCBs, pending to be converted into equity shares of the Company. Upon conversion of the aforesaid FCCBs, the issued, subscribed and paid up Equity Share Capital of the Company is increased from ₹ 33.62 Crore to ₹ 51.83 Crore.

Further, the Board of Directors at their meeting held on February 10, 2022 have approved the redemption of 43,33,500, 0.15% Cumulative Non Convertible Redeemable Preference Shares of Rs 10/- each at a price of ₹ 15/- per share (including premium of ₹ 5/- per share) aggregating to ₹ 6,50,02,500/- (Rupees Six Crores Fifty Lakhs Two Thousand Five Hundred Only), which are due for redemption on March 29, 2022. The said preference shares were redeemed by the Company on March 25, 2022.

❖ Employee Stock Option Scheme

In order to motivate, incentivize and reward employees, your Company has instituted employee stock options plan. The Board of Directors and Nomination and Remuneration Committee administers this plan. The stock option plan is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefits Regulations") and there have been no material changes to this plan during the financial year. Disclosures on ESOP plan, details of options granted, shares transferred to employee through Kiri Employee Stock Option Trust ("ESOP Trust") upon exercise, etc. as required under the Employee Benefits Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the Company's website at www.kiriindustries.com.

As per terms of scheme, no employee was issued stock option equal to or exceeding 1% of the issued capital of the Company at the time of grant. Kiri Employee Stock Option

Trust is an ESOP Trust set up by your Company pursuant to approval by the shareholders at the 16th Annual General Meeting held on 26th September, 2014. The ESOP Trust is authorized to transfer shares from the Trust account to employees on exercise of vested options.

During the year under review, eligible employees have exercised their 25000 options granted and vested to them and ESOP trust have transferred equal number of equity shares to respective employees. All the employees have exercised their options and no options are outstanding at the end of the financial year.

❖ Board Evaluation

The Nomination and Remuneration Committee and the Board have laid down the process and criteria for annual performance evaluation of the Board, its Committees and individual directors. The Board has carried out an evaluation of its own performance, Committees and individual directors in compliance with the provisions of the Act and Listing Regulations.

The evaluation process covered aspects such as Board structure and composition, frequency of Board Meetings, participation in the long term strategic planning, contribution to and monitoring of corporate governance practices and the fulfilment of Directors' obligation and fiduciary responsibilities, including but not limited to active participation at the Board and Committee meetings. The Board has reviewed the performance of the Board as a whole, its Committees and individual directors taking into account feedback of the Nomination and Remuneration Committee and the Independent Directors which includes the evaluation of the Chairman and Non-Independent Directors of the Company.

❖ Remuneration of Directors and Employees

A Statement pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is attached as "**Annexure C**".

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. However, the said statement is not being sent along with this Annual Report to the members in line with the provisions of Section 136 of the Companies Act, 2013. The same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary.

Director's Report (Contd...)

❖ Policy on Directors' Appointment and Remuneration

The Company's policy on directors' appointment and remuneration and other matters as provided in Section 178(3) of the Companies Act, 2013 has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on website of the Company i.e. www.kiriindustries.com.

❖ Familiarisation Programme for Directors

The Company believes that a Board, which is adequately informed/familiarised with the Company and its affairs can contribute significantly to effectively discharge its fiduciary duty as director of the Company and that fulfils stakeholders' aspirations and societal expectations. In this regard, the Directors of the Company are updated on changes/developments in the domestic/global industry scenario in the sector which affect the business of the Company, to enable them to take well informed and timely decisions. The details of familiarization programmes have been disclosed on the Company's website i.e. www.kiriindustries.com.

❖ Directors Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts for the year ended March 31, 2022 on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

❖ Business Responsibility Report (BRR)

Pursuant to Regulation 34 of the Listing Regulations, top 1,000 listed entities based on market capitalization shall have to prepare Business Responsibility Report (BRR). Accordingly, BRR is annexed to this report as "Annexure D".

❖ Internal Control Systems and their Adequacy

The Company has an Internal Control System, commensurate with the size and nature of its business operations. The Company has appointed an external audit firm for internal audit of the Company. The Internal Auditor reviews the adequacy of internal control system in the Company and its compliance with operating systems and policies & procedures. Based on the report of internal auditor, the account department undertakes corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee on quarterly basis.

The details in respect of internal financial control and their adequacy are also included in the Management Discussion and Analysis Report, which is a part of this report.

❖ Deposits from public

During the year under review, the Company has not accepted any deposits from public within the meaning of Section 73 to 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 or any other applicable provision(s), if any.

❖ Details of Loans, Investments and Guarantees

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the note no. 3 and 4 to the Standalone Financial Statements of the Company for the year ended March 31, 2022.

❖ Related Party Transactions

During the year under review, all related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have

Director's Report (Contd...)

potential conflict with the interest of the Company or which requires the approval of the shareholders. Since all related party transactions entered into by the Company were in ordinary course of business and were on arm's length basis, Form AOC-2 is not applicable to the Company. The details of the transactions with Related Party are provided in the note no. 40 to standalone audited financial statements in accordance with the Accounting Standards.

All Related Party Transactions are placed before the Audit Committee. Omnibus approvals are obtained for the transactions which are forecasted and are repetitive in nature. An abridged policy on related party transactions is available on the website of the Company i.e. www.kiriindustries.com.

❖ Conservation of energy, research and development, technology absorptions and foreign exchange earnings and outgo

The relevant information on conservation of energy, technology absorption, foreign exchange earnings & outgo as required to be disclosed in terms of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed to this report as "Annexure E".

❖ Risk Management

The Company has a Risk Management framework in place to identify, assess, monitor and mitigate various risks to the business. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The framework also defines the risk management approach across the company at various levels. Risk Management Committee reviews the process of risk management. The details of the Committee and meetings held during the financial year 2021-22 and its terms of reference are provided in the Corporate Governance Report. The Risk Management Policy of the Company is available on website of the Company www.kiriindustries.com.

❖ Vigil Mechanism (Whistle Blower Policy)

As per the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has devised a vigil mechanism named Whistle Blower Policy for escalating system of ethical concerns etc. and to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy are available on the website of the Company at www.kiriindustries.com and also given in the Corporate Governance Report.

❖ Composition of Committees

The Company has 5 (Five) Committees namely Audit Committee, Nomination and Remuneration Committee,

Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee. A detailed note on the composition of the board and other committees are provided in the Corporate Governance Report.

❖ Audit Committee

As required under Section 177 (8) of the Companies Act, 2013 and SEBI Listing Regulations, the composition of the Audit Committee is mentioned herein below:

| Name of Member | Designation |
|-------------------|---------------------------|
| Mr. Keyoor Bakshi | Chairman to the Committee |
| Mr. Manish Kiri | Member |
| Mr. Mukesh Desai | Member |
| Ms. Veena Padia | Member |

During the year, all the recommendations made by the Audit Committee were accepted by the Board.

❖ Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee (CSR Committee) comprising of following members:

| Name of Member | Designation |
|------------------|------------------------------|
| Ms. Veena Padia | Chairperson to the Committee |
| Mr. Pravin Kiri* | Member |
| Mr. Manish Kiri | Member |
| Mr. Mukesh Desai | Member |

* Cessation w.e.f. June 12, 2022 due to demise.

The Company has always been committed to the cause of social service and has repeatedly channelized its resources and activities, which positively affects the society socially, ethically and environmentally. Your Company has taken up various Corporate Social Responsibility ("CSR") initiatives and enhanced value in the society.

The Company has formulated CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

The brief outline of the CSR Policy and the initiatives undertaken by the Company on CSR activities during the year under review are set out in "Annexure F" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For further details regarding the CSR Committee, please refer to the Corporate Governance Report. The CSR Policy is available on the website of the Company i.e. www.kiriindustries.com.

Director's Report (Contd...)

❖ **Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees:**

As prescribed under Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations, the Company has adopted Nomination and Remuneration policy for Directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and the same is available on the website of the Company i.e. www.kiriindustries.com. The relevant information as per Regulation 19 of Listing Regulations is available in the Corporate Governance report.

❖ **Human Resource Development**

Your Company believes that Human Resources play a vital role in achieving its corporate goal and it has always remained one of the most important assets and a key variable in achieving operational performance. Hence, the Company continues to invest on hiring the best talent from other industries, developing and retaining the available talent to ensure a sustainable talent supply within the organization. The Company continues to provide them with a safe and comfortable working environment. The Company provides various opportunities to the employees to develop their skills to take up higher responsibilities in the organization.

❖ **Corporate Governance & Management Discussion and Analysis Report**

As prescribed under Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section on corporate governance practices implemented by the Company, along with the Compliance Certificate from the Secretarial Auditors regarding compliance of conditions of corporate governance as stipulated in Listing Regulations are set out in "Annexure G" to this Annual report.

The Management Discussion and Analysis Report on the industry and business operations of the Company, as required under Listing Regulations are set out in "Annexure H" of this Report.

❖ **Annual return**

As required under Section 92 and Section 134 of the Companies Act, 2013 read with Rule 11 of the Companies (Management and Administration) Rules, 2014, Annual Return as on March 31, 2022 is available on the website of the Company at www.kiriindustries.com.

❖ **Disclosure**

As per Regulation 43A of the Listing Regulations, the Dividend Distribution Policy is available on the Company's website i.e. www.kiriindustries.com.

The details in respect of compliances with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder is available on the Company's website i.e. www.kiriindustries.com.

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders which prohibits trading in securities of the company by directors and employees while in possession of Unpublished Price Sensitive Information in relation to the Company. The said code is available on the website of the Company at www.kiriindustries.com.

During the year under review, the Company has complied with Secretarial Standards as applicable to the Company.

❖ **Material Changes**

There have been no material changes and commitments affecting the financial position of the Company between the end of financial year to which the financial statements relate and date of this report.

❖ **Significant and Material orders passed by the Regulators or Courts**

During the financial year under review, no significant or material orders were passed by any Regulatory/ Statutory Authorities or the Courts or Tribunals which would impact the going concern status of the Company and its future operations.

❖ **Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government**

During the year under review, the Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors as prescribed under Section 143(12) of the Companies Act, 2013 and rules made thereunder.

❖ **Updates on court case in Singapore**

In connection with minority oppression suit (SIC4) filed by the Company in June 2015 against Senda, DyStar and nominated directors on the Board of DyStar, the Court of Appeal (the Supreme Court of Singapore) has announced its judgement on July 6, 2022, on appeal filed by Senda International Capital Limited ("Senda") and the Company on valuation judgements of Singapore International Commercial Court ("SICC"). The Court of Appeal has dismissed all three appeals filed by Senda and allowed two of the appeals filed by the Company as below:

Director's Report (Contd...)

- (i) The SICC's decision that a 19% Discount for Lack of Marketability (DLOM) be applied in the determining the value of the Company's shareholding in DyStar for the purpose of the buyout order is set aside. Hence DLOM shall not applied now.
- (ii) The quantum, determined by the SICC, of the notional license fee payable by Longsheng to DyStar for its wrongful exploitation of O288 Patent is set aside and the issue is remitted to SICC for deciding license fees for the purpose of valuation.

The above determinations would enhance value of Company's stake substantially.

The SICC delivered its judgement on December 8, 2021 on cost for the Company's minority oppression suit against Senda in SIC4. The SICC has awarded cost of S\$8,111,642.11 and interest at the rate of 5.33% p.a. from date of this judgement till date of payment. Senda has filed appeal against the said order with court of appeal and hearing is scheduled on 15 and 16 September, 2022.

The SICC in SIC7 has delivered judgement on 24 September, 2021 on Company's counterclaim against DyStar. The SICC has dismissed the Company's counterclaim and awarded all in cost of S\$ 11,37,856.41 to DyStar. The Company and DyStar has filed appeals against the said order with court of appeal and hearing was originally fixed for July 13 and 14, 2022 has been re-fixed to September 21 and 22, 2022.

❖ Acknowledgement:

The Board takes this opportunity to sincerely thanks all its stakeholders namely, shareholders, customers, suppliers/contractors, employees, Government agencies, local authorities, and the immediate society for their un-stinted support and co-operation during the year.

For and on behalf of the Board of Directors

Manish Kiri

Chairman & Managing Director

DIN : 00198284

Place: Ahmedabad
Date: August 12, 2022

Annexure to the Director's Report (Contd...)

Annexure A

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of Subsidiaries/ Associate Companies/ Joint Ventures

Part "A": Subsidiaries

(₹ in Lakhs)

| Sr. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Share capital | Reserves & surplus | Total assets | Total Liabilities | Investments | Turnover | Profit/ (Loss) before taxation | Provision for taxation | Profit (Loss) after taxation | Proposed Dividend | % of Shareholding |
|---------|---------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------|--------------------|--------------|-------------------|-------------|----------------|--------------------------------|------------------------|------------------------------|-------------------|-------------------|
| 1 | Chemhub Trading DMCC | 31 st March, 2022 | 1USD = ₹ 75.81* | 28.81 | (338.04) | 3049.06 | 3049.06 | Nil | 7337.63 | 81.48 | Nil | 81.48 | Nil | 100 |
| 2 | Amrat Lakshmi Foundation@ | 31 st March, 2022 | ₹ | 1.00 | | | | | Not applicable | | | | | 100 |
| 3 | Kiri Renewable Energy Private Limited | 31 st March, 2022 | ₹ | 1.00 | (0.09) | 0.98 | 0.07 | Nil | Nil | (0.09) | Nil | (0.09) | Nil | 100 |

* P&L items are converted at yearly average exchange rate i.e. 1 USD = ₹ 74.66.

@ Amrat Lakshmi Foundation is incorporated under Section 8 of the Companies Act, 2013 and has not been considered in Consolidated Financial Statements.

Names of subsidiaries which are yet to commence operations : Not Applicable

Names of subsidiaries which have been liquidated or sold during the year : Not Applicable

Annexure to the Director's Report (Contd...)

Part "B": Associates and Joint Ventures

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

(₹ in Lakhs)

| Name of Associates/Joint Ventures | Kiri Infrastructure Private Limited (Associate Company) | DyStar Global Holdings (Singapore) Pte. Ltd. (Associate Company) | Lonsen Kiri Chemical Industries Limited (Joint Venture) |
|-----------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------|
| Latest audited Balance Sheet Date | March 31, 2022 | December 31, 2021 | March 31, 2022 |
| Shares of Associate/Joint Ventures held by the company on the year end | | | |
| - No. of Equity shares | 2,625,000 | 2,623,354 | 30,000,000 |
| Amount of Investment in Associates/Joint Venture | 1,443.75 | 9,550.23 | 3,000.00 |
| Extend of Holding % | 47.61% | 37.57% | 40.00% |
| Description of how there is significant influence | Due to holding of stake by the Company | | |
| Reason why the Associate/Joint Venture is not consolidated | N.A. | N.A. | N.A. |
| Net worth attributable to Shareholding as per latest Audited Balance Sheet | 1,258.10 | 214,763.32 | 28,342.37 |
| Profit / (Loss) for the year (for the FY 2021-22) | | | |
| i. Considered in Consolidation | (0.09) | 33,585.69 | 6,136.53 |
| ii. Not Considered in Consolidation | (0.10) | 55,809.43 | 9,204.80 |

Exchange rate as at December 31, 2021: 1 USD = ₹ 74.30

Note : Plutoeco Enviro Association is incorporated under Section 8 of the Companies Act, 2013 and has not been considered in Consolidated Financial Statements.

Names of Associates or Joint Ventures which are yet to commence operations. : Not Applicable

Names of Associates or Joint Ventures which have been liquidated or sold during the year : Not Applicable

For and on behalf of the Board of Directors

Manish Kiri

Chairman & Managing Director

DIN : 00198284

Place: Ahmedabad

Date: August 12, 2022

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2022

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

To,
The Members,
Kiri Industries Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kiri Industries Limited** [CIN: L24231GJ1998PLC034094] ('hereinafter called the Company') having Registered Office at 7th Floor, Hasubhai Chambers, Town Hall, Ellisbridge, Ahmedabad, Gujarat – 380 006. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives whether electronically or otherwise during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable during the audit period)
 - (d) Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
 - (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not Applicable during the audit period)
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period)
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the audit period); and
- (vi) Various common laws applicable to the manufacturing and other activities of the Company such as Labour Laws, Land Laws etc. and sector specific laws such as The Environment (Protection) Act, 1986, The Water (Prevention and Control of Pollution) Act, 1974, The Water (Prevention and Control of Pollution) Cess Act, 1977, The Air (Prevention and Control of Pollution) Act, 1981, The Public Liability Insurance Act, 1991 and Explosives Act, 1884 for which we have relied on Certificates/ Reports/ Declarations/Consents/Confirmations obtained by the Company from the experts of the relevant field such as Advocate, Labour Law Consultants, Engineers, Occupier of the Factories, Registered Valuers, Chartered Engineers, Factory Manager, Chief Technology Officer of the Company, Local Authorities, Effluent Treatment Adviser etc. and have found that the Company is generally regular in complying with the provisions of various applicable Acts.

Annexure to the Director's Report (Contd...)

For the compliances of Labour Laws, Environmental Laws & other General Laws, our examination and reporting is based on the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory financial auditor and other designated professionals.

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

- (i) Secretarial Standards (SS-1 & SS-2) issued by The Institute of Company Secretaries of India
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with the Stock Exchanges

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

1. Ownership of an agricultural land intended for industrial purpose will be transferred in the name of the company upon receiving necessary approval for conversion into non agriculture land.
2. There are delay in submission of necessary disclosures by promoters to the Company under SEBI PIT Regulations relating to invocation and sale of shares of promoters. However, the Company submitted disclosures under regulation 7(2)(b) of SEBI (PIT) Regulations, 2015 within 2 trading days from the date of receipt of disclosures from promoters.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes being carried

out in the composition of the Board of Directors & Key Managerial Personnel during the period under review.

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 members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period there were delays in reporting/submission of forms FC-GPR to RBI in respect of allotments of Equity Shares upon conversion of Foreign Currency Convertible Bonds (FCCB) during the year under review.

We further report that during the audit period the Board of Directors of the Company in their meetings held on:

1. 28th June, 2021, has allotted 31,87,374 Equity Shares upon conversion of 7 (Seven) Foreign Currency Convertible Bonds (FCCBs) to the Bond-holder;
2. 10th August, 2021, has allotted 31,87,374 Equity Shares upon conversion of 7 (Seven) Foreign Currency Convertible Bonds (FCCBs) to the Bond-holder;
3. 11th January, 2022, has allotted 1,18,38,817 Equity Shares upon conversion of 26 (Twenty Six) Foreign Currency Convertible Bonds (FCCBs) to the Bond-holders.

We further report that during the audit period the Board of Directors of the Company in their meetings held on 10th February, 2022 passed resolution for redemption of 43,33,500, 0.15% Cumulative Non Convertible Redeemable Preference Shares of Rs 10/- each at a price of ₹ 15/- per share (including premium of ₹ 5/- per Share) and accordingly the said Preference Shares have been redeemed on 25th March, 2022.

Annexure to the Director's Report (Contd...)

We further report that during the audit period under review, the Kiri ESOP Scheme-2014 has been completed as there is no outstanding shares lying with the Kiri ESOP Trust which are to be exercised.

FOR KASHYAP R. MEHTA & ASSOCIATES

COMPANY SECRETARIES

FRN: S2011GJ166500

KASHYAP R. MEHTA

PROPRIETOR

FCS-1821 COP-2052 PR-583/2019

UDIN : F001821D000785879

Place: Ahmedabad

Date: August 12, 2022

Disclaimer: Due to COVID-19 pandemic, we have conducted the assignment by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company pertaining to Financial Year 2021-22. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

Note: This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report.

Annexure to the Director's Report (Contd...)

Annexure - 1

To,
The Members,
Kiri Industries Limited

Our report of even date is to be read along with this letter.

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

FOR KASHYAP R. MEHTA & ASSOCIATES

COMPANY SECRETARIES

FRN: S2011GJ166500

KASHYAP R. MEHTA

PROPRIETOR

FCS-1821 COP-2052 PR-583/2019

UDIN : F001821D000785879

Place: Ahmedabad

Date: August 12, 2022

Annexure to the Director's Report (Contd...)

Annexure C

Disclosure in Board's report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) **Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:**

| Sr. No. | Name of Director | Ratio of remuneration |
|---------|-------------------------------------------------|-----------------------|
| 1. | Mr. Pravin Kiri, Chairman (Whole Time Director) | 69.05 : 1 |
| 2. | Mr. Manish Kiri, Managing Director | 69.05 : 1 |

- (ii) **Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

| Sr. No. | Name of Directors/ Chief Financial Officer/ Company Secretary | Percentage increase in remuneration |
|---------|---------------------------------------------------------------|-------------------------------------|
| 1. | Mr. Pravin Kiri, Chairman (Whole Time Director) | 8.33% |
| 2. | Mr. Manish Kiri, Managing Director | 8.33% |
| 3. | Mr. Jayesh Vyas, Chief Financial Officer | 23.01% |
| 4. | Mr. Suresh Gondalia, Company Secretary | 9.01% |

- (iii) **Percentage increase in the median remuneration of employees in the financial year:**

4.60%

- (iv) **Number of permanent employees on the rolls of company:**

As on March 31, 2022, there are total 1149 permanent employees on the rolls of Company.

- (v) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentile increase in the salaries of employees other than the managerial personnel in the F.Y. 2021-22 is 3.89%. The average percentile increase in remuneration of managerial personnel during the F.Y. 2021-22 is 9.52%. The insignificant increase in the managerial remuneration is due to revision of remuneration of Mr. Manish Kiri, Managing Director and Mr. Pravin Kiri, Chairman of the Company, which was approved by the members of the Company at the 20th Annual General Meeting of the Company held on September 27, 2018.

- (vi) **Affirmation that the remuneration is as per the Nomination and Remuneration Policy of the Company:**

The Company affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.

Annexure to the Director's Report (Contd...)

(vii) Details of remunerations:

The details of employees of the company who have drawn remuneration of more than the amount prescribed under the Section 197(12) of the Companies Act, 2013 and rules made thereunder are provided herein below:

| Name of Employee | Mr. Manish Kiri | Mr. Pravin Kiri |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Designation | Managing Director | Chairman & Whole Time Director |
| Remuneration received | ₹ 156.00 Lakhs | ₹ 156.00 Lakhs |
| Nature of Employment | Contractual | Contractual |
| Qualification and experience of Employee | B.E. (Electronic & Communication) and MBA, having experience of more than 22 years | Bachelor of Science (Chemistry) and having experience of more than 52 years |
| Date of commencement of employment | May 14, 1998 | May 14, 1998 |
| Age of Employee | 49 Years | 76 Years |
| Last Employment held by employee | N.A | N.A |
| Percentage of Equity Shares held in the Company | 3.37% | 4.70% |
| Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager | Mr. Manish Kiri is son of Mr. Pravin Kiri, Chairman and Whole Time Director of the Company. | Mr. Pravin Kiri is father of Mr. Manish Kiri, Managing Director of the Company. |

For and on behalf of the Board of Directors

Manish Kiri

Chairman & Managing Director

DIN : 00198284

Place: Ahmedabad

Date: August 12, 2022

Business Responsibility Report

Preface

As mandated by the Securities and Exchange Board of India ('SEBI'), India's top 1,000 listed companies based on market capitalisation on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') are required to submit 'Business Responsibility Report' ('BRR') along with their Annual Report. SEBI vide its circular dated May 10, 2021 has introduced new reporting requirements on environmental, social and governance parameters viz. the Business Responsibility and Sustainability Report ('BRSR'), in order to bring in greater transparency towards Company's sustainability objectives, position and performance. The filing of BRSR is applicable for the top 1,000 listed companies based on market capitalization and has been made mandatory from F.Y. 2022-23. The submission of BRSR is voluntary for the current financial year 2021-22.

The Company intends to get itself familiarized with the new requirements over the period of next financial year and gradually adapt and align itself to higher standards of sustainability and have continued with the reporting requirements under existing guidelines of BRR for the reporting period.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) : L24231GJ1998PLC034094
2. Name of the Company : Kiri Industries Limited
3. Registered Office Address : 7th Floor, Hasubhai Chambers, Opp. Townhall, Ellisbridge, Ahmedabad-380006
4. Website : www.kiriindustries.com
5. Email id : info@kiriindustries.com
6. Financial Year reported : 1st April, 2021 to 31st March, 2022
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

| Name and Description of main products / services | NIC Code of the Product/service |
|--------------------------------------------------|---------------------------------|
| Dyes | 20114 |
| Intermediates | 2011 |
| Basic Chemicals | 2011 |

8. List three key products/services that the Company manufactures/provides (as in balance sheet) :
(1) Vinly Sulphone (2) H-Acid (3) Dyestuff

9. Total number of locations where business activity is under taken by the Company:

The Company is based out of the state of Gujarat. Further, 1 Wholly Owned Subsidiary Company is situated in UAE, 1 Associate Company situated in Singapore and 1 Joint Venture Company, 2 Subsidiary Companies and 1 Associate Company are situated in Gujarat.

International Locations: 2

National Locations: 1

10. Markets served by the Company (Local/State/National/International):

National and International level

Annexure to the Director's Report (Contd...)

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1 | Paid-up Capital | ₹ 5,183.42 Lakhs |
| 2 | Total turnover | ₹ 113,679.65 Lakhs |
| 3 | Total Profit/(Loss) After Taxes | ₹ (959.59) Lakhs |
| 4 | Total spending on Corporate Social Responsibility(CSR) as percentage of profit after tax | During the F.Y. 2021-22, the company has spent an amount of ₹ 102.21 Lakhs towards CSR Activities. |
| 5 | List of activities in which expenditure in 4 above has been incurred: | Refer "Annexure F" of Board Report |

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

Yes, Company has 3 (Three) subsidiaries as on March 31, 2022 i.e. Chemhub Trading DMCC, Amrat Lakshmi Foundation and Kiri Renewable Energy Private Limited. Out of which Chemhub Trading DMCC is the only operating subsidiary and Amrat Lakshmi Foundation and Kiri Renewable Energy Private Limited has yet not started its business.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

Business Responsibility is initiative of the parent Company are applicable to the subsidiary company to the extent that they are material in relation to the business activities of the subsidiary. Hence, as on reporting period, BR initiative of the Company are limited to its own operations.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

There are no entity(ies), which participated in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

a) Details of the Director responsible for implementation of the BR policy/policies:

Name: Manish Kiri, Designation: Managing Director, DIN: 00198284

b) Details of the BR head

Name: Manish Kiri, Designation: Managing Director, DIN: 00198284

Telephone Number: 079-26574371 Email Id: info@kiriindustries.com

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

Details of compliance (as per NVGs) (Reply in Y/N):

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|----------------------------|--------------|-------------|---------------|-----|--------------------|
| | | Business Ethics | Product Responsibility | Well-being of Employees | Stakeholder engagement CSR | Human Rights | Environment | Public Policy | CSR | Customer Relations |
| 1. | Do you have a policy/ policies for | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy conform to any national/international standards? If yes, specify? | The Policy on Business Responsibility of the Company is as per National Voluntary Guidelines (NVGs). In addition to this, the Company have International Standard of Certificates line ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, Bluesign System Partner, Global Organic Textile Standards (GOTS), Zero Discharge of Hazardous Chemicals (ZDHC) registration. All policies have been made keeping in view the national and local laws, policies, and best practices. | | | | | | | | |

Annexure to the Director's Report (Contd...)

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|----------------------------|--------------|-------------|---------------|-----|--------------------|
| | | Business Ethics | Product Responsibility | Well-being of Employees | Stakeholder engagement CSR | Human Rights | Environment | Public Policy | CSR | Customer Relations |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director? | | | | | | | | | |
| | | Yes, Policy has been approved by the Board and same is signed by the Chairman. | | | | | | | | |
| 5. | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | | | | | | | | | |
| | | www.kiriindustries.com | | | | | | | | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | | | | | | | | | |
| | | It is available on website of the Company. | | | | | | | | |
| 8. | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | | | | | | | | | |
| | | Yes, all stakeholders may write their concern to the Company via email at info@kiriindustries.com . | | | | | | | | |
| 10. | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | | | | | | | | | |
| | | No | | | | | | | | |

3. Governance related to BR:

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.

The BR head and senior managerial personnel periodically assess the BR performance of the Company and annually by the Board.

- b) Does the Company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published?

The Company's Business Responsibility Report for FY 2021-22 is provided in Annual Report and is also available at Company's website www.kiriindustries.com.

However, The Company encourages its business partners/ associates to follow the same.

2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

No stakeholder complaints pertaining to the above principle/ Codes were received in the financial year 2021-22.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(1) Vinyl Sulphone, (2) H-Acid (3) Dyestuff

2. Does the company have procedures in place for sustainable sourcing (including transportation)? If Yes, What percentage of your inputs was sourced sustainably?

The Company has responsible Supply Chain Mechanism and also has a standard operating procedures for approving vendors. Materials are procured from approved vendors both local and international. The Company has long

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

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

This Policy applies to the directors and employees of the Kiri Industries Limited. It does not extend to other entities.

Annexure to the Director's Report (Contd...)

standing business relations with regular vendors and the requirements of Business Integrity, Human Rights (labour standards), Health and Safety and Sustainable environmental standards in their business activities, production processes, services provision and their own purchasing procedures apply to all suppliers and their sub-tier suppliers.

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

Yes, The Company has established vendor selection process and accordingly during the year, company has given preference to local and small suppliers, traders and service providers for procurement and distribution. We encourage local suppliers/ contractors to work with us as they play an important part in the value chain.

4. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste?

The Company has in-house facilities to recycle its waste generated through manufacturing process and is continuously striving to optimise the process. The Company's Intermediates facility has Zero Liquid Discharge (ZLD) facilities and in future company is planning to make all its manufacturing facility to run through zero liquid discharge.

Principle 3: Business should promote the well being of all employees

1. Please indicate the total number of employees: 1149
2. Please indicate the total number of employees hired on temporary/ contractual/ casual basis: 618
3. Please indicate the number of permanent women employees.: 29
4. Please indicate the number of permanent employees with disabilities: NIL
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees are members of the recognized employee association?: N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. : NIL
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees – 80%
 - (b) Permanent Women Employees - 100%
 - (c) Casual/Temporary/Contractual Employees - 100%
 - (d) Employees with Disabilities – N.A

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

1. Has the company mapped its internal and external stakeholders?: Yes - the Company has done so consummately.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?:

The company has mapped its internal and external stakeholders such as local communities, customers, suppliers, employees, educational institutes, government authorities, NGOs, etc. The Company always actively work for the advantage of community and work on to serve their needs through our well crafted CSR Programs.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?:

Yes, the Company through its CSR initiatives is contributing towards education, health care, providing safe drinking waters, Rural Development and so on. Details of all the Activities listed above can be found in Annexure F of Board's Report.

Principle 5: Business should respect and promote human rights

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

The Company's Policy on Human Rights extended to the company. The Company respects & protects the human rights of all people around and associated with it. The Company applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company strictly adheres to all applicable labor laws and other statutory requirements in order to uphold the human rights within the Company.

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

The Company has not received any complaint.

Principle 6: Business should respect, protect, and make effort to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

The policy covers the Company and its employees.

Annexure to the Director's Report (Contd...)

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?

The Company has its own strategies/initiatives and the Company is committed to address global environmental issues such as climate change, global warming etc. pertaining to the company's business.

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

Yes, we have a proper mechanism to identify and assess the potential environmental risks on a regular basis and also do the after follow-ups for the same to ensure the proper actions to cater to those identified risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

Currently, the Company does not have any project relating to clean development mechanism. However, the Company operates under Zero Discharge Policy and emission control mechanism are in place.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. :

The Company has taken certain initiatives towards conservation of energy and energy efficiency at its various plants. Annexure E to the Board's Report contains details of the steps taken to conserve energy during the year.

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

Yes, we comply with all applicable environmental legislations in the locations we operate from. We monitor and track all parameters as defined by CPCB or SPCBs and ensure that they are maintained within norms

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

No show cause/ legal notices are pending as on March 31, 2022.

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

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, Company is member of the following associations.

- (a) Bombay Chamber of Commerce & Industry

- (b) Gujarat Chamber of Commerce & Industry

- (c) Gujarat Dyestuff Manufacturers Association

- (d) Federation of Indian Export Organisations

- (e) Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)

- (f) Associated Chambers of Commerce & Industry of India.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

We do from time to time take up issues through these associations for advancement or improvement of public good and industry interest.

Principle 8: Business should support inclusive growth and equitable development

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

Yes, the Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society. Please refer the "Annexure F" of Board Report.

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

The aforesaid projects have been carried out by the Company directly and/or through implementing agencies. The Company also has set up its own foundation to undertake programmes/projects.

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

The Company periodically reviews and monitors through personal visit by Company representative for specific project undertaken by the Company.

4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?

During the year, company has contributed ₹ 102.21 Lakhs towards CSR and the same are given in "Annexure F" of Board Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes. CSR Initiatives undertaken by the Company are tracked to determine the outcomes achieved and the benefits to the community. The Company works directly and through implementing agencies of the project to ensure proper and meaningful adoption of these initiatives among the target community

Annexure to the Director's Report (Contd...)

Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
There were no customer complaints/consumer cases pending as on end of financial year 2021-22.
2. Does the company display product information on the product label, over and above what is mandated as per local laws?
Not Applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.
There is no such case filed by the stakeholder.
4. Did your company carry out any consumer survey/consumer satisfaction trends?
The Company undertakes customer satisfaction surveys periodically and feedback of customers are reviewed to take corrective actions.

For and on behalf of the Board of Directors

Manish Kiri

Chairman & Managing Director

DIN : 00198284

Place: Ahmedabad

Date: August 12, 2022

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo.

Energy Absorption:

| Sr. No. | Particulars | Particulars |
|---------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Steps taken or impact on conservation of energy | The Company is using gas as compared to other sources of energy and also generating in-house power. The Company has also started using steam generated through basic chemical plant for manufacturing of intermediates which leads to reduce usage of electricity and coal resulting in reduction of cost and pollution free operations. Further, company is using LED lights in offices to save power and energy. The Company is using renewal energy through power trading to reduce overall energy cost. The Company has installed variable drives to control speed of the reactors/stirrers to reduce the electricity. |
| 2. | Steps taken by the company for utilising alternate sources of energy | |
| 3. | Capital investment on energy conservation equipments | |

Technology Absorption:

| | |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Efforts made towards technology absorption; | The Company's R&D department is developing process technology to manufacture various products mix of dyes segments. The Company is through R&D continuously reduce environmental impact. The Company has adopted recycle, re-use, reduce water quantity by applying reverse osmosis process for manufacturing the products. The Company's dyes intermediate division operates on the concept of zero liquid discharge to reduce water consumption. During the year under review, the Company is able to successfully registered patent of Reactive Azo Dyes for Black Mixtures. |
| Benefits derived like product improvement, cost reduction, product development or import substitution | The company is able to cater its customers through innovation in technology, continuously provides new formulation as per the customer demand and product mix. |
| In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | The Company has not imported any technology since last three financial year. |
| Details of technology imported | N.A. |
| Year of import | N.A. |
| Whether the technology been fully absorbed | N.A. |
| if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | N.A. |
| Expenditure incurred on Research and Development | ₹ 98.65 Lakhs |
| Specific areas in which R & D was carried out by the Company | The Company is fully equipped with R&D department to develop products as per specifications of the customers. The Company is updating manufacturing process of the existing products leading to reduction in process time, cost of production, environmental impact conserve resources and developing new products. The Company has installed MVR at intermediate facility to recover salt, which further used for manufacturing of dyes. |
| Benefits derived as a result of the above (R & D) | |
| Future Plan of Action | The Company is continuously trying and will also try to absorb new technology available in the market to improve production processes which leads to reduce cost of production per unit. The Company is committed to reduce carbon foot print through implementing new technic and technology. |

Annexure to the Director's Report (Contd...)

Foreign Exchange Earnings & Outgo:

(₹ in Lakhs)

| Particulars | 2021-22 | 2020-21 |
|---------------------------------|-----------|-----------|
| Total Foreign Exchange Outgo | 4,861.22 | 9,691.10 |
| Total Foreign Exchange Earnings | 20,794.18 | 10,301.39 |

For and on behalf of the Board of Directors

Manish Kiri

Chairman & Managing Director

DIN : 00198284

Place: Ahmedabad

Date: August 12, 2022

Annexure to the Director's Report (Contd...)

Annexure F

The Annual Report on CSR Activities

1. Brief outline on CSR Policy of the Company.

In compliance of Section 135 of the Companies Act, 2013 ("the Act") your Company has always taken care of social concerns since its inception and has repeatedly channelized a part of its resources and activities, positively for society which contributes socially, ethically and also environmentally. Your Company has taken up various Corporate Social Responsibility ("CSR") initiatives and enhanced value in the society.

Your Company has formulated CSR Policy which was approved by the Board of Directors. The said policy encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

2. Composition of CSR Committee:

| Sr. No. | Name of Director | Designation/Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|------------------|-------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|
| 1. | Ms. Veena Padia | Chairperson to the Committee/ Independent Director | 1 | 1 |
| 2. | Mr. Pravin Kiri | Member/Executive Director | 1 | 1 |
| 3. | Mr. Manish Kiri | Member/Managing Director | 1 | 1 |
| 4. | Mr. Mukesh Desai | Member/Independent Director | 1 | 1 |

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.: www.kiriindustries.com.

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):. Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

| Sr. No | Financial Year | Amount available for set-off from preceding financial years (₹ in Lakhs) | Amount required to be set-off for the financial year, if any (₹ Lakhs) |
|--------|----------------|--------------------------------------------------------------------------|------------------------------------------------------------------------|
| 1 | 2018-19 | 1.84 | NIL |
| 2 | 2019-20 | 0.96 | NIL |
| 3 | 2020-21 | 0.06 | NIL |

6. Average net profit of the company as per section 135(5): ₹ 4765.15 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 95.30 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 95.30 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---------------------------------------------------|------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| 102.21 Lakhs | | NIL | | NIL | |

Annexure to the Director's Report (Contd...)

(b) Details of CSR amount spent against ongoing projects for the financial year:

| 1 Sr. No. | 2 Name of the project | 3 Item from the list of activities in Schedule VII to the Act | 4 Local area (Yes/No) | 5 Location of the project | | 6 Project duration | 7 Amount allocated for the project (in ₹) | 8 Amount spent in the current financial Year (in ₹) | 9 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | 10 Mode of Implementation - Direct (Yes/No) | 11 Mode of Implementation - Through Implementing Agency | |
|--------------|--------------------------|------------------------------------------------------------------|--------------------------|------------------------------|----------|-----------------------|----------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------|-------------------------|
| | | | | State | District | | | | | | Name | CSR Registration Number |
| NIL | | | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| 1 Sr. No. | 2 Name of the project | 3 Item from the list of activities in Schedule VII to the Act | 4 Local area (Yes/No) | 5 Location of the project | | 6 Amount spent for the project (in ₹) | 7 Mode of implementation - Direct (Yes/No) | 11 Mode of Implementation - Through Implementing Agency | |
|--------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------|------------------------------|-----------|------------------------------------------|-----------------------------------------------|------------------------------------------------------------|-------------------------|
| | | | | State | District | | | Name | CSR Registration Number |
| 1. | Promotion of Education including Special Education and providing Vocational Training | Clause (ii) of Schedule VII | Yes | Gujarat | Ahmedabad | 70,290/- | Yes | | |
| | | | No | Haryana | Rewari | 6,23,070/- | | | |
| | | | | | | 79,800/- | | | |
| 2. | Promotion of Healthcare including Preventive Healthcare | Clause (i) of Schedule VII | No | Uttarpradesh | Varansi | 57,10,000/- | Yes | | |
| | | | | Rajasthan | Sikar | 1,00,000/- | | | Not Applicable |
| 3. | Development of Rural Areas | Clause (x) of Schedule VII | Yes | Gujarat | Vadodara | 33,48,287/- | Yes | | |
| 4. | Eradicating Hunger, Poverty and Malnutrition | Clause (i) of Schedule VII | Yes | Gujarat | Vadodara | 40,400/- | Yes | | |
| | | | No | Karnataka | Bengaluru | 1,26,000/- | No | Smile Foundation | CSR00001634 |
| 5. | Safe drinking water | Clause (i) of Schedule VII | Yes | Gujarat | Vadodara | 1,23,454/- | Yes | | Not Applicable |
| Total | | | | | | 1,02,21,301/- | | | |

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 102.21 Lakhs

(g) Excess amount for set off, if any:

| Sr. No. | Particulars | Amount (₹ in Lakhs) |
|---------|-------------------------------------------------------------------------------------------------------------|---------------------|
| i. | Two percent of average net profit of the company as per Section 135(5) | 95.30 |
| ii. | Total amount spent for the Financial Year | 102.21 |
| iii. | Excess amount spent for the financial year [(ii)-(i)] | 6.91 |
| iv. | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| v. | Amount available for set off in succeeding financial years [(iii)-(iv)] | 6.91 |

Annexure to the Director's Report (Contd...)

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (in ₹) |
|---------|--------------------------|------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------|---------------|------------------|-------------------------------------------------------------------|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| NIL | | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---------|------------|---------------------|---------------------------------------------------|------------------|-----------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|
| Sr. No. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project - Completed / Ongoing |
| NIL | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.: Not applicable.

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):. Not applicable.

For Kiri Industries Limited

Place : Ahmedabad
Date : August 12, 2022

Manish Kiri
Chairman & Managing Director
DIN: 00198284

Veena Padia
Chairperson CSR Committee
DIN: 06992591

Report on Corporate Governance

Corporate Governance Report for the year ended March 31, 2022, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Corporate Governance has broad scope, which include both social and institutional aspects. It is set of processes, customs, policies, laws and instructions affecting the way a corporates are directed, managed, administered or controlled in the best interest of its stakeholders. The Corporate Governance includes transparency, accountability, ethical behavior, independence and fair corporate disclosures. Effective corporate governance practices are crucial for achievement of long term corporate goals of the Company.

1. Company's Philosophy on Code of Governance:

Kiri believes in transparency and has immense value for the principles of corporate governance. Company is committed to the highest standards of Corporate Governance in all its activities and processes. Our corporate governance practice consists integrity, transparency, accountability which involves standards of safety, health and environment; legal compliances and communication to the stakeholders; fair disclosures, value creation, ethics and governance; monitoring, internal controls and risk management. It is a well-accepted fact, both in India and world over, that a good governed organization results in maximizing its stakeholders' value in long run. In line with these globally accepted principles of good corporate governance, Company has ensured and implemented the same in its true letter and spirit, to maximize shareholders' wealth. The Board of Directors believes that corporate governance is the foundation for long term sustainable performance, better services to all its stakeholders and achieve long term corporate goal. The entire process begins with the functioning of the Board of Directors, having professionals and experts serving as Independent Directors and represents in various Board Committees. The Company has always believed in and practices the highest standards of Corporate Governance since its inception and considers that

sound governance practices are crucial for its smooth and efficient business operations, balancing the interests of all its stakeholders and creating wealth for shareholders.

A report on the matters and the practices followed by the Company is detailed herein below.

2. Board of Directors:

The Board of Directors and its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure.

The Board of Directors meets at least once in a quarter to review the performance and financial results of the Company. The Chairman/Managing Director briefs the Directors at every Board Meeting on overall business performance and general industry trend. All major decisions/approvals are taken at the Board Meeting. Any board member may bring up any matter for consideration of the Board, in consultation with the Chairman.

The Board of Directors of the Company ("the Board") consists of optimum combination of Executive and Non-Executive Directors having in-depth knowledge of dyes and chemicals industry in addition to their own areas of specialization and expertise as required under Regulation 17 of Listing Regulations. The Board has six members comprising of two Executive Directors and four Independent Directors including one Woman Independent Director. The majority of board members are Non-Executive Independent Directors as per the requirements of Regulation 17 of Listing Regulations.

Annexure to the Director's Report (Contd...)

The details of the composition, nature of directorship, the number of meetings attended by each director and the directorships in other companies as at March 31, 2022 are detailed herein below:

| Sr. No. | Name of Directors | Category | No. of Board Meetings held and attended during the year | | Attendance at last AGM held in 28.09.2021 | No. of Directorship in other Public Companies** | No. of Committee positions held in other public companies# | | Directorship in other listed entity including Category of Directorship § |
|---------|----------------------|--------------------------------|---------------------------------------------------------|----------|-------------------------------------------|-------------------------------------------------|------------------------------------------------------------|--------|--------------------------------------------------------------------------|
| | | | Held | Attended | | | AC | SRC | |
| 1. | Mr. Pravin Kiri* | Chairman & Whole Time Director | 5 | 1 | Yes | 1 | - | - | - |
| 2. | Mr. Manish Kiri | Managing Director | 5 | 5 | Yes | 2 | Member | - | - |
| 3. | Mr. Keyoor Bakshi | Independent Director | 5 | 4 | Yes | 8 | Chairman | - | Infibeam Avenues Limited- ID |
| | | | | | | | Chairman | - | Gokul Agro Resources Limited – ID |
| | | | | | | | Member | Member | TTL Enterprises Limited – NED |
| | | | | | | | Chairman | - | Saanvi Advisors Limited – ID |
| | | | | | | | Chairman | Member | Innovative Tyres & Tubes Limited – ID |
| | | | | | | | - | - | Praveg Communications (India) Limited – ID |
| 4. | Mr. Mukesh Desai | Independent Director | 5 | 5 | Yes | 1 | Member | Member | Innovative Tyres & Tubes Limited – NED |
| 5. | Ms. Veena Padia | Independent Director | 5 | 5 | Yes | - | - | - | - |
| 6. | Mr. Ulrich Hambrecht | Independent Director | 5 | 5 | Yes | 1 | - | - | - |

Note:

* Cessation w.e.f. June 12, 2022 due to demise.

** Other directorships do not include directorships of private limited companies, Companies formed under Section 8 of the Companies Act, 2013 and Companies incorporated outside India.

Chairmanship/ Membership of Board Committees include only Audit Committee (AC) and Stakeholders Relationship Committee (SRC) as per Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

§ where ID=Independent Director, NED=Non-executive Director

Annexure to the Director's Report (Contd...)

➤ Number of Board Meetings held during the year:

During the year under review, 5 (Five) Meetings of Board of Directors were held as per details given below:

| Sr. No. | Date of Board Meeting |
|---------|-----------------------|
| 1. | June 28, 2021 |
| 2. | August 10, 2021 |
| 3. | November 12, 2021 |
| 4. | January 11, 2022 |
| 5. | February 10, 2022 |

➤ Disclosure of relationships between directors inter-se:

As on March 31, 2022, none of the Directors is related inter-se except Mr. Pravin Kiri and Mr. Manish Kiri.

➤ Number of shares and convertible instruments held by Non Executive Directors:

None of the Non - Executive Directors of the Company holds any shares and convertible instruments in the Company.

➤ A chart or a matrix setting out the Skills/Expertise/Competence of the Board of Directors:

The Board of the Company comprises qualified members who bring in the required skills, expertise, competencies that allow them to make effective contributions at the Board and its committee meetings.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| Skill/ Expertise/ Competency | Detail for such Skills / Expertise / Competencies | Mr. Pravin Kiri | Mr. Manish Kiri | Mr. Keyoor Bakshi | Mr. Mukesh Desai | Ms. Veena Padia | Mr. Ulrich Hambrecht |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-------------------|------------------|-----------------|----------------------|
| Business | Understanding of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Strategy and Planning | Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Governance | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Financial Expertise | Qualification and/or experience in accounting and/or finance coupled with ability to analyze key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

➤ Web link where details of familiarisation programs imparted to independent directors is disclosed:

All Independent Directors are familiarized from time to time with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The Company makes consistent efforts to periodically acquaint the Board with the overall business performance covering all business verticals, by way of presenting specific performance of each plant, product category, global competition, diversification plan, major capital expenditure etc. They are also updated by way of presentations about the amendments to various enactments viz., Companies Act, 2013, applicable SEBI regulations and other important changes in the regulatory framework and business environment having impact on the Company. The details regarding Independent Directors' Familiarisation Programmes is available on the website of the Company i.e. www.kiriindustries.com.

Annexure to the Director's Report (Contd...)

The eligibility of a person to be appointed as a Director of the Company depends upon whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. Being a Chemical Company, Board gives more preference to candidate having expertise in Chemical Industry.

➤ **Confirmation as regards independence of Independent Directors:**

Based on the confirmation / disclosures received from the Independent Directors, the Board of Directors confirm that in its opinion, the Independent Directors fulfill the conditions specified in SEBI Regulations and the Companies Act, 2013 and that they are independent from the management of the Company.

3. Committees of the Board:

The Company has constituted committees to focus on specific areas and to make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its charter, which defines the scope, powers and composition of the Committee. All the decisions and recommendations of the Committees are placed before the Board for information or approval. The Board has constituted the following five (5) Committees:

- a) Audit Committee;
- b) Nomination and Remuneration Committee;
- c) Stakeholders' Relationship Committee;
- d) Corporate Social Responsibility (CSR) Committee;
- e) Risk Management Committee

(a) Audit Committee:

➤ **Brief description of terms of reference:**

In compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, the

Company has constituted the Audit Committee. The role of the Audit Committee is in accordance with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 read with Part C of Schedule II of the Listing Regulations and terms of reference of the Audit Committee inter-alia includes:

1. Review and monitor the auditors' independence and performance and effectiveness of audit process;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Examination of the financial statements and auditors' report thereon;
4. Approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investment;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters;
9. Reviewing the functioning of the Whistle Blower Mechanism;
10. Reviewing the adequacy and structure of the internal audit function, frequency of internal audit and discussion with internal auditors of any significant findings and follow up there on;
11. Any other matters as prescribed by law from time to time.

The Audit Committee of the Company meets as per criteria laid down under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Annexure to the Director's Report (Contd...)

➤ **Composition, Meetings and Attendance of Audit Committee:**

During the Financial Year 2021-22, Audit Committee met 4 (Four) times on June 28, 2021, August 10, 2021, November 12, 2021 and February 10, 2022.

| Name of Member | Designation | Category | No. of meetings held during the year | |
|-------------------|-------------|----------------------|--------------------------------------|----------|
| | | | Held | Attended |
| Mr. Keyoor Bakshi | Chairman | Independent Director | 4 | 4 |
| Mr. Manish Kiri | Member | Executive Director | 4 | 4 |
| Mr. Mukesh Desai | Member | Independent Director | 4 | 4 |
| Ms. Veena Padia | Member | Independent Director | 4 | 4 |

Mr. Suresh Gondalia, Company Secretary & Compliance Officer acts as a Secretary to the Committee.

(b) **Nomination and Remuneration Committee:**

➤ **Brief description of terms of reference:**

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Company has constituted a Nomination & Remuneration Committee. All members of the Committee consists Independent Directors. The terms of reference of the Committee inter alia, includes:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and senior management;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
3. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
4. Oversee familiarization programmes for directors;
5. Framing, recommending to the Board and implementing, on behalf of the Board and Shareholders, policy on remuneration of Directors, Key Managerial Personnel (KMP) & senior management, including ESOP and any other compensation payment.

➤ **Composition, Meetings and Attendance of Nomination and Remuneration Committee:**

During the year, 1 (One) meeting of Nomination and Remuneration Committee was held i.e. on February 10, 2022.

| Name of Member | Designation | Category | No. of meetings held during the year | |
|-------------------|-------------|----------------------|--------------------------------------|----------|
| | | | Held | Attended |
| Mr. Mukesh Desai | Chairman | Independent Director | 1 | 1 |
| Mr. Keyoor Bakshi | Member | Independent Director | 1 | 1 |
| Ms. Veena Padia | Member | Independent Director | 1 | 1 |

Mr. Suresh Gondalia, Company Secretary & Compliance Officer acts as a Secretary to the Committee.

➤ **Nomination and Remuneration policy:**

The remuneration paid to Executive Directors of the Company is approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on performance review, on a periodical basis. The Board has approved a Nomination and Remuneration Policy of the Company and available on the website of the Company i.e. www.kiriindustries.com. This Policy is in compliance with Section 178 of the Companies Act, 2013, read with the applicable rules thereto and Regulation 19 and Schedule II, Part D of the Listing Regulations.

➤ **Performance evaluation criteria for selection of Independent Directors:**

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the process, format,

Annexure to the Director's Report (Contd...)

attributes and criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee, based on need and compliance requirements.

During the year, the Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman who were evaluated broadly on parameters such as:

- a. Achievement of financial/business targets prescribed by the Board;
- b. Developing and managing / executing business plans, operational plans, risk management, and financial affairs of the Company;
- c. Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
- d. Development of policies, and strategic plans aligned with the vision and mission of Company and which harmoniously balance the needs of shareholders, clients, employees, and other stakeholders;
- e. Establishment of an effective organization structure to ensure that there is management focus on key functions necessary for the organization to align with its mission;
- f. Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders;
- g. Director comes well prepared and informed for the Board / committee meeting(s);
- h. Participation at the Board / Committee meetings;
- i. Director has ability to remain focused at a governance level in Board/ Committee meetings;

- j. Commitment (including guidance provided to senior management outside of Board/ Committee meetings);
- k. Effective deployment of knowledge and expertise;
- l. Integrity and maintaining of confidentiality;
- m. Independence of behavior and judgment;
- n. Impact and influence;

The evaluation of the Independent Directors was carried out by the entire Board based on below criterias:

- a. Director's preparedness prior to the meeting;
- b. Director's willingness to devote time and effort to understand the Company and its business and a readiness to participate in events outside the meeting room, such as site visits;
- c. Director's ability to remain focused at a governance level in Board/ Committee meetings;
- d. Quality of Director's contributions at Board/ Committee meetings;
- e. Proactive attitude of Directors in development of strategy and risk management of the Company;
- f. Director's understanding about governance, regulatory, financial, fiduciary and ethical requirements of the Board /Committee;
- g. Director's willingness to refresh his/ her knowledge and skills and up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions;
- h. Convincing power of the director in presenting his/her views before board;
- i. Maintaining high standard of ethics and integrity.

Further, the evaluation of the Chairman and the Executive Director was carried out by the Independent Directors. The Directors were satisfied with the evaluation results.

Independent Directors:

There were no pecuniary transactions between Company and Independent Directors of the Company except sitting fees and reimbursement of expenses for attending meetings of board and committees.

Annexure to the Director's Report (Contd...)

Sitting fees paid to Independent Directors during the year are as under:

| Name | Sitting Fees |
|----------------------|--------------|
| Mr. Keyoor Bakshi | ₹ 95,000 |
| Mr. Mukesh Desai | ₹ 1,15,000 |
| Ms. Veena Padia | ₹ 1,05,000 |
| Mr. Ulrich Hambrecht | USD 5,000 |

of the Board has been constituted which comprises of three members. The main responsibility of the Committee is to ensure cordial investor relations and supervise the mechanism for redressal of investor grievances. It performs the functions of transmission/ remat/ demat/ split-up/ sub-division and consolidation of shares, issue of duplicate share certificates and allied matter(s).

(c) Stakeholders' Relationship Committee:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of the Listing Regulations, a Stakeholders' Relationship Committee

➤ Name of the Non-Executive Director heading the committee:

Stakeholders' Relationship Committee is headed by Ms. Veena Padia, Independent Director of the Company.

➤ Composition, Meetings and Attendance of Stakeholders' Relationship Committee:

During the Financial year 2021-22, Stakeholders' Relationship Committee met on February 10, 2022.

| Name of member | Designation | Category | No. of meetings held during the year | |
|------------------|-------------|----------------------|--------------------------------------|----------|
| | | | Held | Attended |
| Ms. Veena Padia | Chairperson | Independent Director | 1 | 1 |
| Mr. Manish Kiri | Member | Executive Director | 1 | 1 |
| Mr. Mukesh Desai | Member | Independent Director | 1 | 1 |

Mr. Suresh Gondalia, Company Secretary & Compliance officer acts as a Secretary to the Committee.

➤ Details of investor complaints received and redressed during the year 2021-22 are as follows:

| Number of shareholders complaints received and resolved | Number of complaints not solved to the satisfaction of shareholders | Number of pending complaints |
|---------------------------------------------------------|---------------------------------------------------------------------|------------------------------|
| | NIL | |

(d) Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee has been constituted in line with the provisions of Section 135 of the Companies Act, 2013:

➤ The terms of reference:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
- To finalise a list of CSR projects or programs or initiatives proposed to be undertaken periodically and to review the same from time to time in accordance with requirements of Section 135 of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the Corporate Social Responsibility Policy of the company from time to time;
- To review the CSR report and other disclosures on CSR matters for the approval of the Board for their inclusion in the Board Report.

➤ Composition, Meeting and Attendance of Corporate Social Responsibility Committee:

During the Financial year 2021-22, Corporate Social Responsibility Committee met on June 28, 2021.

| Name of member | Designation | Category | No. of meetings held during the year | |
|------------------|-------------|----------------------|--------------------------------------|----------|
| | | | Held | Attended |
| Ms. Veena Padia | Chairperson | Independent Director | 1 | 1 |
| Mr. Pravin Kiri* | Member | Executive Director | 1 | 1 |
| Mr. Manish Kiri | Member | Executive Director | 1 | 1 |
| Mr. Mukesh Desai | Member | Independent Director | 1 | 1 |

* Cessation w.e.f. June 12, 2022 due to demise.

Annexure to the Director's Report (Contd...)

Mr. Suresh Gondalia, Company Secretary and Compliance officer acts as Secretary to the Committee.

➤ **Corporate Social Responsibility Policy:**

The CSR activities shall be focused not just around the plants and offices of the Company, but also in other geographies, based on the needs of the communities. The key focus areas where special community development programmes would be run are:

1. Eradicating hunger, poverty and malnutrition, and sanitation and making available safe drinking water;
2. Promoting education;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical

➤ **Composition, Meeting and Attendance of the Committee:**

During the Financial year 2021-22, Risk Management Committee met 2 (Two) times on August 10, 2021 and January 31, 2022.

| Name of the member | Designation | Category | No. of meetings held during the year | |
|--------------------|-------------|-------------------------|--------------------------------------|----------|
| | | | Held | Attended |
| Mr. Pravin Kiri* | Chairman | Executive Director | - | - |
| Mr. Manish Kiri | Member | Executive Director | 2 | 2 |
| Mr. Mukesh Desai | Member | Independent Director | 2 | 2 |
| Mr. Yagnesh Mankad | Member | Chief Operating Officer | 2 | 2 |
| Mr. Jayesh Vyas | Member | Chief Financial Officer | 2 | 2 |

* Cessation w.e.f. June 12, 2022 due to demise.

Mr. Suresh Gondalia, Company Secretary & Compliance officer acts as a Secretary to the Committee.

➤ **Risk Management policy:**

The Company has adopted the Risk Management Policy to protect and safeguard the assets of company and reducing volatility in various areas of the business. Developing and supporting people by providing framework to enable the future activities and the same is available on the website of the Company i.e. www.kiriindustries.com.

(f) **Independent Director's Meeting:**

During the year under review, the Independent Directors met on February 10, 2022 inter alia to:

1. Evaluate performance of Non-Independent Directors and the Board of Directors;

importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

6. Rural developments;
7. Disaster management, including relief, rehabilitation and reconstruction activities.

The Board has approved a Corporate Social Responsibility Policy of the Company which is available on the website of the Company i.e. www.kiriindustries.com. This Policy is in compliance with Section 135 of the Companies Act, 2013, read with the applicable rules thereto.

(e) **Risk Management Committee:**

The Risk Management Committee of the Company is constituted as per Regulation 21 of the Listing Regulations.

➤ **The terms of reference:**

The objective of the Risk Management Committee is to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Annexure to the Director's Report (Contd...)

2. Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
3. Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting. Further, in the opinion of the board, the independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

4. General Body Meetings:

➤ Details of Annual General Meetings held during the last three financial years:

| Financial Year | Date | Time | Location |
|----------------|--------------------|------------|---------------------------------------------------------------------------------------------------------------|
| 2020-21 | September 28, 2021 | 02.30 p.m. | The meeting was held through video conferencing (VC). |
| 2019-20 | September 25, 2020 | 02.30 p.m. | The meeting was held through video conferencing (VC). |
| 2018-19 | September 27, 2019 | 10.30 a.m. | Ground Floor, Centre for Excellence Building, Plot No. 511, Phase IV, GIDC Estate, Vatva, Ahmedabad – 382 445 |

➤ Details of Special Resolutions passed in the previous three AGMs:

| Number and Date of Annual General Meeting | Particulars of Special Resolutions passed at the AGM |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23 rd AGM held on September 28, 2021 | No Special Resolution was passed. |
| 22 nd AGM held on September 25, 2020 | 1. To approve re-appointment of Ms. Veena Padia as an Independent Director. |
| 21 st AGM held on September 27, 2019 | 1. To approve re-appointment of Mr. Mukesh Desai as an Independent Director. 2. To approve re-appointment of Mr. Keyoor Bakshi as an Independent Director. |

- No Extraordinary General Meeting was held during the Financial Year 2021-22.
- There were no special resolutions passed through postal ballot process during financial year 2021-22 and no Resolution is proposed to be passed by way of Postal Ballot at the ensuing Annual General Meeting.

5. Remuneration of Directors:

- During the year under review, there is no pecuniary relationship or transactions with the Company by any Non-Executive Directors, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee.
- Criteria of making payments to Non-Executive Directors: Non-Executive Directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to the decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company. The sitting fees being paid to the Independent Directors are as per the industry standards as well as the qualification, knowledge, experience and expertise of the respective directors.

Annexure to the Director's Report (Contd...)

- Disclosures with respect to remuneration: In addition to disclosures required under the Companies Act, 2013, the following disclosures are being made:

- All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;

| Sr. No. | Name Designation | Mr. Pravin Kiri Chairman - Whole Time Director | Mr. Manish Kiri Managing Director | Mr. Keyoor Bakshi Independent Director | Mr. Mukesh Desai Independent Director | Ms. Veena Padia Independent Director | Mr. Ulrich Hambrecht Independent Director |
|---------|-----------------------------|---------------------------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------------------------|--------------------------------------------|-------------------------------------------------|
| 1 | Gross salary | ₹ 15,600,000 | ₹ 15,600,000 | | | | |
| 2 | Sitting Fees, if applicable | - | - | ₹ 95,000 | ₹ 115,000 | ₹ 105,000 | USD 5,000.00 |
| 2 | Benefits | - | - | - | - | - | - |
| 3 | Bonuses | - | - | - | - | - | - |
| 4 | Pension | - | - | - | - | - | - |
| 5 | Stock Option | - | - | - | - | - | - |
| 6 | Sweat Equity | - | - | - | - | - | - |
| 7 | Commission | | | | | | |
| | as % of profit | - | - | - | - | - | - |
| | others, specify | - | - | - | - | - | - |
| 8 | Others, please specify | - | - | - | - | - | - |
| | Total | ₹ 15,600,000 | ₹ 15,600,000 | ₹ 95,000 | ₹ 115,000 | ₹ 105,000 | USD 5,000.00 |

- Details of fixed component and performance linked incentives, along with the performance criteria; Nil
- Service contracts, notice period, severance fees; Nil
- Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable. Nil

on materiality of Related Party Transactions and dealing with related party transaction which is available on the website of the Company viz. www.kiriindustries.com.

6. Disclosures:

➤ Related Party Transactions:

During the year under review, your Company has transactions/contracts/ agreements that are classified as "Related Party Transactions" under provisions of the Companies Act, 2013 and the Rules framed thereunder. These contracts/arrangements/agreements were in the ordinary course of business, to facilitate the business of the Company and have been approved by the Audit Committee and the Board. Necessary disclosures as required under Indian Accounting Standards ("IND AS") have been made in the notes to the financial statements. All the transactions are on arm's length basis and have no potential conflict with the interest of the Company at large.

As required under Regulation 23(1) of the Listing Regulations, the Company has also formulated a Policy

➤ Legal Compliances

There were no instances of any material non-compliances during the year under review. No other strictures or penalties were imposed on the Company by SEBI, Stock Exchanges or any statutory authority on any matter related to capital markets during the last three years.

➤ Vigil Mechanism / Whistle Blower Policy

The Company has established a whistle blower mechanism to provide an avenue to raise concerns, if any, in line with the Company's commitment to the high standards of ethical, moral and legal conduct of business. The mechanism also provides adequate safeguards against victimization of employees who avail of the mechanism. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for access to the Chairman of the Audit Committee. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is available on the Company's website at www.kiriindustries.com.

Annexure to the Director's Report (Contd...)

- **Subsidiary Companies:**

Pursuant to Regulation 16 of the Listing Regulations, the Company has adopted a Policy for determining Material Subsidiary and same is available on the website of the Company i.e. www.kiriindustries.com. The Company has no material subsidiary as per threshold limit laid down in Listing Regulations.
- **Commodity price risk or foreign exchange risk and Commodity hedging activities:**

Pursuant to Regulation 34(3) read with clause 9(n) of Part C of Schedule V of the Listing Regulations, the Company does not have exposure of any commodity, therefore hedging of such exposures are not required, hence do not require to disclose such information as per SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.
- **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

The Company has not raised fund through Public Issue or QIP during the financial year.
- **Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year:** Not Applicable
- Total fees for all services paid by the company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part, is given in the notes to the Financial Statements.
- The company has constituted an Internal Complaints Committee as required under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Further, the committee has not received any complaint as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year under review. The policy on Prevention of Sexual Harassment is available on the website of the Company at www.kiriindustries.com.
- **Non-mandatory (Discretionary) requirements:**

The status of Non-mandatory (Discretionary) requirements under Regulation 27(1) read with Part E of Schedule II the Listing Regulations are as below:

 - **The Board:**

The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.

- **Shareholders Rights:**

The Company has adopted practice of providing management notes with quarterly results through stock exchanges for its shareholders. The quarterly financial result as well as management notes thereon as approved by the Board are disseminated to the Stock Exchanges and website of the company viz. www.kiriindustries.com as per the Listing Regulations. Quarterly financial results are also published in the newspapers as per Regulation 47 of the Listing Regulations.
- **Modified opinion(s) in audit report:**

There are no such modified opinions in audit report.
- **Reporting of Internal Auditor:**

As per Section 138 of the Company Act, 2013 read with rules made thereunder, if any, the Company has appointed an Internal Auditor who reports to the Audit Committee. The Internal Auditor submits their report to the Audit Committee on quarterly basis for their reviews and suggestion for necessary action.
- **Compliance with mandatory requirements:**

The Company has complied with all mandatory Corporate Governance requirements as specified in Regulation 17 to 27 and Regulation 46(2) of the Listing Regulations during the Financial Year 2021-22.

7. Means of Communications

The website of the Company i.e. www.kiriindustries.com is the primary source of information about the company to the public. The Company maintains a functional website containing the basic details of the Company in terms of Regulation 46 of the Listing Regulations. All information, which could have a material bearing on the share price is released at the earliest to the stock exchanges in accordance with the requirements of the Listing Regulations through their respective portals. The financial results are also made available on the website of the Company at www.kiriindustries.com. The Company normally publishes financial results and other communications of the Company in English Language daily newspaper having nationwide circulation and a Gujarati Language newspaper circulating in Ahmedabad city. During the year, the Company has uploaded all the presentations made to institutional investors or to the analysts, updates on ongoing Court Case in Singapore and other disclosures as required under Regulation 46 of the Listing Regulations on the website of the Company.

Annexure to the Director's Report (Contd...)

8. General Shareholders Information:

- A. Annual General Meeting** : Day : Thursday
Date : September 29, 2022
Time: 02.30 p.m.
- B. Financial Year** : The Financial Year of the Company is 1st April to 31st March.
- C. Date of Book Closure** : From Friday, September 23, 2022, to Thursday, September 29, 2022 (both days inclusive)
- D. Listing on Stock Exchanges** : The BSE Limited
Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai- 400001
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051.
- E. Listing Fees** : The Company has paid annual listing fees to both Stock Exchanges during the year.
- F. Stock Code** : The BSE Limited : 532967
The National Stock Exchange of India Limited: KIRIINDUS
- G. CIN of the Company** : L24231GJ1998PLC034094
- H. ISIN** : INE415I01015

I. Dividend History of last 3 years:

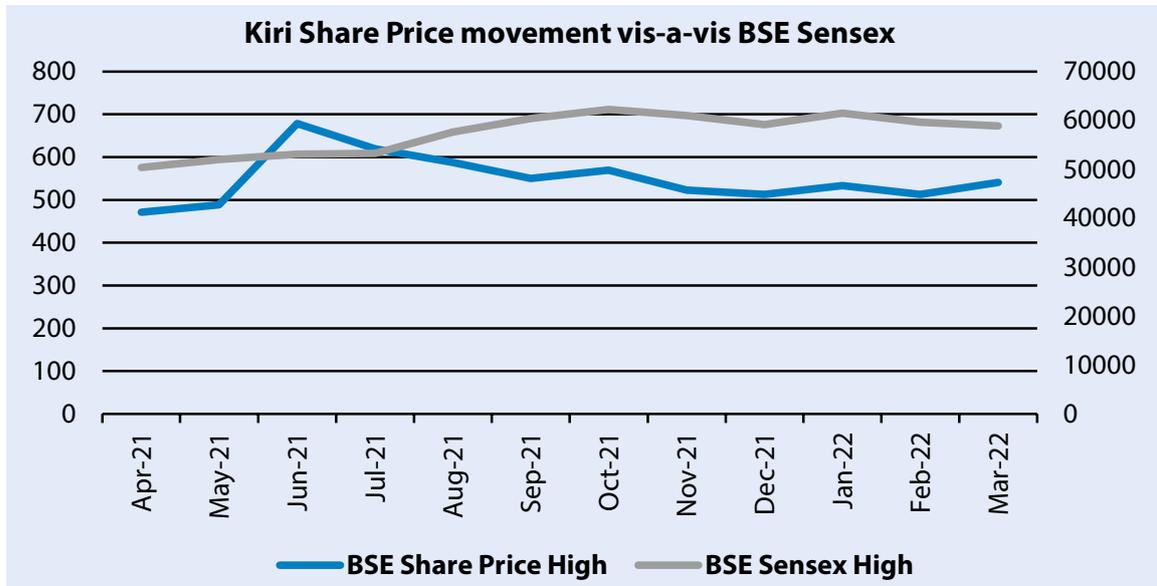
| Financial Year | Kind of Shares | Rate (%) | Per Share(₹) |
|----------------|-------------------|----------|--------------|
| 2020-21 | Preference Shares | 0.15% | 0.015 |
| 2019-20 | Equity Shares | 5% | 0.50 |
| | Preference Shares | 0.15% | 0.015 |
| 2018-19 | Equity Shares | 20% | 2.00 |
| | Preference Shares | 0.15% | 0.015 |

J. Monthly high, low prices and number of shares traded from April, 2021 to March, 2022 at BSE and NSE are as follows:

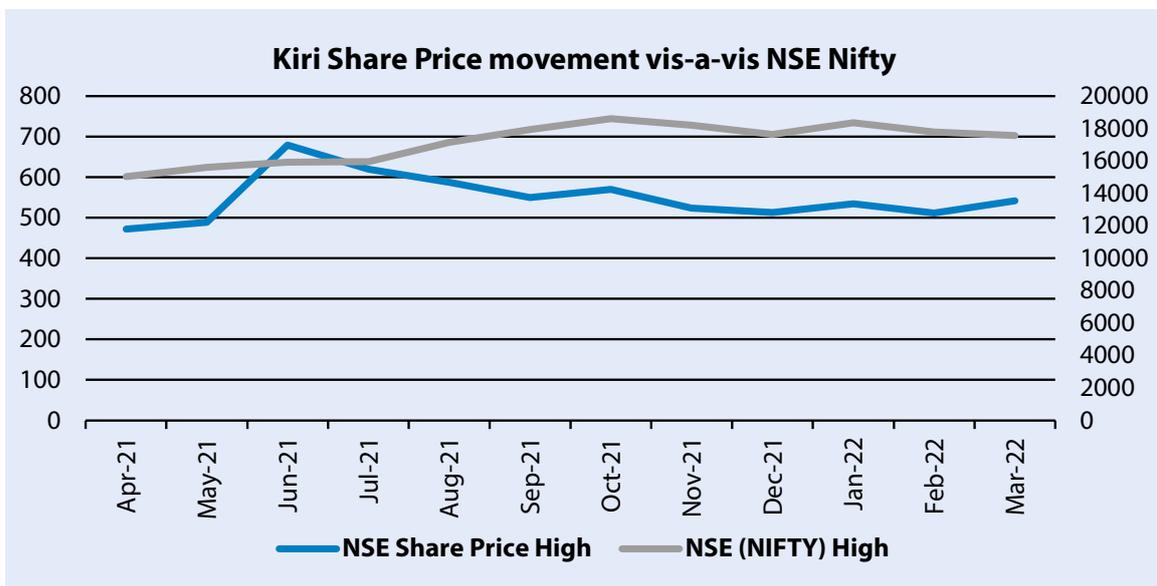
| Months | BSE Share Price | | BSE Sensex | | BSE Volumes | NSE Share Price | | NSE (NIFTY) | | NSE Volumes |
|--------------|-----------------|---------|------------|----------|-------------|-----------------|---------|-------------|----------|-------------|
| | High (₹) | Low (₹) | High | Low | | High (₹) | Low (₹) | High | Low | |
| April-21 | 471.00 | 405.00 | 50375.77 | 47204.50 | 162479 | 471.95 | 405.95 | 15044.35 | 14151.40 | 2624184 |
| May-21 | 488.65 | 434.00 | 52013.22 | 48028.07 | 354857 | 488.90 | 433.35 | 15606.35 | 14416.25 | 2911358 |
| June-21 | 678.70 | 455.75 | 53126.73 | 51450.58 | 2288064 | 679.00 | 456.00 | 15915.65 | 15450.90 | 29835136 |
| July-21 | 619.00 | 552.85 | 53290.81 | 51802.73 | 578190 | 619.00 | 557.50 | 15962.25 | 15513.45 | 5843919 |
| August-21 | 588.00 | 461.95 | 57625.26 | 52804.08 | 1159070 | 588.00 | 461.15 | 17153.50 | 15834.65 | 8488140 |
| September-21 | 549.70 | 495.45 | 60412.32 | 57263.90 | 463069 | 549.75 | 495.10 | 17947.65 | 17055.05 | 4825439 |
| October-21 | 569.20 | 479.15 | 62245.43 | 58551.14 | 304507 | 569.80 | 479.10 | 18604.45 | 17452.90 | 4547464 |
| November-21 | 522.60 | 433.00 | 61036.56 | 56382.93 | 197808 | 523.70 | 425.00 | 18210.15 | 16782.40 | 2525424 |
| December-21 | 512.80 | 437.45 | 59203.37 | 55132.68 | 309603 | 513.20 | 434.95 | 17639.50 | 16410.20 | 3337358 |
| January-22 | 532.95 | 475.75 | 61475.15 | 56409.63 | 374353 | 533.80 | 475.10 | 18350.95 | 16836.80 | 3482955 |
| February-22 | 512.95 | 421.00 | 59618.51 | 54383.20 | 284398 | 511.20 | 435.00 | 17794.60 | 16203.25 | 2555251 |
| March-22 | 541.15 | 434.00 | 58890.92 | 52260.82 | 375449 | 541.70 | 436.80 | 17559.80 | 15671.45 | 3213900 |

Annexure to the Director's Report (Contd...)

Performance in comparison to broad-based indices viz. BSE Sensex



Performance in comparison to broad-based indices viz. NSE Nifty



Annexure to the Director's Report (Contd...)

- K. Registrar and Transfer Agents:** **Cameo Corporate Services Limited**
Subramanian Building #1, Club House Road, Chennai-600002.
Phone No.: +91-44-2846 0390
Fax No.: +91-44-2846 0129
Email: cameo@cameoindia.com
Website: www.cameoindia.com
- L. Share Transfer System:** Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form. As per Regulation 40 of the Listing Regulations, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in demat form with a depository.
In compliance of the provisions of Listing Regulations, the share transfer system of the Company is audited every six months by a Practicing Company Secretary and a certificate to that effect is issued by him/ her.
- M. Address for Correspondence:** **Company Secretary & Compliance Officer**
Kiri Industries Limited
7th Floor, Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad – 380006.
Tel : +91-79-26574371-73;
Fax : +91-79-26574374
Email id : info@kiriindustries.com
investor@kiriindustries.com
Website : www.kiriindustries.com
- N. Plant Locations:** Presently Company is engaged in the business of manufacturing of Dyes, Dyes Intermediates and Basic Chemicals at its following plants:
- **Dyestuff Division:**
Plot No. 299/1/A&B & 10/8 Near Water Tank, Phase-II, GIDC, Vatva, Ahmedabad-382445, Gujarat, India
 - **Intermediates Division:**
Block No. 396 & 390A, EPC Canal road, Village: Dudhwada, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India
 - **Basic Chemicals Division:**
Block No. 552/A, EPC Canal road, Village: Dudhwada, Karakhadi, Tal: Padra, Dist: Vadodara, Gujarat, India.
- O. Dematerialization of Shares:** 99.93% Paid-up Equity Share Capital of the Company is in dematerialised form as on March 31, 2022.
- P. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:** The Company has not issued any GDRs/ADRs as on date. During the year, 40 Foreign Currency Convertible Bonds (FCCBs) were converted into equity shares and now there are no outstanding FCCBs pending to be converted.
- Q. Categories of equity shareholding as on March 31, 2022:**

| Sr. No. | Categories | No. of Shares | % of Total Capital |
|--------------|-----------------------------------------------------------------|-----------------|--------------------|
| 1 | Promoters and Promoter Group | 13850486 | 26.72 |
| 2 | Financial Institutions / Banks | 246442 | 0.48 |
| 3 | Bodies Corporate | 634297 | 1.22 |
| 4 | Individuals | 10165704 | 19.62 |
| 5 | Clearing Members | 77838 | 0.15 |
| 6 | Foreign Nationals | 43591 | 0.08 |
| 7 | Hindu Undivided Family | 760315 | 1.47 |
| 8 | Non Resident Indians | 584489 | 1.13 |
| 9 | Trusts | 2500 | 0.00 |
| 10 | Foreign Portfolio Investments / Foreign Institutional Investors | 25468549 | 49.13 |
| Total | | 51834211 | 100.00 |

Annexure to the Director's Report (Contd...)

R. Distribution Schedule as on March 31, 2022:

| Sr. No. | Category | No. of Holders | % of Total Holders | Shares | % of Total Shares |
|-----------------------|-----------------------|----------------|--------------------|-----------------|-------------------|
| 1 | Between 10 - 5000 | 28669 | 90.67 | 2377907 | 4.59 |
| 2 | Between 5001 - 10000 | 1290 | 4.08 | 1016895 | 1.96 |
| 3 | Between 10001 - 20000 | 747 | 2.36 | 1108376 | 2.14 |
| 4 | Between 20001 - 30000 | 253 | 0.80 | 642048 | 1.24 |
| 5 | Between 30001 - 40000 | 143 | 0.45 | 517553 | 0.99 |
| 6 | Between 40001 - 50000 | 116 | 0.37 | 542505 | 1.05 |
| 7 | Between 50001 -100000 | 194 | 0.61 | 1361715 | 2.63 |
| 8 | > 100000 | 206 | 0.66 | 44267212 | 85.40 |
| Overall Total: | | 31618 | 100.00 | 51834211 | 100.00 |

S. Position of Shares as on March 31, 2022:

The percentage of shares held in NSDL (88.47%), CDSL (11.46%) and in Physical Form (0.07%).

T. Disclosures with respect to demat suspense account / unclaimed suspense account:

| | |
|------------------------------------------------------------------------------------------------------------------------|-----|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | NIL |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | NIL |
| Number of shareholders to whom shares were transferred from the suspense account during the year | NIL |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year | NIL |

Green Initiative

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report etc. to shareholders at their e-mail address registered with their Depository Participants (DPs)/Company/Registrar & Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with our Registrar and Transfer Agent i.e. M/s. Cameo Corporate Services Limited.

For and on behalf of the Board of Directors

Manish Kiri

Chairman & Managing Director

DIN : 00198284

Place: Ahmedabad

Date: August 12, 2022

Annexure to the Director's Report (Contd...)

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Kiri Industries Limited

We have examined the compliance of conditions of Corporate Governance by Kiri Industries Limited ('the Company'), for the financial year ended on 31st March, 2022 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in Listing Regulations. 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, and based on the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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, KASHYAP R. MEHTA & ASSOCIATES
COMPANY SECRETARIES,
FRN: S2011GJ166500

KASHYAP R. MEHTA
PROPRIETOR

FCS-1821 : COP-2052 : PR-583/2019
UDIN :F001821D000785923

Date: August 12, 2022
Place: Ahmedabad

Annexure to the Director's Report (Contd...)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Kiri Industries Limited
7th Floor, Hasubhai Chambers,
Town Hall, Ellisbridge,
Ahmedabad – 380006

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kiri Industries Limited having CIN: L24231GJ1998PLC034094 and having registered office at 7th Floor, Hasubhai Chambers, Town Hall, Ellisbridge, Ahmedabad – 380006 (hereinafter referred to as 'the Company'), produced before us by the Company, whether electronically or otherwise, for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| Sr. No. | Name of the Director | DIN | Date of original appointment | Date of appointment as Independent Director |
|---------|---------------------------------------|----------|------------------------------|---------------------------------------------|
| 1 | Mukesh Gunvantrai Desai [§] | 00089598 | 11-08-2014 | 27-09-2019 |
| 2 | Keyoor Madhusudan Bakshi [§] | 00133588 | 27-06-2007 | 27-09-2019 |
| 3 | Pravinbhai Amratlal Kiri [®] | 00198275 | 14-05-1998 | N.A. |
| 4 | Manishkumar Pravinchandra Kiri | 00198284 | 14-05-1998 | N.A. |
| 5 | Veena Jayantilal Padia [*] | 06992591 | 10-10-2014 | 25-09-2020 |
| 6 | Ulrich Hambrecht [#] | 01967154 | 12-11-2019 | 25-09-2020 |

§ Re-appointed as Independent Director of the Company for a second term of 5 (Five) consecutive years w.e.f. 27th September, 2019.

*** Re-appointed as Independent Director of the Company for a second term of 5 (Five) consecutive years w.e.f. 25th September, 2020.

® Appointed as Independent Director of the Company for a term of 5 (Five) consecutive years w.e.f. 12th November, 2019.

Cessation from directorship w.e.f. 12th June, 2022 due to his demise.

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

For, KASHYAP R. MEHTA & ASSOCIATES
COMPANY SECRETARIES,
FRN: S2011GJ166500

KASHYAP R. MEHTA
PROPRIETOR

Date: August 12, 2022
Place: Ahmedabad

FCS-1821 : COP-2052 : PR-583/2019
UDIN :F001821D000785881

Management Discussion and Analysis Report

1. GLOBAL ECONOMIC OVERVIEW:

The global economy has faced two major shocks in two years i.e. first COVID-19 and the second one is Russia's invasion of Ukraine. These two events have worsened the global economic slowdown. Russia's invasion has worsened the strains in global supply chains. It resulted in significant increases in the prices of many commodities, particularly those exported by Russia and Ukraine. This has impacted both advanced economies and emerging market and developing economies ('EMDEs') and contributed to the acceleration of inflation. Global financial conditions have tightened considerably, reflecting increases in monetary policy rates, greater volatility, and waning risk appetite.

Russia's invasion of Ukraine represents an enormous humanitarian crisis and a significant negative shock for a world economy which is still struggling to recover from the pandemic. The global activity was already decelerating due to many factors such as diminishing demand, mounting inflation owing to supply disruptions, and rising prices for food and energy. The war has aggravated these strains on the global economy, with particularly large costs for poor and vulnerable populations.

Against the backdrop of this significantly more challenging context, the world economy is expected to experience its sharpest deceleration following an initial recovery from global recession in more than 80 years. Global growth is projected to slow from 5.7 percent in 2021 to 2.9 percent in 2022 and an average of 3 percent in 2023-24. The reason behind this slow down in growth is Russia's invasion of Ukraine, which has significantly disrupted activity and trade, faded demand, and policy support is withdrawn amid high inflation.

It is expected to make a downward revision by 1.2 percentage points for this year's growth forecast due to the effects of the war such as more acute inflationary pressures and a faster pace of monetary tightening than previously assumed. It may be noted that Growth projections for 2022 have been downgraded for most economies, including for the majority of commodity exporters despite improved terms of trade, partly due to higher input costs in non-energy exporters. As a result of lasting damage inflicted by negative shocks in form of war and pandemic, cumulative losses to global activity are envisaged to continue escalating, especially among EMDE commodity importers.

Activities in advanced economies have been dampened due to hikes in energy prices, less favorable financial conditions, and supply chain disruptions, all of which have been worsened by the war in Ukraine. As a result, growth in these economies is projected to decelerate from 5.1 percent in 2021 to 2.6 percent in 2022, which is 1.2 percentage points below previous projections. Growth is expected to further moderate to 2.2 percent in 2023, largely reflecting the further unwinding of the fiscal and monetary policy support provided during the pandemic.

The annual average growth of Emerging Market and Developing Economies (EMDEs) over the years 2011-19 was 4.8 percent. The growth of EMDE is projected to roughly halve this year, slowing from 6.6 percent in 2021 to 3.4 percent in 2022, which is below its annual average growth over the years 2011-19. The slowdown in part reflects the spillovers from the war in Ukraine, which have led to commodity price volatility, higher input costs, trade disruptions, and weaker confidence. Even before this war situation, there were blockades to growth, which include rising inflationary pressures, tightening financial conditions, continued withdrawal of macroeconomic policy support, and softening external demand. These spillovers of war are magnifying the effects of these pre-existing blockades.

Households of EMDE spend major portion of their total spending after basic necessities. The war's impact on food and energy prices is also weighing markedly on consumption.

Source: (1) A World Bank Group Flagship Report (2) Global Economic Prospects – Global Outlook

2. INDIAN ECONOMIC OVERVIEW:

Source: Report by RBI named Scars of the pandemic

The COVID-19 pandemic has been the first of its kind the world has witnessed in the 21st century. The cyclical slowdown that set in the Indian economy before the outbreak of the pandemic, got exacerbated on the back of cliff effects and scarring generated by the pandemic. Despite having witnessed one of the steepest contractions in Gross Domestic Product (GDP) in Q1:2020-21 and being hit by three successive waves, the Second Advance Estimates of National Income released on February 28, 2022 indicate that the economy has surpassed its pre-COVID level in 2021-22, on the back of unprecedented policy support from monetary

Annexure to the Director's Report (Contd...)

and fiscal authorities. Nonetheless, India's recovery from the pandemic, despite its innate strength of macroeconomic fundamentals, remains fragile and is yet to become broad-based.

In the first quarter of 2021-22 brunt of the second wave of COVID was felt. The level of GDP fell 8.3 percent below the pre-pandemic (or corresponding 2019-20) level. India has followed restricted lockdowns and both firms and individuals become resilient in dealing with the infections which helped in reducing severe economic impact. The economic impact of the second wave is estimated to be about one-third of the first wave. The third wave impact is likely to be still smaller as evident from the momentum in high-frequency indicators.

An overall monthly composite index of high frequency indicators shows that economic activity rebounded sharply in June 2021 with the ebbing of the second wave, and remained resilient pointing towards steady recovery till October 2021. In November 2021, shortage of coal and semiconductor chip emerged and thereafter third wave hit the country in January 2022. These lead to downturn in the index in January and February. Rural demand, in particular, lost steam after the second wave while urban demand recovered. Contagion from the Russia-Ukraine conflict dampened activity from beginning of March 2022, thereby disrupting and delaying the recovery.

Source: *OECD Economic Outlook, Volume 2022 Issue 1: Preliminary Version*

Impact of Ukraine and Russia war:

The direct impact of the war in Ukraine is relatively limited, as trade between India and both Russia and Ukraine is small. Russia accounts for less than 1% of India's crude oil consumption in 2015-21 and 1% of 2020 coal consumption. However, for some selected industries Russia is an important land. Such as for pharmaceutical industry Russia is an important destination and for defense industry it is an important source of weapons and technology. These industries are directly got effected by this war situation.

On the other hand, indirect impact, is much larger due to global commodity and energy market shifts. In the 2015-21 period, India imported 88% of its annual consumption of oil and 29% for coal in 2020. It is also the world's largest nitrogen fertilizer importer, with Ukraine and Russia accounting for 9% of imports. These forces, together with the lockdowns in China and the EU embargo, are contributing to high inflation, although pressures may subside in coming months. India has introduced export-restrictive measures in May 2022, which has prevented opportunities for Indian grain exporters to take place of Ukrainian suppliers, especially for wheat.

Monetary policy normalization and weaker external demand will weigh on GDP growth in FY 2022-23 and FY 2023-24, though strong government spending will continue to support activity. However, households maintain cautious views regarding short and medium term prospects, amid signs of labour market softening, deteriorating purchasing power and flattening real incomes.

Major risks continue to surround the outlook. In the emerging economy deterioration in investors' risk appetite, may create a negative feedback loop between the financial sector and the real economy. This may result in weakening the banks' capital positions. Large enterprises and business groups that were largely protected from the worst consequences of the COVID-19 crisis may get affected by increasing interest rates. They may have to revisit their investment plans. Rising food inflation is an upside risk to the overall inflation outlook, as it may lead to more food protectionism. Failure to control the increase in the cost of living may also exacerbate food security risks.

3. GLOBAL CHEMICAL INDUSTRY OVERVIEW:

The global chemicals market is expected to grow from \$4,241.18 billion in 2021 to \$4,620.17 billion in 2022 at a compound annual growth rate (CAGR) of 8.9%. The market is expected to grow to \$6,371.09 billion in 2026 at a CAGR of 8.4%. Asia Pacific was the largest region in the chemicals market in 2021. North America was the second-largest region in the chemicals market. In most of the developed countries interest rates were kept low during this period, this positively impacted the growth of the chemicals market. These low-interest rates encouraged industrialist for borrowing and it increased the flow of money for investment. This allowed chemicals companies to borrow money for process improvements, thus driving the market during the historic period.

The growth rate of the chemical industry will slow down

According to Martha Moore, chief economist at the American Chemistry Council (ACC), global chemical industry production will grow by 3.8% in 2022 and slow to 3.2% in 2023. According to the American Chemistry Council, global chemical industry's production will increase by 5.8% in 2021, with the fastest growth rate in Asia Pacific at 8.2%, North America at 1.8%, Latin America at 2.7%, Western Europe at 1.8%, Eastern Europe at 5.9%, Africa and the Middle East grew 2.5%. Looking ahead to 2022, production growth in the chemical industry will slow in most regions, but there will also be accelerated production growth in some regions, including North America will reach 4.5%, Africa and the Middle East will accelerate to 3.3%, and Latin America will

Annexure to the Director's Report (Contd...)

slow to 2.4% %, Western Europe will slow to 1.6%, Eastern Europe will slow to 3.6%, and Asia Pacific will slow to 4.3%. The output growth of the chemical industry is mainly supported by the continued growth of the global economy. According to Moore, the emergence of the Omicron strain has brought uncertainty to the development of the global economy and chemical industry in 2022, however it is still believed that the global economy and chemical industry will continue to recover in 2022. In 2022. While risks to the global economy remain, the U.S. chemical industry enters with a strong showing 2022. Supply chain bottlenecks are easing and demand growth momentum is building as manufacturing activity recovers and inventories rebuild.

The American Chemistry Council predicts that production growth in all sub-sectors of the global chemical industry in 2022 will be lower than in 2021, with agrochemicals slowing from 3% in 2021 to 2.3% in 2022, basic chemicals to 4% from 6.1%, inorganic chemicals to 3.9% from 6.6%, bulk petrochemicals and organic chemicals to 3.8% from 5.8%, plastic resins will slow to 4.3% from 6%, synthetic rubber will slow to 6.3% from 7.6%, and specialty chemicals will slow to 4% from 5.2%.

The European Chemical Industry Council ('CEPIC') said that after a strong growth of 5% in 2021, chemical industry output in the EU-27 will slow to 2.5% in 2022. The sharp rise in energy prices and the continuation of supply chain disruptions have brought significant downside risks to the recent economic and chemical industry development.

The European chemical industry is bracing itself for a tough 2022. The European Union is drafting new legislation for curbing greenhouse gas emissions and producing sustainable chemicals, known collectively as the European Green Deal. The European Chemical Industry Council ('Cefic'), a trade association, says the new policy will leave the industry facing unbearable costs. A study by the consulting firm Ricardo Energy & Environment, commissioned by Cefic, shows that up to 12,000 chemical substances could be in the crosshairs of two legislative proposals intended to help implement the Green Deal. Ricardo concludes that about one-third of the substances would have to be substituted or reformulated, potentially erasing about 12% of the European chemical sector's annual sales. Cefic suggests that incentives will be needed to create markets for replacement chemicals.

4. INDIAN CHEMICAL INDUSTRY OVERVIEW:

India Brand Equity Foundation

India holds a strong position in exports and imports of chemicals at a global level and ranks 14th in exports and 8th in imports at global level (excluding pharmaceuticals). The chemicals industry in India covers more than 80,000

commercial products. The industry is expected to grow at 9.3% to reach US\$ 304 billion by 2025 on the back of rising demands in the end-user segments for specialty chemicals and petrochemicals. In August 2021, production volumes of key chemicals stood at 935,513 MT and petrochemicals at 1,716,781 MT. The specialty chemicals sector is expected to reach US\$ 40 billion by 2025. The chemical industry is expected to contribute US\$ 300 billion to India's GDP by 2025. Chemical production reached 903,002 MT in December 2021, while petrochemical production reached 1,877,907 MT. Despite decreasing demand for polymers due to COVID-19 pandemic, India is likely to witness growth to ~32 million tonnes from 2020 to 2030.

India is a global supplier of dye. India covers nearly 16% of the global production of Dyestuffs and Dye Intermediaries. India has strong presence in the exports market in the sub segment of dyes, pharmaceuticals and agrochemicals.

The Indian government is promoting the 'Make in India' campaign and also supports through research & development. The government has set up a vision for the year 2034 to explore opportunities to reduce import and improve domestic production. The government has established four Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRs) as investment regions for petroleum, chemicals and petrochemicals, along with associated services. In December 2020, the PCPIR policy is being completely redesigned. Under the new PCPIR Policy 2020-35, investment targets have been set up in all PCPIRs across the country.

5. GLOBAL DYES INDUSTRY OVERVIEW:

The global dyes and pigments market size was valued at USD 39.09 billion in 2021. The market is projected to grow from USD 40.71 billion to USD 56.91 billion, exhibiting a CAGR of 4.90% during the forecast period (FY 2022-2029).

Paints & Coatings and Textile industries are on the rise due to upsurge in product demand because of economic development and increase in population. Moreover, the growing e-commerce industry led to a rise in printing ink demand, which has indirectly impacted the dyes and pigments market growth in a positive way. Growing demand for dyes and pigments from the packaging industry is one of the prime drivers for the global printing ink industry.

The paints & coatings industry includes architectural, automotive, decorative, and others. The architectural industry is expected to fuel the demand for paint & coatings. The demand for architectural paints & coatings is projected to be fueled by healthy growth in spending on residential construction, especially in the U.S., Europe, and Japan.

Annexure to the Director's Report (Contd...)

The Environmental Protection Agency (EPA) (agency of the United States Federal Government) has classified residues from this industry as hazardous under the Resource, Conservation and Recovery Act (RCRA). Waste from the manufacture of the product is classified as EPA hazardous waste K181. The waste comes from the preparation and processing of dyes and pigments at manufacturing facilities that occur on-site. Such groups of these products are widely used for clothing, paper, fabrics, inks, paints & coatings, and cosmetics coloration. As many as 36 facilities nationally produce and maintain the production of dye & pigment waste, which this legislation may impact. The EPA reports that these installations produce about 36,000 metric tons of potentially affected waste annually. The waste generated from the industry adversely affects water bodies, humans, and aquatic life. Thus, the waste generated from this industry is likely to hamper the market's growth.

6. INDIAN DYES INDUSTRY OVERVIEW:

The India dyes and pigments market accounts for almost a quarter of the global market and is expected to grow at a CAGR of 11% between 2021 and 2026. The production value of the pigments industry in India reached a volume of nearly 133.52 million tons. Today India is in leading position in Dyes production. It contributes to 16 to 18% to world's dyestuff exports. Indian Dye is exported to over 90+ countries. This export growth has been achieved in spite of unprecedented logistical challenges like high freight rates, container shortages, etc. Increase in Chemical products exports has benefitted small and medium exporters from Gujarat, Maharashtra, Karnataka, Tamil Nadu and Andhra Pradesh.

The surge in Chemical exports has been achieved because of sustained efforts on the part of the Department of Commerce and Indian Member Exporters. CHEMEXCIL has taken various initiatives, using Grant in Aid under Market Access Initiative Scheme, organizing B2B exhibitions in different countries, exploring new potential markets through product-specific and marketing campaigns with the active involvement of Indian Embassies., Providing financial aid in statutory compliance in overseas product registration, etc.

The call for Aatmanirbhar Bharat is not about reverting to economic isolationism but to ensure India's position as a key participant in global supply chains. Through building capacities domestically, India intends to contribute to mitigate disruptions in global markets. It is important to identify products and commodities where India has the ability or potential to expand domestic production and enhance global availability. A self-reliant India will ensure production of quality products on a large scale, fulfill India's requirements and boost export of surplus production.

To excel economic growth, there is greater need for focused efforts to maintain our position and growth in world trade and the Government is taking all the necessary steps to push Industrial growth and encourage exports.

7. INDIAN SPECIALTY CHEMICAL INDUSTRY OVERVIEW:

The Indian specialty chemicals industry will surpass its Chinese counterpart. Its share in global market in the fiscal year 2021 was 3-4%. It is expected that global market share will be doubled by 2026 and reach to nearly ~6%. This will ride on a strong revenue growth of 18-20% this fiscal and 14-15% in the next, compared with single-digit growth in the previous two fiscals. Specialty chemicals are low-volume, high-value products used in a large number of consumer-facing sectors. The Indian specialty chemicals sector procures almost equal revenue from exports and domestic sales.

Additionally, the cost-plus pricing model of Indian players is likely to minimise the impact of the sharp increase in raw material prices this year. Raw materials such as benzene, ethylene and toluene, which are crude derivatives, form around 55% of the overall cost structure. Impact of the Russia-Ukraine war can be seen. It is expected that the Raw Material prices are also remain elevated in near term due to ongoing war. However, downside risk to operating profitability is limited given players' ability to pass on cost increases, though with a lag of few weeks.

Indian manufacturers have recorded a CAGR of 11% in revenue between FY15 and FY21, increasing India's share in the global specialty chemicals market to 4% from 3%, according to the Crisil report.

8. GLOBAL TEXTILE INDUSTRY OVERVIEW:

The global textile market size was valued at USD 993.6 billion in 2021 and is anticipated to grow at a compound annual growth rate (CAGR) of 4.0% from 2022 to 2030. Factors responsible for growth in textile industry are augmenting demand for apparel from fashion industry and growth of e-commerce platforms.

The industry works on three major principles, designing, production, and distribution of different flexible materials, such as yarn and clothing. Several processes, such as knitting, crocheting, weaving, and others, are largely used to manufacture a wide range of finished and semi-finished goods in bedding, clothing, apparel, medical, and other accessories.

In 2021, natural fibers led the market which accounted for the maximum revenue share of more than 44.5%. Factors responsible for this growth are the wide use of natural fibers in diverse applications of the fashion and apparel industry. It

Annexure to the Director's Report (Contd...)

has been seen that consumers are shifting their preference towards sustainable products and environmental concerns are also increasing day by day. Hence demand for natural fibers are increasing and this will lead to steady CAGR from 2022 to 2030. The nylon segment is estimated to register the fastest CAGR, in terms of revenue, over the forecast period. Nylon is highly resilient and moisture-absorbing and it is widely used in apparel and home-furnishing applications. In addition, it acts as a substitute for silk-based products, such as women's stockings, parachutes, flak vests, and various others.

The polyester segment is expected to witness a substantial growth rate from 2022 to 2030. Polyester has some specific properties such as chemical & wrinkle resistance, quick drying and high strength. And demand of polyester is increasing due to its specific properties. It is used in both, households as cushioning & insulating material in the pillows and in industries for making carpets, air-filters, coated fabrics, and others. The others product segment includes Polyethylene (PE), Polypropylene (PP), aramid, and polyamide. Properties, such as high resistance against acids & alkalis at high temperatures and minimum moisture retention, have increased the demand for PE in the market. Moreover, the use of PP is adding positive growth to the other segment.

Asia Pacific dominated the market and accounted for over 48% share of global revenue in 2021 owing to the increased sales volume of clothing and apparel goods. Further, customers are preferring e-commerce platforms for buying cloths and other accessories in developing economies, which adds positive growth to the regional markets.

9. INDIAN TEXTILE INDUSTRY OVERVIEW:

India's textiles industry has nearly 4.5 Crores employed workers including 35.22 Lakhs handloom workers across the country. Exports of textiles (Ready-made Garments of all textiles, cotton yarns/fabrics/handloom products, and man-made yarns/fabrics, handicrafts excluding handmade carpets, carpets and jute manufacturing including floor coverings) stood at US\$ 29.8 billion between April-December 2021. The Indian textile market is expected to be worth more than US\$ 209 billion by 2029.

India is the world's largest producer of cotton. Production stood at 360.13 Lakhs bales for the crop. And domestic consumption for the 2021-22 crop year is estimated to be at 335 Lakhs bales. The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 3.93 billion from April 2000-December 2021.

10. FINANCIAL PERFORMANCE OF THE COMPANY:

A. Standalone Financial Performance:

- i) **Total Revenue:** During the Financial Year 2021-22, total revenue of the Company is enhanced by 64.75% from ₹ 691.17 Crores to ₹ 1138.67 Crores as compared to the previous Financial Year 2020-21. The revenue has increased mainly on account of increase in price realisations and higher volume in Dyes, Dyes Intermediates and basic Chemicals and also earned better margins compared to previous year.
- ii) **Expenditure:** During the year, total expenditure of your company has been increased by 57.40% from ₹ 732.92 Crores in FY 2020-21 to ₹ 1153.62 Crores in current FY 2021-22. Major expenditure is increase in raw material cost, power & fuel cost and especially legal expenses being incurred towards litigation in Singapore Court.
- iii) **Employee benefits expenses:** During the Year under review, the Employee benefits expenses increased by 25.90% from ₹ 41.73 Crores to ₹ 52.54 Crores as compared to the previous Financial Year. The employee benefit expenses have been increased on account of recruitment of new employees in the company and annual increase in wages.
- iv) **Finance Cost:** The finance cost is increased from ₹ 3.85 Crores to ₹ 4.61 Crores as compared to the previous Financial Year 2020-21 mainly related to bank charge for letter of credit on account of increase in volume of business.
- v) **Operational & other Expenses:** The operational & other expenses increased by 60.18% from ₹ 690.07 Crores to ₹ 1105.38 Crores as compared to the previous Financial Year 2020-21 mainly on account of increase in raw material cost, power & fuel cost.
- vi) **Net Profit/Loss:** The company has incurred a Net Loss of ₹ 9.59 Crores as compared to Net Loss of ₹ 36.72 Crores in the previous Financial Year 2020-21. In spite of high legal cost and increase in energy cost, the Company is able to reduce losses in current financial year.
- vii) **Non-Current Liabilities:** The non-current liabilities have decreased by 69.71% from ₹ 111.31 Crores to ₹ 33.72 Crores as compared to the previous Financial Year 2020-21.

Annexure to the Director's Report (Contd...)

viii) Current Liabilities: The current liabilities have increased from ₹ 347.13 Crores to ₹ 397.89 Crores as compared to the previous Financial Year 2020-21.

ix) Non-Current Assets: The non-current assets have increased by 0.29% from ₹ 809.37 Crores to ₹ 811.70 Crores as compared to the previous Financial Year 2020-21.

x) Current Assets: The current assets have been reduced by 13.51% from ₹ 283.18 Crores to ₹ 244.93 Crores as compared to the previous Financial Year 2020-21.

B. Consolidated Financial Performance:

i) Total Revenue: The total revenue has been increased by 56.25% from ₹ 959.26 Crores to ₹ 1498.89 Crores as compared to the previous Financial Year 2020-21.

ii) Total Expense: The total expenses have been increased by 54.73% from ₹ 924.57 Crores to ₹ 1430.57 Crores as compared to the previous Financial Year 2020-21.

iii) Net profit: In the current Financial Year, your Company has recorded net profit (before OCI) of ₹ 388.77 Crores as compared to ₹ 252.47 Crores of the preceding financial year 2020-21 which is increased by 53.99%.

iv) Non-Current Liabilities: The non-current liabilities have decreased by 68.79% from ₹ 112.50 Crores to ₹ 35.11 Crores as compared to the preceding Financial Year 2020-21.

v) Current Liabilities: The current liabilities have increased by 15.72% from ₹ 403.09 Crores to ₹ 466.46 Crores as compared to the preceding Financial Year 2020-21.

vi) Non-Current Assets: The non-current assets have increased by 15.64% from ₹ 2157.45 Crores to ₹ 2494.87 Crores as compared to the preceding Financial Year 2020-21.

vii) Current Assets: During the year, total current assets have been increased by 6.78% on Y-O-Y basis, from ₹ 542.58 Crores to ₹ 579.35 Crores as compared to the preceding Financial Year 2020-21.

11. INTERNAL CONTROL SYSTEMS:

The internal control systems of the company have been commensurate with the size and nature of its business activities. There is also in place proper systems to safeguard the interests of the company by review of audit controls and by making changes in scope of audit committee when necessary. The systems are regularly updated and enhanced to face changing business requirements.

12. RISK AND CONCERNS:

The Company has a comprehensive risk management system in place, which is tailored to the specific requirements of its diversified businesses, considering various factors, such as the size and nature of the inherent risks and the regulatory environment of the individual business segment or operating company. Current global and domestic headwinds need to be closely monitored for its impact on the business operations. Company continues to keep constant vigil for better risk management.

13. MATERIAL DEVELOPMENT IN HUMAN RESOURCES:

The Company believes that Human Resource is the principal driver of change. It pushes the levers that take futuristic businesses to the next level of excellence and achievement. Our employees are fundamental and most valuable assets of the Company. The Company focuses on providing individual development and growth in a professional work culture that enables innovation, ensures high performance and remains empowering. The Company's focus is on unlocking the potential of people and further developing their functional, operational and behavioral competencies. The Company has undertaken various initiatives and implemented policies which are drawn up to engage our employees, especially the younger generation and ensure a healthy balance between business needs and individual aspirations.

Annexure to the Director's Report (Contd...)

14. DETAILS OF KEY FINANCIAL RATIOS:

In compliance with the requirement of listing regulations, the key financial ratios were examined and the ratios with significant changes of 25% or more as compared to the immediately previous financial year have been provided hereunder along with the explanation for the changes, if any.

| Key Financial Ratios | FY 2021-22 | FY 2020-21 | Reason for Significant Change, if any |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Debtors Turnover Ratio (times) | 9.03 | 4.04 | Trade Receivable Turnover ratio has improved on account of better realisation and higher turnover. |
| Inventory Turnover Ratio (times) | 7.27 | 4.48 | Inventory turnover ratio increased as proportional cost of goods sold increased during the year as compared to previous year. Further, there is no incremental increase in closing inventory during the year. |
| Interest Coverage Ratio (times) | -2.30 | -9.89 | The losses have decreased during the current financial year compared to previous year. However the interest coverage ratio is negative due to current year loss . |
| Current Ratio (times) | 0.62 | 0.82 | Current ratio decreased due to increase in trade payables. |
| Debt Equity Ratio (times) | 0.15 | 0.23 | Debt Equity ratio has improved on account of classification of debt into current liability from long term liability and repayment of debt during the year. |
| Operating Profit Margin | -1.10% | -5.81% | The losses have decreased during the current financial year on account of improved operational activity. However, the operating profit margin is negative due to increase in raw material prices, energy cost and higher legal cost for Singapore Cases. |
| Net Profit Margin | -0.84% | -5.33% | Net profit percentage improved due to reduction in losses as compared to previous year. However, the net profit margin is still negative due to sharp increase in cost of raw material, energy cost and other input costs added by higher legal cost for Singapore litigation. |
| Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof | -1.52% | -5.62% | Return on Net Worth improved due to reduction in losses as compared to previous year. |

CAUTIONARY STATEMENT:

Certain statements made in this Report relating to the Company's outlook, estimates, predictions etc. may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ from such estimates, whether express or implied. Several factors that could make a difference to Company's operations include climatic conditions and economic conditions affecting demand and supply, changes in Government regulation tax regimes, natural calamities, etc. over which the Company does not have any direct control.

Independent Auditor's Report

To,
The Members
Kiri Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Kiri Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (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, 2022, the loss including total comprehensive income, changes in equity and the 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of matter

1. We draw attention to various court cases and judgements in relation to disputes between Kiri Industries Ltd.,

("the Company") and DyStar Global Holdings (Singapore) Pte. Ltd. ("DyStar") & Senda International Capital Ltd. ("Senda")

- In case of Minority Oppression Suit (SIC4) the Company and Senda have filed appeal with Singapore Supreme Court against the order of Singapore International Commercial Court (SICC) dated December 21, 2020, March 17, 2021 and June 21, 2021 on various matters. Hearing at Supreme Court of Singapore has been Completed on January 28, 2022 and judgement is awaited for final valuation from Supreme Court of Singapore. The SICC vide judgement dated December 8, 2021 has awarded cost including disbursement of S\$8,111,642.11 to the Company. In same judgement the SICC has also ordered Senda to pay simple interest at the rate of 5.33% per annum from the date of judgement to the date of payment to the Company. Senda has filed appeal with Singapore Supreme Court against the said judgement and hearing is fixed on September 15 and 16, 2022.
 - In case of Company's counterclaim against DyStar vide case No. SIC7, the SICC delivered judgement on September 21, 2021 and dismissed the Company's counterclaim and awarded all in cost of S\$1,137,856.41 to DyStar. The Company has filed appeal with Singapore Supreme Court against the said judgement. The Supreme Court of Singapore has fixed hearing on July 13 and 14, 2022.
2. The defamation suit filed by the Company against the DyStar, Senda & MLS India & their respective directors/officers is pending with City Civil Court, Ahmedabad.

Our Opinion is not modified in respect of the above matters.

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. Against Key audit matter, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the standalone financial statements Section of our report, including in relation to these matters. Accordingly, our

Independent Auditor's Report (Contd...)

audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements.

The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statement.

| Sr. No. | Key Audit Matter | Auditor's Response |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inventory of Raw Material and Finished Goods | | |
| 1 | <p>We refer to Significant Accounting Policies on inventory and Note. No. 1.11.</p> <p>Inventories are considered as Key Audit Matter due to nature of business, technical indicators governing inventory valuation, size of Balance sheet and because inventory valuation involves management judgement. According to accounting policy followed by the Company, inventories are valued at lower of cost or market value. Cost comprise in addition to other things, overheads related to material, labour and other overheads. The Company has specific procedures to identify risk for obsolescence and valuation of inventories.</p> | <p>To address the matter our audit procedure included amongst others:</p> <ul style="list-style-type: none"> ➤ Assessing the compliance of accounting policies over inventory with applicable accounting standards. ➤ Assessing the inventory valuation process and practices. ➤ Assessing the analysis and assessment made by management with respect to slow moving or obsolete stock. ➤ Discussion with those charged with responsibility of overlooking inventory management process. ➤ Expert opinion obtained by the Company on the technicalities of matter. ➤ Justification of management estimates and Judgements. ➤ Assessing the effectiveness of perpetual and physical inventory verification process. |
| Assessment of trade receivables | | |
| 2 | <p>We refer to Significant Accounting Policies on trade receivables and Note. No.1.12.</p> <p>Trade receivables amounting to ₹ 10,340.14 Lakhs are considered as Key Audit Matter as they represent approx 42 % of the current assets of the Company. Significant management judgement is required to assess the recoverability of trade receivables.</p> <p>Management performed a detailed analysis considering customer's ageing profile, existence of disputes, credit history, increase in competition, historical payment pattern, forward-looking information for the estimation of expected credit losses on its trade receivables and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. The accounting policies, accounting judgements and estimates and disclosures of trade receivables are included in notes 9 and 38 to the financial statements.</p> | <p>To address the matter our audit procedure included amongst others:</p> <ul style="list-style-type: none"> ➤ Obtaining an understanding of and evaluating the Company's process and control over the collection and the assessment of the recoverability of trade receivables. ➤ We evaluated the management's assessment on the expected credit loss of trade receivables with reference to the historical payment records, credit history of the Company's customers and the correspondence with customers. ➤ We tested the ageing of trade receivables at the end of the reporting period on a sampling basis. ➤ We assessed the ageing of trade receivables and advances, the customer's historical payment patterns and whether any post year-end payments has been received up to the date of completing our audit procedures. ➤ We also obtained evidence of any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties wherever available. ➤ We also tested the subsequent settlements and the latest amounts of revenue certified by customers on a sampling basis. |

Independent Auditor's Report (Contd...)

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The risk for revenue being recognized in an incorrect period | | |
| 3 | <p>We refer to Significant Accounting Policies on Revenue recognition and Note. No. 1.3.</p> <p>Net sales comprises revenue from the sale of products / goods adjusted by indirect taxes and sales adjustments which primarily comprise discounts and sales returns. Revenue from sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer.</p> <p>This normally means when a product has been delivered to the customer in accordance with agreed delivery terms. The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of sales in the financial statements. The accounting policies, accounting judgements and estimates and disclosures of revenue recognition are included in notes to the financial statements.</p> | <p>To address the matter our audit procedure included amongst others:</p> <ul style="list-style-type: none"> ➤ Evaluation of internal control activities over revenue recognition and testing of key controls. ➤ Analysis of significant sales contracts to verify correct Ind AS accounting treatment. ➤ Testing timeliness of revenue recognition by comparing sample sales transactions to delivery documents and by checking significant credit notes issued after year end. <p>Testing of accounts receivables by requesting confirmations from the customers and by reconciling payments received after the year end against the accounts receivable balances at the year end.</p> |

We have determined that there are no other Key Audit Matters to communicate in our report.

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

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including Annexures to Director'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.

Responsibilities of the management for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in

equity and cash flows of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing

Independent Auditor's Report (Contd...)

("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 Standards on Audit (SAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by Central Government in terms of sub-section (11) of Section 143 of the Act, we give in "**Annexure-1**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts 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, Statement of Profit and Loss including Statement of other comprehensive income, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended;

Independent Auditor's Report (Contd...)

- e. On the basis of written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure-2" to this report.
- g. In our opinion the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (B) With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts.
- iii. There has been no delay in transferring amounts, required to be transferred to the Investors Education and Protection Fund by the Company.
- iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused them to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The Company has not declared dividend or paid during the year.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner

MRN: 038261

FRN: 115869W

UDIN: 22038261AJXJOO1988

Place: Ahmedabad

Date: May 30, 2022

Independent Auditor's Report (Contd...)

Annexure - 1 to the Independent Auditors' Report to members of Kiri Industries Limited for the year ended March 31, 2022

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" Section of our report of even date on the standalone financial statements of the Company for the year ended March 31, 2022)

On the basis of such checks as we considered appropriate, according to the information and explanation given to us by the management and on the basis of examination of books of accounts during the course of our audit, we report that:

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, plant and equipment.
- b) The Company is in the process of conducting physical verification of Property, plant and equipment for the year.
- c) All the title deeds of freehold land are held in the name of the Company except a plot of an Agricultural Land intended for Industrial purpose held in the name of the Chairman of the Company in his fiduciary capacity as per Section 88 of the Indian Trust Act 1882, pending necessary approval for conversion of agricultural land into non-agricultural land, details are as under:

| Description of Property | Gross Carrying Value | Held in name of | Designation | Period held | Reason for not being held in the name of company |
|--------------------------------------------------|----------------------|-----------------|-------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agricultural Lands at Kadodara, Bharuch, Gujarat | ₹ 6.40 Crores | Mr. Pravin Kiri | Chairman | 14 years | Management decided to purchase land in name of promoter director of the Company for future projects of the Company. The said lands are held on behalf of the Company and will be transfer in name of the Company after conversion into non agriculture for projects. |

- d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) a) Physical verification of Inventory has been conducted at reasonable intervals by the management. The coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- b) The Company has not been sanctioned working capital limits in excess of five crore rupees.
- (iii) During the year the Company has made investments in and granted unsecured loan to companies -
- (a) (A) during the year, no loans or advances and guarantees or security provided to subsidiaries, joint ventures and associates.
- (B) during the year, the aggregate amount of loan given is ₹ 66.34 Lakhs, and balance outstanding at the balance sheet date is ₹ 66.34 Lakhs with respect to such loans to parties other than subsidiaries, joint ventures and associates.
- (b) the investments made and the terms and conditions of the grant of loans are not prejudicial to the Company's interest.
- (c) the schedule of repayment of principal and payment of interest has not been stipulated with respect to loan given and no repayments have been started during the year.
- (d) total amount due for more than ninety days is ₹ 52.84 Lakhs which according to company is not overdue.
- (e) According to the Company no loan is fallen due during the year.
- (f) Loan of ₹ 66.34 Lakhs is granted to related company with terms or period of repayment mutually decided and the aggregate amount granted is the only amount of loan granted to related parties as defined in clause (76) of Section 2 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits during the concerned financial year under Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 during the concerned financial year.

Independent Auditor's Report (Contd...)

- (vi) We have been informed that maintenance of cost records under sub-section 1 of Section 148 of the Companies Act 2013 is mandatory for the Company and such records are maintained by the Company. However, we have not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, GST and cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there is no outstanding undisputed statutory dues as on March 31, 2022 for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, there are no dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty, GST on account of any dispute except for the following:

| Sr. No. | Name of the Statute | Section under which dispute is pending | Period to which amount relates (FY) | Amount (₹ in Lakhs) | Forum where the dispute is pending |
|---------|------------------------------|----------------------------------------|-------------------------------------|---------------------|-------------------------------------|
| 1 | The Income Tax Act, 1961 | 271(1)(c) | 2005-06 | 53.69 | Commissioner of Income Tax (Appeal) |
| | | | 2009-10 | 341.08 | Gujarat High court |
| | | | 2010-11 | 116.76 | Gujarat High Court |
| | | | 2010-11 | 153.73 | Gujarat High Court |
| 2 | The Central Excise Act, 1944 | Similar Goods | 2010-11 | 344.00 | Central Excise Commissioner |
| | | | 2011-12 | 4.09 | Central Excise Commissioner |
| | | | 2013-14 | 2.17 | Central Excise Commissioner |
| 3 | The Gujarat VAT Act, 2003 | VAT Liabilities | 2007-08 | 62.39 | Gujarat Value Added Tax Tribunal |

- (viii) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of accounts, in the tax assessments under Income Tax Act, 1961 as income during the year.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company is not declared willful defaulter by any bank or financial institution or other lender during the year.
- (c) The Company has not obtained any term loans during the year.
- (d) Funds raised on short term basis have not been utilised for long term purposes.
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company has not raised money through initial public offer or further public offer (including debt instruments) during the year.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) No material fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.
- (b) No report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Whistle-blower complaints, if any, received during the year by the Company were considered.

Independent Auditor's Report (Contd...)

- (xii) The Company is not Nidhi Company, therefore provisions of clause 3 (xii) of the order are not applicable.
- (xiii) The transactions with related party are in compliance with Sections 177 and 188 of the Companies Act, 2013 and all the details have been disclosed in Financial Statements as required by the applicable Indian Accounting Standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
(b) Reports of the Internal Auditors for the period under audit were considered.
- (xv) The Company has not entered into any non-cash transaction with its directors or person connected with them during the year with respect to Section 192 of Companies Act, 2013.
- (xvi) The Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.
- (xvii) The Company has not incurred cash losses in the current financial year and has incurred cash losses of ₹ 274.84 Lakhs in immediately preceding financial year. Net profit before tax and extraordinary items is adjusted for depreciation to arrive at cash loss.
- (xviii) There has not been any resignation of the statutory auditors during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of

financial liabilities, other information accompanying the financial statements, knowledge of the Board of Directors and management plans, no material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) With respect to other than ongoing projects, company does not have any unspent amount to a Fund specified in Schedule VII to the Companies Act.
- (b) With respect to ongoing projects, company does not have any unspent amount remaining unspent under sub-section (5) of Section 135 of the Companies Act.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner

MRN: 038261

FRN: 115869W

UDIN: 22038261AJXJOO1988

Place: Ahmedabad

Date: May 30, 2022

Independent Auditor's Report (Contd...)

Annexure - 2 to the Independent Auditors' Report to members of Kiri Industries Limited for the year ended March 31, 2022

(Referred to in Paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" Section of our report of even date on the standalone financial statements of the Company for the year ended March 31, 2022)

Report on the Internal Financial Controls Under Clause (I) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of Kiri Industries Ltd. ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

During the year, review of internal financial control by an Independent IFC Auditor is under process.

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 authorisations 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

Independent Auditor's Report (Contd...)

misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based

on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad

Partner

MRN: 038261

FRN: 115869W

UDIN: 22038261AJXJOO1988

Place: Ahmedabad

Date: May 30, 2022

Balance Sheet

as at March 31, 2022

(₹ in Lakhs)

| Particulars | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------------------------------------|----------|-------------------------|-------------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 2.1 | 50,616.93 | 51,892.63 |
| (b) Other Intangible assets | 2.2 | 5.19 | 4.46 |
| (c) Capital work-in-progress | 2.3 | 5,899.63 | 5,794.07 |
| (d) Investment in Subsidiary/Associate/Joint Venture | 3 | 14,025.04 | 14,025.04 |
| (e) Financial Assets | | | |
| (i) Investments | 4 | 2.49 | 7.30 |
| (ii) Trade receivables | 5 | 77.99 | 124.67 |
| (iii) Other Financial Assets | 6 | 1,218.74 | 1,185.14 |
| (f) Deferred tax Assets (Net) | 22 | 1,530.84 | 966.92 |
| (g) Other Non-Current Assets | 7 | 7,793.55 | 6,986.57 |
| Total Non - Current Assets | | 81,170.40 | 80,986.80 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 11,582.90 | 10,692.55 |
| (b) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade receivables | 9 | 10,340.14 | 14,464.84 |
| (iii) Cash and cash equivalents | 10 | 418.01 | 403.73 |
| (iv) Bank balances other than (iii) above | 11 | 177.22 | 170.46 |
| (v) Loans | 12 | 298.32 | 938.78 |
| (vi) Others Financial Assets | 13 | 212.35 | 429.58 |
| (c) Current Tax Assets (Net) | 14 | 153.89 | 48.81 |
| (d) Other current assets | 15 | 1,310.28 | 1,169.27 |
| Total Current Assets | | 24,493.11 | 28,318.02 |
| Total Assets | | 105,663.51 | 109,304.82 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share capital | 16 | 5,183.42 | 3,362.06 |
| (b) Other Equity | 17 | 57,318.01 | 60,099.05 |
| Total Equity | | 62,501.43 | 63,461.11 |
| (2) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 2,670.79 | 9,515.34 |
| (ii) Trade Payables | 19 | | |
| (a) Towards to Others | | 169.84 | 51.33 |
| (b) Towards to MSMEs | | - | - |
| (iii) Other financial liabilities | 20 | 131.65 | 121.65 |
| (b) Provisions | 21 | 399.80 | 1,442.61 |
| Total Non - Current Liabilities | | 3,372.08 | 11,130.93 |
| (3) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 23 | 6,915.39 | 5,335.02 |
| (ii) Trade payables | 24 | | |
| (a) Towards to Others | | 25,908.57 | 20,604.58 |
| (b) Towards to MSMEs | | 156.27 | 117.82 |
| (iii) Other financial liabilities | 25 | 2,551.27 | 4,224.57 |
| (b) Other current liabilities | 26 | 4,004.39 | 4,212.43 |
| (c) Provisions | 27 | 254.11 | 218.36 |
| (d) Current Tax Liabilities | | - | - |
| Total Current Liabilities | | 39,790.00 | 34,712.78 |
| Total Equity and Liabilities | | 105,663.51 | 109,304.82 |
| Significant Accounting Policies | 1 | | |
| Notes form an integral part to financial statements | | | |

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : May 30, 2022


Kiri Industries Limited
Future full of Colours...

For and on behalf of the Board of Directors

Pravin Kiri
Chairman
DIN : 00198275

Manish Kiri
Managing Director
DIN : 00198284

Suresh Gondalia
Company Secretary
Place : Ahmedabad
Date : May 30, 2022

Jayesh Vyas
Chief Financial Officer

Statement of Profit and Loss

for the year ended on March 31, 2022

(₹ in Lakhs)

| Particulars | Note No. | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|-------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------|
| Income | | | |
| I Revenue From Operations | 28 | 113,679.65 | 68,919.12 |
| II Other Income | 29 | 186.98 | 198.24 |
| III Total Income (I+II) | | 113,866.63 | 69,117.36 |
| IV Expenses | | | |
| Cost of materials consumed | 30 | 81,385.30 | 45,437.70 |
| Purchases of stock-in-trade | | 203.76 | 401.63 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 31 | (1,145.80) | (410.98) |
| Employee benefits expense | 32 | 5,254.43 | 4,172.98 |
| Finance costs | 33 | 461.37 | 384.75 |
| Depreciation and amortization expense | 2 | 4,362.63 | 3,899.64 |
| Other expenses | 34 | 24,840.52 | 19,406.12 |
| Total expenses (IV) | | 115,362.21 | 73,291.84 |
| V Profit/(loss) before exceptional items and tax (I-IV) | | (1,495.58) | (4,174.48) |
| VI Exceptional Items | | - | - |
| VII Profit/(loss) before tax (V-VI) | | (1,495.58) | (4,174.48) |
| VIII Tax expense | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | 22 | (563.91) | (1,150.55) |
| (3) Current tax of Previous years | | - | 631.97 |
| IX Profit (Loss) for the period from continuing operations (VII-VIII) | | (931.67) | (3,655.91) |
| X Profit/(Loss) for the period | | (931.67) | (3,655.91) |
| XI Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to Profit or Loss | | (28.02) | (16.02) |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | - | - |
| B (i) Items that will be reclassified to Profit or Loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to Profit or Loss | | - | - |
| Total Other Comprehensive Income (XI) | | (28.02) | (16.02) |
| XII Total Comprehensive Income for the period (X+XI)(Comprising Profit (Loss) and Other Comprehensive Income for the period) | | (959.69) | (3,671.92) |
| XIII Earnings per equity share of ₹ 10 each (For Continuing Operations) | | | |
| (1) Basic | | (2.36) | (10.92) |
| (2) Diluted | | (1.85) | (7.08) |
| XIV Earnings per equity share (For Discontinued Operation) | | | |
| (1) Basic | | - | - |
| (2) Diluted | | - | - |
| XV Earnings per equity share (For Discontinued & Continuing Operations) | | | |
| (1) Basic | | (2.36) | (10.92) |
| (2) Diluted | | (1.85) | (7.08) |
| Significant Accounting Policies | 1 | | |

Notes form an integral part to financial statements

As per our attached report of even date.

For Pramodkumar Dad & Associates

Chartered Accountants

CA Pramod Dad

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 30, 2022

For and on behalf of the Board of Directors

Pravin Kiri

Chairman

DIN : 00198275

Suresh Gondalia

Company Secretary

Place : Ahmedabad

Date : May 30, 2022

Manish Kiri

Managing Director

DIN : 00198284

Jayesh Vyas

Chief Financial Officer

Cash Flow Statement

for the year ended on March 31, 2022

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| A Cash Flow from Operating Activities : | | |
| Net Profit before Tax and Extraordinary items | (1,495.58) | (4,174.48) |
| Adjustment for | | |
| - Depreciation | 4,362.63 | 3,899.64 |
| - Actuarial Valuation of Gratuity | (28.02) | (16.02) |
| - Interest & Dividend Income | (186.96) | (197.63) |
| - Interest charged to P & L | 461.37 | 384.75 |
| - Loss/(Profit) on Sale of Fixed Assets | (0.02) | (0.62) |
| Operating Profit before working capital changes: | 3,113.42 | (104.36) |
| Adjustment for | | |
| - Trade Receivables | 4,171.38 | 4,482.85 |
| - Inventories | (890.35) | (996.38) |
| - Other Current Financial Assets | 217.23 | (120.29) |
| - Other Current Assets | (147.77) | (131.70) |
| - Other Non-Current Financial Assets | (33.60) | (103.50) |
| - Other Non-Current Assets | (806.98) | 331.29 |
| - Trade Payables | 5,460.95 | 2,786.00 |
| - Other Non-Current Financial Liabilities | 10.00 | 26.15 |
| - Other Current Financial Liabilities | (1,673.29) | 1,763.07 |
| - Other Current Liabilities | (208.05) | 706.64 |
| - Provisions | (1,007.05) | 122.89 |
| Cash Generated from Operations | 8,205.87 | 8,762.66 |
| - Taxes paid/provision & Deferred tax | (105.09) | (1,378.89) |
| Net Cash Flow from Operations | 8,100.78 | 7,383.77 |
| B Cash Flow from Investment Activities : | | |
| - Purchase of Property, Plant & Equipments including Capital Work in Progress | (3,193.22) | (7,593.04) |
| - Sale of Fixed Assets | 0.03 | 28.29 |
| - Interest and Dividend Income | 186.96 | 197.63 |
| - Loan & Advances | 640.46 | 519.50 |
| - Investment | 4.81 | (3.55) |
| Net Cash Flow from Investing Activities | (2,360.96) | (6,851.17) |
| C Cash Flow from Financing Activities : | | |
| - Equity Share Capital | 1,821.36 | - |
| - Proceeds from FCCB | (2,191.09) | - |
| - Security Premium | 369.74 | - |
| - Proceeds from Long term Borrowings | 2,680.02 | 102.48 |
| - Interest charged | (461.37) | (384.75) |
| - Proposed Dividend | - | (168.13) |
| - Repayment of Long Term Borrowings | (7,944.20) | (231.42) |
| - Repayment of Short Term Borrowings | - | (2.22) |
| Net Cash Flow from Financing Activities | (5,725.54) | (684.04) |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 14.28 | (151.44) |

Cash Flow Statement

for the year ended on March 31, 2022

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Cash and Cash Equivalents as at (Opening) | 403.73 | 555.17 |
| Cash and Cash Equivalents as at (Closing) | 418.01 | 403.73 |
| Reconciliation of Cash and Cash Equivalent | | |
| Total Cash and Bank Balance as per Balance Sheet | 418.01 | 403.73 |
| Cash and Cash Equivalents comprises as under: | | |
| Balance with Banks in Current account | 413.16 | 394.16 |
| Cash on Hand | 4.85 | 9.57 |
| Cash and Cash Equivalent at the end of the year | 418.01 | 403.73 |
| Significant Accounting Policies | | |
| Notes form an integral part to financial statements | | |

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad

Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : May 30, 2022

For and on behalf of the Board of Directors

Pravin Kiri

Chairman
DIN : 00198275

Suresh Gondalia
Company Secretary

Place : Ahmedabad
Date : May 30, 2022

Manish Kiri

Managing Director
DIN : 00198284

Jayesh Vyas
Chief Financial Officer

Statement of Changes in Equity for the year ended on March 31, 2022

A. Equity Share Capital

| | As at March 31, 2022 | | As at March 31, 2021 | |
|----------------------------------------------------------|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Equity Share Capital | 33,620,646 | 3,362.06 | 33,620,646 | 3,362.06 |
| Balance at the beginning of the reporting period | - | - | - | - |
| Change in equity capital due to prior periods errors | 33,620,646 | 3,362.06 | 33,620,646 | 3,362.06 |
| Restated Balance as at beginning of the reporting period | 18,213,565 | 1,821.36 | - | - |
| Changes in equity share capital during the year | 51,834,211 | 5,183.42 | 33,620,646 | 3,362.06 |
| Balance at the end of the reporting period | | | 33,620,646 | 3,362.06 |

(₹ in Lakhs)

B. Other Equity

| Particulars | Equity component of compound financial instruments | Reserves and Surplus | | | | | Total |
|---------------------------------------------------------------------------|----------------------------------------------------|----------------------------|-------------------------------|----------------------------|-----------------|-------------------|------------------|
| | | Capital Redemption Reserve | Preference Redemption Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | |
| Balance at April 01, 2020 | 2,191.09 | - | 309.54 | 48,159.86 | 1,617.60 | 11,661.01 | 63,939.10 |
| Profit for the year | - | - | - | - | - | (3,655.91) | (3,655.91) |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | (16.02) | (16.02) |
| Dividends | - | - | - | - | - | (168.13) | (168.13) |
| Transfer from Retained Earnings to Preference Share Redemption Reserve | - | 61.91 | - | - | - | (61.91) | - |
| Balance at March 31, 2021 | 2,191.09 | - | 371.45 | 48,159.86 | 1,617.60 | 7,759.05 | 60,099.05 |
| Issue of Shares against Warrants / Fund received against Convertible Bond | (2,191.09) | - | - | 369.74 | - | - | (1,821.35) |
| Profit for the year | - | - | - | - | - | (931.67) | (931.67) |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | (28.02) | (28.02) |
| Transfer from Retained Earnings to Preference Share Redemption Reserve | - | 61.90 | - | - | - | (61.90) | - |
| Transfer to Capital Redemption Reserve | - | (433.35) | - | - | - | - | - |
| Balance at March 31, 2022 | - | 433.35 | - | 48,529.60 | 1,617.60 | 6,737.46 | 57,318.01 |

(₹ in Lakhs)

As per our attached report of even date.

For Pramodkumar Dad & Associates

Chartered Accountants

CA Pramod Dad

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 30, 2022

For and on behalf of the Board of Directors

Pravin Kiri

Chairman

DIN : 00198275

Manish Kiri

Managing Director

DIN : 00198284

Suresh Gondalia

Company Secretary

Place : Ahmedabad

Date : May 30, 2022

Jayesh Vyas

Chief Financial Officer

Statement on Significant Accounting Policies

For the year ended March 31, 2022

BACKGROUND

Kiri Industries Limited (“the Company”) is a Public Company, limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956 having CIN as L24231GJ1998PLC034094. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7TH Floor, Hasubhai Chambers, Nr. Town Hall, Ellisbridge, Ahmedabad - 380 006 Gujarat, India. The Company is engaged in manufacturing and selling of Dyes, Dyes Intermediates and Basic Chemicals.

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company’s annual reporting date.

1.1 BASIS FOR PREPARATION OF ACCOUNTS

Statement of compliance with Ind AS

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Company’s normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Act including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans - plan assets measured at fair value.

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgment in applying the Company’s accounting policies. The preparation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the application of accounting policies, reported amounts of assets and liabilities, reported revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management’s evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 02 - Useful Lives of Property, Plant and Equipment
- Note 09 - Expected Credit Losses on Financial Assets

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Note 22 – Current / Deferred tax expense
Note 28 - Revenue Recognition
Note 21, 27 & 43 - Provisions and contingencies
Note 39 - Measurement of defined benefit obligations

1.3 REVENUE RECOGNITION

Revenue is recognised upon transfer of control of promised products and services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for such products and services.

GST/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of Goods

Revenue from the sale of goods is recognised at the point in time when control is transferred to the buyer which is usually on dispatch / delivery of goods, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Export Benefits

Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.

Remission of Duties and Taxes on Export Products ("RoDTEP") income is recognised on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales.

Interest Income

Interest income on financial asset is recognised using the effective interest rate (EIR) method.

Dividend

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

Other Income

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

Contract Balances (Trade Receivables)

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

Contract Liabilities

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

Statement on Significant Accounting Policies

For the year ended March 31, 2022

1.4 FOREIGN CURRENCY TRANSACTIONS

Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (₹), which is the Company's functional and presentation currency.

Transactions and Balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.5 PROPERTY, PLANT AND EQUIPMENTS

Tangible Assets

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment ("PPE") are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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.

An item of Property, Plant or Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.

Capital Work in Progress included in PPE is stated as Cost and includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the project.

1.6 INTANGIBLE ASSETS

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment Losses.

Statement on Significant Accounting Policies

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Internally - generated intangible assets - Research and Development expenditure

Assessment of whether an internally generated Intangible Asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an Intangible Asset under development on fulfilment of following conditions:-

- The technical feasibility of completing the Intangible Asset so that it will be available for use or sale;
- The intention to complete the Intangible Asset and use or sell it;
- The ability to use or sell the Intangible Asset;
- The Intangible Asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset; and
- The ability to measure reliably the expenditure attributable to the Intangible Asset during its development.

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

Derecognition of Intangible Assets

An Intangible Asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are-recognised in the Statement of Profit and Loss when the asset is de-recognised.

1.7 IMPAIRMENT OF INVESTMENT

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

1.8 IMPAIRMENT OF NON- FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1.9 DEPRECIATION AND AMORTISATION

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Depreciation is computed using Straight Line Method ("SLM") over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Useful lives of the items of Property, Plant and Equipment are as follows:

| Asset | Estimated Useful Life |
|------------------------|-----------------------|
| Leasehold Land | 99 years |
| Building | 30 years |
| Plant & Machinery | 15 years |
| Furniture and Fixtures | 10 years |
| Vehicles | 8 years |
| Computers | 3 years |

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line Method, commencing from the year in which the same are available to the Company for its intended use. The useful life so determined is as follows:

| Asset | Amortisation Period |
|-------------------|---------------------|
| Software Licenses | 3 years |

Depreciation on items of Property, Plant and Equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

1.10 FINANCIAL INSTRUMENTS

Fair value measurement of Financial Instruments

The Company's accounting policies and disclosures require the measurement of fair values for certain financial and non-financial assets and liabilities based on their classification.

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.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy, based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period, during which the change has occurred.

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

Financial Instruments

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

Financial Asset

Initial recognition and measurement

All financial assets are recognised in balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument and initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset or liability are added to or deducted from the fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at FVTOCI

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

Debt instruments at amortised cost

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

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

After initial measurement, financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category covers Trade Receivables, Loans, Cash & Bank Balances and Other Receivables.

Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

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

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

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

Equity instruments measured at FVTOCI

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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Derecognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

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

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

Impairment Financial Assets (other than at fair value)

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model or measurement and recognition of impairment loss for the following financial assets and credit risk exposures:

- Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits and bank balance
- Trade Receivables that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 quarter ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 quarter ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 quarter ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

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Subsequent Measurement

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial Liability at Amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as such. Subsequently, any changes in fair value are recognised in the Statement of Profit and Loss.

Derecognition of Financial Liability

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Investments in Subsidiaries

A Subsidiary is an entity that is controlled by the Company.

The Company accounts for each category of investments in subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.

1.11 INVENTORIES

- Inventories are stated at the lower of cost and net realizable value.
- Cost of Raw Material is determined on FIFO basis.
- Stores and Consumables are valued at cost or net realizable value whichever is lower.
- Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition.
- Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Semi Finished Goods is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

1.13 LITIGATION

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

1.14 BORROWING COSTS

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/ or construction of qualifying assets are capitalized as a part of the cost of such asset, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

1.15 EMPLOYEE BENEFITS

Short term employee benefit obligations

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

Other long term employee benefit obligations

Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Defined benefit plans

Gratuity Obligations

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

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

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Remeasurement 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 of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

1.16 GOODS AND SERVICE TAX (“GST”)

GST Credit of Raw Materials and Other Consumables is accounted at the time of purchase and the same is being adjusted to the cost of Raw Materials and Other Consumables.

1.17 ACCOUNTING FOR TAXES ON INCOME

Income Taxes

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred Taxes

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred Tax Assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and Deferred Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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1.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As a policy, the Company is regularly accessing the liability arising due to delay in fulfillment of the obligation against advance licenses taken for duty free import of the goods / various investment related schemes and required provisions are carried out in the books.

Contingent Liability is disclosed in the case of:

- A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from the past events, when no reliable estimate is possible;
- A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

1.19 LEASES

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

As a lessee, the Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; The lease liability is measured at amortised cost using the effective interest method.

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The Company has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

1.20 EARNING PER SHARE

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted Earnings Per Share

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

1.21 DIVIDEND DISTRIBUTIONS

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

1.22 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.23 STATEMENT OF CASH FLOWS

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.24 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Director's Report.

1.25 EXCEPTIONS ITEMS

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

1.26 STANDARDS (INCLUDING AMENDMENTS) ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes to Financial Statements

For the year ended March 31, 2022

2. Property, Plant and Equipments

| For FY 2021-22 | Gross Block | | | Depreciation / Amortisation | | | Net Block | | | |
|-------------------------------------------------|------------------|-----------------|---------------------|-----------------------------|------------------|-----------------|---------------------|------------------|------------------|------------------|
| | Opening | Addition | Sales / Adjustments | Closing | Opening | Addition | Sales / Adjustments | Closing | As on 31-03-2022 | As on 31-03-2021 |
| 2.1 Property, Plant and Equipment | | | | | | | | | | |
| Freehold Land | 824.93 | 32.94 | - | 857.87 | - | - | - | - | 857.87 | 824.93 |
| Leasehold Land | 2,365.55 | 96.70 | - | 2,462.25 | 76.11 | 20.85 | - | 96.96 | 2,365.29 | 2,289.44 |
| Building | 10,715.63 | 240.12 | - | 10,955.75 | 1,480.97 | 387.44 | - | 1,868.41 | 9,087.34 | 9,234.67 |
| Plant & Equipments | 49,274.48 | 1,994.85 | - | 51,269.33 | 12,135.46 | 3,481.72 | - | 15,617.18 | 35,652.15 | 37,139.02 |
| Electrification | 2,556.40 | 585.14 | - | 3,141.54 | 877.26 | 334.70 | - | 1,211.96 | 1,929.58 | 1,679.13 |
| Office Equipments | 138.77 | 22.11 | - | 160.88 | 74.87 | 19.86 | - | 94.73 | 66.15 | 63.90 |
| Furniture & Fixture | 144.45 | 21.46 | - | 165.91 | 72.55 | 9.73 | - | 82.28 | 83.63 | 71.90 |
| Vehicles | 862.98 | 83.16 | 0.28 | 945.86 | 325.94 | 97.36 | 0.27 | 423.03 | 522.83 | 537.04 |
| Computer | 85.99 | 8.47 | - | 94.46 | 33.39 | 8.98 | - | 42.37 | 52.09 | 52.61 |
| Total Property Plant & Equipment (A) | 66,969.18 | 3,084.95 | 0.28 | 70,053.85 | 15,076.55 | 4,360.64 | 0.27 | 19,436.92 | 50,616.93 | 51,892.64 |
| 2.2 Intangible Assets | | | | | | | | | | |
| Computer Software | 32.24 | 2.72 | - | 34.96 | 27.78 | 1.99 | - | 29.77 | 5.19 | 4.46 |
| Total Intangible Assets (B) | 32.24 | 2.72 | - | 34.96 | 27.78 | 1.99 | - | 29.77 | 5.19 | 4.46 |
| 2.3 Capital Work in Progress | | | | | | | | | | |
| Capital Work In Progress | 5,794.07 | 402.89 | 297.33 | 5,899.63 | - | - | - | - | 5,899.63 | 5,794.07 |
| Total Capital Work in Progress (C) | 5,794.07 | 402.89 | 297.33 | 5,899.63 | - | - | - | - | 5,899.63 | 5,794.07 |
| Total (A+B+C) | 72,795.49 | 3,490.56 | 297.61 | 75,988.44 | 15,104.32 | 4,362.63 | 0.27 | 19,466.69 | 56,521.75 | 57,691.17 |

- Land includes agricultural land intended for industrial purpose, held in the name of the Chairman of the Company in his fiduciary capacity as per Section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agricultural land into non-agricultural land.

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

| Particulars | Amount in capital work-in-progress for a period of | | | Total |
|----------------------|----------------------------------------------------|-----------------|-----------------|---------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | |
| Projects in progress | 214.70 | 2,830.27 | 2,720.05 | 134.61 |
| Total | 214.70 | 2,830.27 | 2,720.05 | 134.61 |

Notes to Financial Statements

For the year ended March 31, 2022

2. Property, Plant and Equipments

| For FY 2020-21 | Gross Block | | | Depreciation / Amortisation | | | Net Block | | | |
|-------------------------------------------------|------------------|------------------|---------------------|-----------------------------|------------------|-----------------|---------------------|------------------|------------------|------------------|
| | Opening | Addition | Sales / Adjustments | Closing | Opening | Addition | Sales / Adjustments | Closing | As on 31-03-2021 | As on 31-03-2020 |
| 2.1 Property, Plant and Equipment | | | | | | | | | | |
| Freehold Land | 804.60 | 20.33 | - | 824.93 | - | - | - | 824.93 | 824.93 | 804.60 |
| Leasehold Land | 2,365.55 | - | - | 2,365.55 | 55.26 | 20.85 | - | 76.11 | 2,289.44 | 2,310.29 |
| Building | 10,252.37 | 463.26 | - | 10,715.63 | 1,110.15 | 370.82 | - | 1,480.97 | 9,234.67 | 9,142.22 |
| Plant & Equipments | 41,447.69 | 7,849.79 | 23.00 | 49,274.48 | 9,012.61 | 3,125.05 | 2.19 | 12,135.47 | 37,139.02 | 32,435.08 |
| Electrification | 1,653.93 | 902.47 | - | 2,556.40 | 612.46 | 264.81 | - | 877.27 | 1,679.13 | 1,041.47 |
| Office Equipments | 123.00 | 15.77 | - | 138.77 | 53.19 | 21.68 | - | 74.87 | 63.90 | 69.81 |
| Furniture & Fixture | 133.17 | 11.29 | - | 144.45 | 61.37 | 11.18 | - | 72.55 | 71.90 | 71.80 |
| Vehicles | 688.28 | 191.34 | 16.64 | 862.98 | 260.35 | 75.36 | 9.78 | 325.94 | 537.04 | 427.92 |
| Computer | 76.96 | 9.03 | - | 85.99 | 25.99 | 7.40 | - | 33.39 | 52.61 | 50.98 |
| Total Property Plant & Equipment (A) | 57,545.55 | 9,463.28 | 39.64 | 66,969.18 | 11,191.39 | 3,897.14 | 11.97 | 15,076.55 | 51,892.64 | 46,354.16 |
| 2.2 Intangible Assets | | | | | | | | | | |
| Computer Software | 30.44 | 1.80 | - | 32.24 | 25.28 | 2.50 | - | 27.78 | 4.46 | 5.16 |
| Total Intangible Assets (B) | 30.44 | 1.80 | - | 32.24 | 25.28 | 2.50 | - | 27.78 | 4.46 | 5.16 |
| 2.3 Capital Work in Progress | | | | | | | | | | |
| Capital Work in Progress | 7,666.11 | 4,962.63 | 6,834.68 | 5,794.07 | - | - | - | - | 5,794.07 | 7,666.11 |
| Total Capital Work in Progress (C) | 7,666.11 | 4,962.63 | 6,834.68 | 5,794.07 | - | - | - | - | 5,794.07 | 7,666.11 |
| Total (A+B+C) | 65,242.10 | 14,427.71 | 6,874.32 | 72,795.49 | 11,216.67 | 3,899.64 | 11.97 | 15,104.32 | 57,691.17 | 54,025.43 |

- Land includes agricultural land intended for industrial purpose, held in the name of the Chairman of the Company in his fiduciary capacity as per Section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agricultural land into non-agricultural land.

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

| Particulars | Amount in capital work-in-progress for a period of | | | | Total |
|----------------------|----------------------------------------------------|-----------------|---------------|-------------------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 2,939.41 | 2,720.05 | 119.95 | 14.66 | 5,794.07 |
| Total | 2,939.41 | 2,720.05 | 119.95 | 14.66 | 5,794.07 |

Notes to Financial Statements

For the year ended March 31, 2022

3. Non-Current - Investment

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------------------------------------------------------------------------|------------------|------------------|
| Investments in Equity Instruments measured at Cost | | |
| Unquoted Investments - (Fully Paid Up) | | |
| (I) Investment in Subsidiaries | | |
| 3,839,000 Equity Shares (PY 3,839,000) of HK \$ 1 each in Synthesis International Ltd. | 256.86 | 256.86 |
| 970,000 Equity Shares (PY 970,000) of NTD 10 each in SMS Chemicals Co. Ltd. | 339.53 | 339.53 |
| 200 Equity Shares (PY 200) of AED 1000 each in Chemhub Trading DMCC | 28.81 | 28.81 |
| 9,999 Equity Shares (PY 9,999) of ₹ 10 each in Amrat Laxmi Foundation | 1.00 | 1.00 |
| 9,999 Equity Shares (PY 9,999) of ₹ 10 each in Kiri Renewable Energy Pvt. Ltd. | 1.00 | 1.00 |
| Less : Impairment of Investments in SMS Chemicals Co. Ltd. & Synthesis International Ltd. | (596.39) | (596.39) |
| (II) Investment in Associate Company | | |
| 2,623,354 Equity Shares (PY 2,623,354) of SG \$ 10 each in DyStar Global Holdings (Singapore) Pte. Ltd. | 9,550.24 | 9,550.24 |
| 2,625,000 Equity Shares (PY 2,625,000) of ₹ 10 each in Kiri Infrstructure Private Limited | 1,443.75 | 1,443.75 |
| 2,500 Equity Shares (PY 2,500) of ₹ 10 each in Plutoeco Enviro Association | 0.25 | 0.25 |
| (III) Investment in Joint Venture Company | | |
| 30,000,000 Equity Shares (PY 30,000,000) of ₹ 10 each in Lonsen Kiri Chemical Industries Limited. | 3,000.00 | 3,000.00 |
| Total | 14,025.04 | 14,025.04 |
| Aggregate Value of Unquoted Investments | | |
| Non-current | 14,025.04 | 14,025.04 |
| Aggregate Value of Impairment In Value of Investment | 596.39 | 596.39 |

Note:

- The Company had made assessment of investment in its subsidiary SMS Chemicals Co. Ltd. and taken into account the past business performances and prevailing condition. As a matter of prudence, the Company has written off diminution in carrying value of investments of ₹ 339.53 Lakhs as on April 01, 2016.
- The Company had made investment in its subsidiary Synthesis International Limited (Wholly Owned Subsidiary). The Company has already initiated the process for winding up of the Company with competent authority. As a matter of prudence, the Company has written off diminution in carrying value of investments of ₹ 256.86 Lakhs as on April 01, 2016.

4. Non-Current Financial Assets - Investments

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------------------------------------------------------------|-------------|-------------|
| Investments in Equity Instruments measured at FVOCI | | |
| Unquoted Investments - (Fully Paid Up) | | |
| NIL Equity Shares (PY 20,000) of ₹ 25 each in Kalupur Commercial Co-Operative Bank Limited | - | 5.00 |
| 10,000 Equity Shares (PY 10,000) of ₹ 10 each in Kapsil Aqua Enviro Limited | 1.00 | 1.00 |
| 682,500 Equity Shares (PY 682,500) of ₹ 0.19 each in Bhadreshwar Vidhyut Pvt Ltd | 1.30 | 1.30 |
| 1,900 Equity Shares (PY NIL) of ₹ 10 each in Indo Asia Copper Limited | 0.19 | - |
| Total | 2.49 | 7.30 |
| Aggregate Value of Unquoted Investments | | |
| Non-current | 2.49 | 7.30 |
| Aggregate Value of Provision for Diminution in Value | - | - |

Notes to Financial Statements

For the year ended March 31, 2022

5. Non-Current Financial Assets - Trade Receivables

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------|--------------|---------------|
| Unsecured and Considered Good | | |
| Trade Receivables | 77.99 | 124.67 |
| Total | 77.99 | 124.67 |

Ageing for Trade Receivables - Non-Current outstanding as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|---------|------------------------------------------------------------|-------------------|------------|------------|-------------------|--------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | - | - | - | 77.09 | 0.10 | 0.80 | 77.99 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

Ageing for Trade Receivables - Non-Current outstanding as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|---------|------------------------------------------------------------|-------------------|------------|------------|-------------------|---------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | - | 0.03 | 0.03 | 17.15 | 3.10 | 104.36 | 124.67 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

Notes to Financial Statements

For the year ended March 31, 2022

6. Other Non-Current Financial Assets

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-------------------|-----------------|-----------------|
| Security Deposits | 1,218.74 | 1,185.14 |
| Total | 1,218.74 | 1,185.14 |

7. Other Non-Current Assets

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|---------------------------------------------|-----------------|-----------------|
| Capital Advances | | |
| Capital Advances | 7,460.51 | 6,666.63 |
| Advances other than Capital Advances | | |
| Other Advances | 314.48 | 301.38 |
| Non-Current Tax Assets | 18.56 | 18.56 |
| Total | 7,793.55 | 6,986.57 |

Note:

- i) Capital advances include advances made to an intermediary for purchase of land for the Company. Advances also include capital advances given to a party for industrial land pending necessary formalities for transfer.

8. Inventories

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------|------------------|------------------|
| Raw Material & Stores and Spares | 4,172.53 | 4,620.81 |
| Finished Goods | 4,187.97 | 4,202.48 |
| Stock in Process & Semi Finished Goods | 2,642.99 | 1,482.68 |
| Packing Material | 499.42 | 325.02 |
| Fuel | 79.99 | 61.56 |
| Total | 11,582.90 | 10,692.55 |

9. Current Financial Assets - Trade Receivables

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------|------------------|------------------|
| Unsecured and Considered good | | |
| Trade Receivables | 10,340.14 | 14,464.84 |
| | 10,340.14 | 14,464.84 |
| Less : Allowance for Credit Losses | - | - |
| Total | 10,340.14 | 14,464.84 |

Note:

- i) Trade Receivables includes ₹ 1,083.35 Lakhs as at March 31, 2022 (PY ₹ 2,352.63 Lakhs) due from related parties.
- ii) The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

Notes to Financial Statements

For the year ended March 31, 2022

Ageing for Trade Receivables - Current outstanding as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|----------|------------------------------------------------------------|-------------------|------------|------------|-------------------|------------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | 3,510.06 | 3,121.39 | 3,051.59 | 53.52 | 497.19 | 106.39 | 10,340.14 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

Ageing for Trade Receivables - Current outstanding as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|----------|------------------------------------------------------------|-------------------|------------|------------|-------------------|------------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | 8,131.58 | 1,960.02 | 2,973.08 | 860.18 | 131.17 | 408.81 | 14,464.84 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

10. Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------|---------------|---------------|
| Balance with Banks in Current Accounts | 413.16 | 394.16 |
| Cash on Hand | 4.85 | 9.57 |
| Total | 418.01 | 403.73 |

Notes to Financial Statements

For the year ended March 31, 2022

11. Other Bank Balances

| (₹ in Lakhs) | | |
|------------------------------------------|---------------|---------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Deposit for Margin Money with Banks | 158.16 | 152.43 |
| Balances with Banks for Unpaid Dividends | 3.84 | 3.85 |
| Other Bank Balances | 15.22 | 14.18 |
| Total | 177.22 | 170.46 |

Note:

- The Current Account balance includes unpaid dividend of ₹ 3.84 Lakhs as at March 31, 2022 (PY ₹ 3.85 Lakhs) which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts.
- Fixed Deposit with banks which is held as Margin Money or Security, Guarantee etc. of ₹ 158.16 Lakhs as at March 31, 2022 (PY ₹ 152.43 Lakhs)

12. Current Financial Assets - Loans

| (₹ in Lakhs) | | |
|---------------------------------------------------------|---------------|---------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Unsecured and Considered Good | | |
| Advance to Subsidiary Company (Share Application Money) | - | 17.64 |
| Loan to Others | 66.34 | 613.34 |
| Loan to Employees | 231.98 | 307.80 |
| Total | 298.32 | 938.78 |

Note:

- Loans include Advances of ₹ NIL (PY ₹ 17.64 Lakhs) to wholly owned subsidiary company M/s. Chemhub Trading DMCC at Dubai, given towards share application money.

13. Other Current Financial Assets

| (₹ in Lakhs) | | |
|---------------------------|---------------|---------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Export Benefit Receivable | 182.59 | 402.38 |
| Others | 29.76 | 27.20 |
| Total | 212.35 | 429.58 |

14. Current Tax Assets (Net)

| (₹ in Lakhs) | | |
|---------------------|---------------|--------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Advance tax and TDS | 153.89 | 48.81 |
| Total | 153.89 | 48.81 |

15. Other Current Assets

| (₹ in Lakhs) | | |
|---------------------------------------------|-----------------|-----------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Advances other than Capital Advances | | |
| Balance with Government Authorities | 282.54 | 276.51 |
| Advances to Suppliers | 941.10 | 791.06 |
| Prepaid Expenses | 86.64 | 101.70 |
| Total | 1,310.28 | 1,169.27 |

Notes to Financial Statements

For the year ended March 31, 2022

16. Equity Share Capital

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------------------------------|------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Authorised | | |
| 150,000,000 Equity Shares (PY 150,000,000) of ₹ 10 each | 15,000.00 | 15,000.00 |
| 50,000,000 Preference Shares (PY 50,000,000) of ₹ 10 each | 5,000.00 | 5,000.00 |
| Total | 20,000.00 | 20,000.00 |
| Issued, Subscribed & Paid-up Capital | | |
| 51,834,211 Equity Shares (PY 33,620,646) of ₹ 10 each fully paid up | 5,183.42 | 3,362.06 |
| Total | 5,183.42 | 3,362.06 |

The reconciliation of the number of Equity Shares outstanding as at March 31, 2022 and March 31, 2021 is set out below:

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|------------------------------------------------|----------------------|-----------------|----------------------|-----------------|
| | No of Shares | Amount | No of Shares | Amount |
| Number of shares at the beginning of the year | 33,620,646 | 3,362.06 | 33,620,646 | 3,362.06 |
| Add: Shares issued during the year | 18,213,565 | 1,821.36 | - | - |
| Number of shares at the end of the year | 51,834,211 | 5,183.42 | 33,620,646 | 3,362.06 |

Note:

- i) During the current year, the Company had converted 40 Foreign Currency Convertible Bonds into 18,213,565 Equity Shares of ₹ 10 each at issue price of ₹ 12.03 per share to Bondholders (PY NIL)

The details of shareholder holding more than 5% Equity Shares:

| Name of the shareholder | As at March 31, 2022 | | As at March 31, 2021 | |
|-------------------------------------|----------------------|----------------|----------------------|----------------|
| | No. of Shares | % of Total No. | No. of Shares | % of Total No. |
| Mr. Pravin Kiri | 2,436,288 | 4.70 | 2,501,680 | 7.44 |
| Mr. Manish Kiri | 1,747,728 | 3.37 | 1,822,728 | 5.42 |
| Ms. Anupama Kiri | 5,701,238 | 11.00 | 5,701,238 | 16.96 |
| Equinaire Chemtech LLP | 3,500,000 | 6.75 | 3,500,000 | 10.41 |
| Lotus Global Investment Ltd. | 4,131,987 | 7.97 | - | - |
| Cresta Fund Ltd. | 4,098,052 | 7.91 | - | - |
| Vikasa India EIF I Fund | 3,642,713 | 7.03 | - | - |
| Connecor Investment Enterprise Ltd. | 3,187,374 | 6.15 | - | - |
| LGO Global Opportunities Ltd. | 3,187,374 | 6.15 | - | - |
| LTS Investment Fund Ltd. | 1,142,380 | 2.20 | 1,941,665 | 5.78 |

Disclosure of shareholding of Promoters as at March 31, 2022

| Name of the Promoters | No. of Shares | % of Total Shares | % change during the year |
|------------------------|---------------|-------------------|--------------------------|
| Mr. Pravin Kiri | 2,436,288 | 4.70 | 2.61 |
| Mr. Manish Kiri | 1,747,728 | 3.37 | 4.11 |
| Ms. Aruna Kiri | 461,550 | 0.89 | - |
| Ms. Anupama Kiri | 5,701,238 | 11.00 | - |
| Pravin A Kiri-HUF | 3,682 | 0.01 | - |
| Equinaire Chemtech LLP | 3,500,000 | 6.75 | - |

Notes to Financial Statements

For the year ended March 31, 2022

Disclosure of shareholding of Promoters as at March 31, 2021

| Name of the Promoters | No. of Shares | % of Total Shares | % change during the year |
|------------------------|---------------|-------------------|--------------------------|
| Mr. Pravin Kiri | 2,501,680 | 7.44 | - |
| Mr. Manish Kiri | 1,822,728 | 5.42 | - |
| Ms. Aruna Kiri | 461,550 | 1.37 | - |
| Ms. Anupama Kiri | 5,701,238 | 16.96 | - |
| Pravin A Kiri-HUF | 3,682 | 0.01 | - |
| Equinaire Chemtech LLP | 3,500,000 | 10.41 | - |

Rights and Restrictions:

- i) The Company has only one class of Equity Shares having face value of ₹ 10 per share. The Equity Share holder is entitled to one vote per share. The Equity Shareholders have equal dividend rights in proportion to their shareholding.

17. Other Equity

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------------------------------|------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Securities Premium Account | | |
| As per last year accounts | 48,159.86 | 48,159.86 |
| Add : Addition during the year | 369.74 | - |
| | 48,529.60 | 48,159.86 |
| General Reserve | | |
| As per last year accounts | 1,617.60 | 1,617.60 |
| | 1,617.60 | 1,617.60 |
| Equity Component of Convertible Foreign Currency Bond | | |
| As per last year accounts | 2,191.09 | 2,191.09 |
| Less : Issue of Share against Warrant | (2,191.09) | - |
| | - | 2,191.09 |
| Capital Redemption Reserve | | |
| As per last year accounts | - | - |
| Add : Addition during the year | 433.35 | - |
| | 433.35 | - |
| Redemption Reserve for Non Convertible Preference Shares | | |
| As per last year accounts | 371.45 | 309.54 |
| Add : Addition during the year | 61.90 | 61.91 |
| | 433.35 | 371.45 |
| Less : Transferred to Capital Redemption Reserve | (433.35) | - |
| | - | 371.45 |
| Retained Earnings | | |
| As per last year accounts | 7,759.05 | 11,661.01 |
| Add : Surplus/(Deficit) during the year | (931.67) | (3,655.91) |
| Add : Other Comprehensive Income/(Loss) | (28.02) | (16.02) |
| | 6,799.36 | 7,989.10 |
| Less : Redemption Reserve for Non Convertible Preference Shares | (61.90) | (61.91) |
| Less : Provision for Dividend on Equity Shares | - | (168.13) |
| | 6,737.46 | 7,759.05 |
| Total | 57,318.01 | 60,099.05 |

Notes to Financial Statements

For the year ended March 31, 2022

Nature and Purpose of Reserves:

Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General Reserve

General reserve is created by the Company by appropriating the balance of Retained Earnings. It is a free reserve which can be used for meeting the future contingencies, creating working capital for business operations, strengthening the financial position of the Company, etc.

Capital Redemption Reserve

Capital Redemption Reserve was created to transfer redemption reserve of Redeemable Preference Shares. This is not free reserve and cannot be utilised for any other purpose.

Redemption Reserve for Non Convertible Preference Shares

The Company had created Redemption Reserve for redemption of Non-Convertible Redeemable Preference Shares. During the year the Company has transferred the said Redemption Reserve to Capital Redemption Reserve and redeemed all Non-Convertible Redeemable Preference Shares on March 25, 2022.

Retained Earnings

Retained Earnings are the profits that the Company has earned till date less any transfers to redemption reserve, dividend or other distributions paid to shareholders.

18. Non-Current Borrowings

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | FY 2021-22 | FY 2020-21 |
| Borrowings | | |
| a) Secured (In Indian Currency) | | |
| Term Loan Facility from ARCs | - | 6,800.00 |
| Other Borrowings from Banks/Others [Refer Note 23 for Current Maturity of ₹ 6,860.39 Lakhs (PY ₹ 5,280.02 Lakhs)] | 70.79 | 65.31 |
| b) Unsecured | | |
| Inter Corporate Deposits | 2,600.00 | 2,000.00 |
| Other Financial Liabilities | | |
| NIL (PY 4,333,500) 0.15% Cumulative Non Convertible Redeemable Preference Shares (Redemption Price - ₹ 15 per share) | - | 650.03 |
| | 2,670.79 | 9,515.34 |

Note:

- i) The details of security offered for the long term borrowings and current maturity of long term debts taken from ARCs are set out below :

| Description of Assets/Security | Security given to |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |

Notes to Financial Statements

For the year ended March 31, 2022

| Description of Assets/Security | Security given to |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. Mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra. | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq.mts., alongwith factory shed building, plant and machinery, Power plant situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |

ii) Loans from Invent Assets Securitisation and Reconstruction Private Limited is also secured by personal Guarantees of some of the directors.

iii) The details of terms of repayment, etc. of long term borrowings and current maturity of long term borrowings are given below:

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Quarterly installments starting from September, 2015 ending September, 2022. The details of EMI due from April, 2022 are as follows: One Quarterly EMI of ₹ 3390 Lakhs in June, 2022 and One Quarterly EMI of ₹ 3410 Lakhs in September, 2022.

Notes to Financial Statements

For the year ended March 31, 2022

iv) The details of security offered for Other Borrowings are set out below :

| Description of Loan | ROI | Repayment Terms | Security Given |
|---------------------|--------|-----------------------|--------------------------|
| Vehicle Loan | 11.00% | 36 EMI of ₹ 118,051/- | Hypothecation of Vehicle |
| Vehicle Loan | 8.80% | 36 EMI of ₹ 31,661/- | Hypothecation of Vehicle |
| Vehicle Loan | 11.01% | 36 EMI of ₹ 229,135/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 16,605/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 16,577/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 20,854/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 26,535/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 20,854/- | Hypothecation of Vehicle |
| Vehicle Loan | 11.05% | 36 EMI of ₹ 77,202/- | Hypothecation of Vehicle |
| Vehicle Loan | 9.98% | 60 EMI of ₹ 42,813/- | Hypothecation of Vehicle |

v) The details of terms for Inter Corporate Deposits are set out below :

| Description of Loan | ROI | Security Given |
|--------------------------|--------|-------------------------------|
| Inter Corporate Deposits | 15.00% | Repayable till March 31, 2024 |

vi) The Company has only one class of Preference Shares carrying no voting right and have fixed right of dividend @0.15% per share of face value.

19. Non-Current - Trade payables

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-----------------------------------------------------|---------------|--------------|
| Total Outstanding dues of creditors other than MSME | 169.84 | 51.33 |
| Total Outstanding dues of MSME (Refer Note No.36) | - | - |
| Total | 169.84 | 51.33 |

Ageing for Non-Current Trade Payables as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|---------|------------------|-----------|-----------|-------------------|---------------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | - | 1.11 | 4.77 | 7.30 | 130.11 | 26.55 | 169.84 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

Ageing for Non-Current Trade Payables as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|---------|------------------|-----------|-----------|-------------------|--------------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | - | - | - | 42.53 | - | 8.80 | 51.33 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

Notes to Financial Statements

For the year ended March 31, 2022

20. Non-Current - Other Financial Liabilities

| Particulars | (₹ in Lakhs) | |
|-------------------------|---------------|---------------|
| | FY 2021-22 | FY 2020-21 |
| Deposits from Customers | 131.65 | 121.65 |
| Total | 131.65 | 121.65 |

Note:

- i) Deposits from customers are non-interest bearing.

21. Non-Current - Provisions

| Particulars | (₹ in Lakhs) | |
|----------------------------------------|---------------|-----------------|
| | FY 2021-22 | FY 2020-21 |
| Provision for Employee Benefits | | |
| Gratuity | 356.30 | 284.49 |
| Compensated Absences | 43.50 | 57.93 |
| Provision Others | - | 1,100.19 |
| Total | 399.80 | 1,442.61 |

22. Deferred Tax Liabilities (Net)

Current Tax

a) Amounts recognised in Statement of Profit and Loss

| Particulars | (₹ in Lakhs) | |
|--------------------------------------------------|-----------------|-------------------|
| | FY 2021-22 | FY 2020-21 |
| Current Tax | | |
| Current Tax on Profits of the year* | - | - |
| Excess provision of Income Tax for Earlier Years | - | 631.97 |
| Total Current Tax Expenses | - | 631.97 |
| Deferred Tax | | |
| Increase/(Decrease) in Deferred Tax Liabilities | (563.91) | (1,150.55) |
| MAT Credit Entitlement | - | - |
| Total Deferred Tax Expense/(benefit) | (563.91) | (1,150.55) |
| Income Tax Expense | (563.91) | (518.58) |

* Current Income Tax provided u/s. 115JB of the Income Tax Act, 1961.

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------|--------------|------------|
| | FY 2021-22 | FY 2020-21 |
| Accounting Profit Before Tax from continuing operations | (1,495.58) | (4,174.48) |
| Accounting Profit Before Tax | (1,495.58) | (4,174.48) |
| Tax at India's Statutory Income Tax rate of 34.94% (PY Tax rate 34.94%) | (522.62) | (1,458.73) |

c) Deferred Tax Liabilities

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------------------------------------|-------------------|-----------------|
| | FY 2021-22 | FY 2020-21 |
| Deferred Tax | (1,530.84) | (966.92) |
| (Net of MAT Credit Entitlement of ₹ 4,607.53 Lakhs) (PY ₹ 4,607.53 Lakhs) | | |
| Total | (1,530.84) | (966.92) |

Notes to Financial Statements

For the year ended March 31, 2022

d) Movement in Deferred Tax Expenses

As on March 31, 2022

| (₹ in Lakhs) | | | | | |
|----------------------------------------------|-------------------|---------------|-------------------|-----------------|-------------------|
| Particulars | Opening | P/L | Net | DTA | DTL |
| Deferred Tax Assets/(Liabilities) | | | | | |
| Property, Plant and Equipment | (5,767.71) | (468.09) | (6,235.80) | - | (6,235.80) |
| Investment | 208.40 | - | 208.40 | 208.40 | - |
| Unused Unabsorbed Dep/Losses | 1,918.70 | 1,032.01 | 2,950.71 | 2,950.71 | - |
| Total | (3,640.61) | 563.91 | (3,076.70) | 3,159.11 | (6,235.80) |
| Net Deferred Tax Assets/(Liabilities) | | | | | (3,076.70) |

As on March 31, 2021

| (₹ in Lakhs) | | | | | |
|----------------------------------------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| Particulars | Opening | P/L | Net | DTA | DTL |
| Deferred Tax Assets/(Liabilities) | | | | | |
| Property, Plant and Equipment | (4,999.56) | (768.15) | (5,767.71) | - | (5,767.71) |
| Investment | 208.40 | - | 208.40 | 208.40 | - |
| Unused Unabsorbed Dep/Losses | - | 1,918.70 | 1,918.70 | 1,918.70 | - |
| Total | (4,791.16) | 1,150.55 | (3,640.61) | 2,127.10 | (5,767.71) |
| Net Deferred Tax Assets/(Liabilities) | | | | | (3,640.61) |

23. Current - Borrowings

| (₹ in Lakhs) | | |
|--------------------------|-----------------|-----------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Unsecured Loans | | |
| Inter Corporate Deposits | 55.00 | 55.00 |
| Secured Loans | | |
| Current Maturity of Debt | 6,860.39 | 5,280.02 |
| Total | 6,915.39 | 5,335.02 |

Note:

- i) The details of terms for Inter Corporate Deposits are set out below :

| Description of Loan | ROI | Security Given |
|--------------------------|--------|-------------------------------|
| Inter Corporate Deposits | 18.00% | Repayable till March 31, 2023 |

24. Current - Trade Payables

| (₹ in Lakhs) | | |
|-----------------------------------------------------|------------------|------------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Total Outstanding dues of Creditors other than MSME | 25,908.57 | 20,604.58 |
| Total Outstanding dues of MSME (Refer Note No.36) | 156.27 | 117.82 |
| Total | 26,064.84 | 20,722.40 |

Note:

- i) Balances of Creditors are subject to confirmation and reconciliation, if any and they are stated in the Balance Sheet if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- ii) Trade Payable includes amount due to Related Parties ₹ 826.61 Lakhs as at March 31, 2022 (PY ₹ 785.63 Lakhs).

Notes to Financial Statements

For the year ended March 31, 2022

Ageing for Current Trade Payables as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|-----------|------------------|-----------|-----------|-------------------|-----------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | 13.94 | 122.31 | 20.02 | - | - | 156.27 |
| (ii) Others | - | 12,660.08 | 11,361.30 | 1,887.19 | - | - | 25,908.57 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

Ageing for Current Trade Payables as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|----------|------------------|-----------|-----------|-------------------|-----------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | 18.50 | 77.14 | 22.08 | - | 0.10 | 117.82 |
| (ii) Others | - | 9,773.09 | 10,267.29 | 537.65 | 25.97 | 0.58 | 20,604.58 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

25. Current - Other Financial Liabilities

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------------|-----------------|-----------------|
| Interest accrued but not due on borrowings | 92.27 | 74.72 |
| Employee Benefit Payable | 524.73 | 398.57 |
| Unpaid Dividend | 3.84 | 3.85 |
| Payable for Capital Goods | 1,930.43 | 3,747.43 |
| Total | 2,551.27 | 4,224.57 |

Note:

- i) There is no amount outstanding in respect of Unpaid Dividend to be transferred to Investor Education & Protection Fund under Section 125 of the Companies Act, 2013.

26. Other Current Liabilities

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------|-----------------|-----------------|
| Advance received from Customer | 3,404.44 | 3,309.56 |
| Statutory Dues | 599.95 | 902.87 |
| Total | 4,004.39 | 4,212.43 |

27. Current - Provisions

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|---------------------------------|---------------|---------------|
| Provision for Employee Benefits | | |
| Gratuity | 214.36 | 182.38 |
| Compensated Absences | 14.34 | 15.51 |
| LTA | 25.41 | 20.47 |
| Total | 254.11 | 218.36 |

Notes to Financial Statements

For the year ended March 31, 2022

28. Revenue From Operations

| Particulars | (₹ in Lakhs) | |
|-------------------------|-------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Sale of Products | 112,870.01 | 68,046.37 |
| Other Operating Revenue | 809.64 | 872.75 |
| Total | 113,679.65 | 68,919.12 |

29. Other Income

| Particulars | (₹ in Lakhs) | |
|--------------------------------|---------------|---------------|
| | FY 2021-22 | FY 2020-21 |
| Interest Income | 172.32 | 197.41 |
| Dividend Income | 0.75 | - |
| Profit on sale of Fixed Assets | 0.02 | 0.62 |
| Other Income | 13.89 | 0.21 |
| Total | 186.98 | 198.24 |

30. Cost of Material Consumed

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------|------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Raw Material Consumed | | |
| Opening Inventory | 3,983.30 | 3,600.78 |
| Add : Net Purchases | 79,353.22 | 44,758.13 |
| Less: Inventory at the end of the year | 3,302.12 | 3,983.30 |
| Cost of Raw Material consumed during the year | 80,034.40 | 44,375.61 |
| Packing Material Consumed | | |
| Opening Inventory | 325.02 | 287.73 |
| Add : Net Purchases | 1,525.30 | 1,099.38 |
| Less: Inventory at the end of the year | 499.42 | 325.02 |
| Cost of Packing Material consumed during the year | 1,350.90 | 1,062.09 |
| Total | 81,385.30 | 45,437.70 |

31. Changes In Inventories Of Finished Goods & Work-In-Progress

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------|-------------------|-----------------|
| | FY 2021-22 | FY 2020-21 |
| (Increase)/Decrease in Stocks | | |
| Stock at the beginning of the year : | | |
| Finished Goods | 4,202.48 | 3,623.48 |
| Work in Progress & Semi Finished Goods | 1,482.68 | 1,650.70 |
| | 5,685.16 | 5,274.18 |
| Stock at the end of the year : | | |
| Finished Goods | 4,187.97 | 4,202.48 |
| Work in Progress & Semi Finished Goods | 2,642.99 | 1,482.68 |
| | 6,830.96 | 5,685.16 |
| Total | (1,145.80) | (410.98) |

Notes to Financial Statements

For the year ended March 31, 2022

32. Employee Benefits Expenses

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------------|-----------------|-----------------|
| Salaries, Wages & Bonus | 4,552.83 | 3,615.73 |
| Contribution to Provident fund & other funds | 349.23 | 305.58 |
| Welfare Expenses | 352.37 | 251.67 |
| Total | 5,254.43 | 4,172.98 |

33. Finance Cost

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-----------------------------------------|---------------|---------------|
| Interest & Financial Charges | | |
| Interest Cost | 412.96 | 350.40 |
| Financial Charges | 48.41 | 34.35 |
| Total | 461.37 | 384.75 |

34. Other Expenses

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|------------------------------------------|------------------|------------------|
| Operational & Other Expenses | | |
| Power & Fuel | 12,820.86 | 8,179.16 |
| Repairs & Maintenance | | |
| - Buildings | 175.45 | 132.37 |
| - Machineries | 1,776.06 | 1,608.09 |
| - Other Assets | 252.17 | 177.84 |
| Pollution Treatment Expenses | 1,378.55 | 1,284.38 |
| Laboratory Expenses | 98.65 | 74.83 |
| Factory Expenses | 87.63 | 66.19 |
| Labour Charges | 1,837.42 | 1,795.51 |
| Insurance Premium | 171.82 | 171.57 |
| Communication Expenses | 49.51 | 46.44 |
| Postage & Courier | 23.47 | 17.52 |
| Travelling & Conveyance | 52.31 | 32.35 |
| Compensation Expenses | 74.63 | - |
| Repairs & Maintenance - Others | 67.04 | 47.12 |
| Membership & Subscription | 2.06 | 1.57 |
| Security Expenses | 172.37 | 164.60 |
| Legal & Professional Fees | 2,114.47 | 3,132.83 |
| Payment to Auditors | 30.00 | 30.00 |
| Rent, Rates & Taxes | 150.52 | 146.89 |
| Foreign Exchange Loss | 118.19 | 247.49 |
| CSR and Social Welfare Expenses | 113.67 | 197.36 |
| Miscellaneous Expenses | 147.43 | 67.46 |
| Software Expense | 8.31 | 5.88 |
| Export Expenses | 42.89 | 82.87 |
| Outward Freight & Transportation Charges | 2,006.41 | 924.77 |
| Commission on Sales | 922.31 | 649.72 |
| Travelling Expenses | 53.92 | 14.50 |
| Advertisement & Sales Promotion Expenses | 92.40 | 106.81 |
| Total | 24,840.52 | 19,406.12 |

Notes to Financial Statements

For the year ended March 31, 2022

Notes:

i) Details of Payment made to Auditor is as below:

| Particulars | (₹ in Lakhs) | |
|--------------------------|--------------|------------|
| | FY 2021-22 | FY 2020-21 |
| For Statutory Audit Fees | 25.00 | 25.00 |
| For Taxation matters | 5.00 | 5.00 |

ii) Corporate Social Responsibility Expenditure:

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------|
| | FY 2021-22 | FY 2020-21 |
| Gross Amount required to be spent by the Company during the Period (under Section 135 of the Companies Act 2013) | 95.30 | 194.43 |
| Amount of Expenditure incurred | 102.21 | 194.49 |
| Short fall at the end of the period | NIL | NIL |
| Total of previous years shortfall | NIL | NIL |
| Reason for shortfall | NA | NA |
| Nature of CSR Activities | Education, Healthcare, Rural Development, Hunger and Poverty and making available safe drinking water | |
| Details of related party transactions | NIL | NIL |
| Liability incurred by entering into contractual obligations | NIL | NIL |

35 Earning per share (EPS)

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Net Profit After Tax attributable to Shareholder (₹ in Lakhs) | (959.69) | (3,671.92) |
| Weighted average number of equity shares for calculating Basic EPS * | 40,677,778 | 33,620,646 |
| Weighted average number of equity shares for Diluted EPS | 51,834,211 | 51,834,211 |
| Nominal Value Per Share (in ₹) | 10.00 | 10.00 |
| Basic Earning Per Share (in ₹) | (2.36) | (10.92) |
| Diluted Earning Per Share (in ₹) | (1.85) | (7.08) |

During the current year, the Company had converted 40 Foreign Currency Convertible Bonds into 1,82,13,565 Equity Shares of ₹ 10 each at issue price of ₹ 12.03 per share to Bondholders (PY NIL).

36 MSME Disclosure

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

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2022 has been made in the financial statements based on information received and available the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at date of this financial statement.

Notes to Financial Statements

For the year ended March 31, 2022

The details as required by MSMED Act are given below:

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year: | | |
| Principal Amount | 156.27 | 117.82 |
| Interest Amount | - | - |
| The amount of interest paid by the buyer under MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | NIL | NIL |
| The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid) | - | - |
| The amount of interest accrued and remaining unpaid at the end of the accounting year: | | |
| The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 | - | - |

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

37 Financial Instruments

A Capital Management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, adjusted net debt is defined as total Liabilities, comprising Interest-bearing Loans and Borrowings and obligations under Finance Leases, less Cash and Cash Equivalents. Adjusted Equity Comprises all components of Equity.

| Particulars | (₹ in Lakhs) | |
|-----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Total Interest Bearing Debt | 9,586.18 | 14,850.36 |
| Less : Cash and Cash Equivalents | 418.01 | 403.73 |
| Adjusted Net Debt | 9,168.17 | 14,446.63 |
| Total Equity | 62,501.43 | 63,461.11 |
| Adjusted Net Debt to Equity Ratio | 0.15 | 0.23 |

No changes were made in the objectives, policies or processes for managing capital during the current Period and previous years.

Notes to Financial Statements

For the year ended March 31, 2022

B Fair Value Measurement and Financial Risk Management

(i) Category-wise classification of financial instruments:

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | | | |
|------------------------------|----------------------|-------------|----------|------------------|
| | Amortised Cost | FVTOCI | FVTPL | Total Value |
| Financial Assets | | | | |
| Non Current Investment* | - | 2.49 | - | 2.49 |
| Other Financial Assets | | | | |
| Non Current | 1,218.74 | - | - | 1,218.74 |
| Current | 212.35 | - | - | 212.35 |
| Trade Receivables | | | | |
| Non Current | 77.99 | - | - | 77.99 |
| Current | 10,340.14 | - | - | 10,340.14 |
| Cash and Cash equivalents | 418.01 | - | - | 418.01 |
| Other Bank Balance | 177.22 | - | - | 177.22 |
| Loans | 298.32 | - | - | 298.32 |
| Total | 12,742.77 | 2.49 | - | 12,745.26 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Non Current | 2,670.79 | - | - | 2,670.79 |
| Current | 6,915.39 | - | - | 6,915.39 |
| Trade Payables | | | | |
| Non Current | 169.84 | - | - | 169.84 |
| Current | 26,064.84 | - | - | 26,064.84 |
| Other Financial Liabilities | | | | |
| Non Current | 131.65 | - | - | 131.65 |
| Current | 2,551.27 | - | - | 2,551.27 |
| Total | 38,503.78 | - | - | 38,503.78 |

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | | | |
|------------------------------|----------------------|-------------|----------|------------------|
| | Amortised Cost | FVTOCI | FVTPL | Total Value |
| Financial Assets | | | | |
| Non Current Investment* | - | 7.30 | - | 7.30 |
| Other Financial Assets | | | | |
| Non Current | 1,185.14 | - | - | 1,185.14 |
| Current | 429.58 | - | - | 429.58 |
| Trade Receivables | | | | |
| Non Current | 124.67 | - | - | 124.67 |
| Current | 14,464.84 | - | - | 14,464.84 |
| Cash and Cash equivalents | 403.73 | - | - | 403.73 |
| Other Bank Balance | 170.46 | - | - | 170.46 |
| Loans | 938.78 | - | - | 938.78 |
| Total | 17,717.20 | 7.30 | - | 17,724.50 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Non Current | 9,515.34 | - | - | 9,515.34 |
| Current | 5,335.02 | - | - | 5,335.02 |
| Trade Payables | | | | |
| Non Current | 51.33 | - | - | 51.33 |
| Current | 20,722.40 | - | - | 20,722.40 |
| Other Financial Liabilities | | | | |
| Non Current | 121.65 | - | - | 121.65 |
| Current | 4,224.57 | - | - | 4,224.57 |
| Total | 39,970.31 | - | - | 39,970.31 |

* Investments does not include investment in subsidiaries which are measured at cost.

Notes to Financial Statements

For the year ended March 31, 2022

(ii) Measurement of Fair values and Sensitivity analysis

Fair Value Hierarchy

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

Financial assets and financial liabilities measured at fair value in the Balance Sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the Assets or Liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the Assets or Liabilities that are not based on observable market data (unobservable inputs).

The cost of unquoted investments included in Level 3 fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

(a) Financial instrument measured at fair value

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial assets by valuation techniques:

| Financial assets / Financial liabilities | Fair Value at | | Fair Value hierarchy |
|------------------------------------------------------|----------------|----------------|----------------------|
| | March 31, 2022 | March 31, 2021 | |
| Non-current Investments at FVTPL | 2.49 | 7.30 | Level 2 |
| Other Non-current Financial Assets at Amortised Cost | 1,218.74 | 1,185.14 | Level 2 |
| Non-current Borrowings at Amortised Cost | 2,670.79 | 9,515.34 | Level 2 |

(₹ in Lakhs)

There is no movement from between Level 1, Level 2 and Level 3.

(b) Financial Instrument measured at Amortised Cost

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

38 Financial Risk Management, Objective and Policies

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

The Company has exposure to the following risks arising from financial instruments:

- (a) Credit Risk
- (b) Liquidity Risk and
- (c) Market Risk

(a) Credit Risk:

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk arising from its operating activities primarily from trade receivables, from financing activities primarily relating to parking of surplus funds as Deposits with Banks, investments, loans, and security deposits.

Notes to Financial Statements

For the year ended March 31, 2022

The carrying amounts of financial assets represent the maximum credit risk exposure. Credit risk assessment on various components is described below:

(i) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, as per management perceptions, loss on collection of receivable is not material hence no additional provision considered.

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

| Particulars | (₹ in Lakhs) | |
|--------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Domestic | 7,755.40 | 10,899.78 |
| Other Region | 2,662.73 | 3,689.73 |
| Total | 10,418.13 | 14,589.51 |

(ii) Cash and cash equivalents and bank deposits

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

(iii) Security Deposits and Loans

This consists of loans given to Employees and Security Deposits given to utility providers like Electricity companies and others. These carries limited credit risk based on the financial position of parties and Company's historical experience of dealing with these parties.

(b) Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SGD. The Company has in place the Risk Management Policy to manage the foreign exchange exposure.

Notes to Financial Statements

For the year ended March 31, 2022

The Foreign currency exchange rate exposure is partly balanced through natural hedge. This provide an economic hedge without derivatives being entered into and therefore hedge accounting not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Company can enter into foreign currency forward contracts and other authorized derivative contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables and borrowings.

Exposure to Currency Risk

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

| Particulars | Currency | (₹ in Lakhs) | |
|-------------------------------|----------|-------------------------|-------------------------|
| | | As at March 31, 2022 | As at March 31, 2021 |
| Financial assets | | | |
| Trade receivables | EURO | - | 133.96 |
| | USD | 2,741.40 | 3,413.70 |
| | SGD | - | 173.21 |
| Loans and Advances | USD | 10.60 | 44.62 |
| Bank balance in EEFC accounts | USD | 1.31 | 36.47 |
| Financial liabilities | | | |
| Trade payables | USD | 1,465.95 | 2,564.34 |
| | SGD | 3,485.37 | 2,817.53 |

Sensitivity analysis

| Effect in ₹ | (₹ in Lakhs) | |
|-----------------------------|---------------|----------------|
| | Strengthening | Weakening |
| As at March 31, 2022 | | |
| 3% movement | | |
| USD | (38.62) | 38.62 |
| EURO | - | - |
| SGD | 104.56 | (104.56) |
| Total | 65.94 | (65.94) |
| As at March 31, 2021 | | |
| 3% movement | | |
| USD | (27.91) | 27.91 |
| EURO | (4.02) | 4.02 |
| SGD | 79.33 | (79.33) |
| Total | 47.40 | (47.40) |

(c) 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.

Exposure to Liquidity Risk

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

Notes to Financial Statements

For the year ended March 31, 2022

Contractual maturities of financial liabilities

As at March, 31 2022

(₹ in Lakhs)

| Particulars | Upto 1 year | 1-2 year | More than 2 years | Total |
|----------------------------------------------|------------------|-----------------|-------------------|------------------|
| Non-derivatives Financial Liabilities | | | | |
| Long term borrowings incl. current maturity | 6,860.39 | 2,652.74 | 18.05 | 9,531.18 |
| Short term loans and borrowings | 55.00 | - | - | 55.00 |
| Trade Payables | 26,234.68 | - | - | 26,234.68 |
| Other Financial Liabilities | 2,551.27 | - | 131.65 | 2,682.92 |
| Total | 35,701.34 | 2,652.74 | 149.70 | 38,503.78 |

As at March, 31 2021

(₹ in Lakhs)

| Particulars | Upto 1 year | 1-2 year | More than 2 years | Total |
|----------------------------------------------|------------------|-----------------|-------------------|------------------|
| Non-derivatives Financial Liabilities | | | | |
| Long term borrowings incl. current maturity | 5,280.02 | 9,487.80 | 27.54 | 14,795.36 |
| Short term loans and borrowings | 55.00 | - | - | 55.00 |
| Trade Payables | 20,773.72 | - | - | 20,773.72 |
| Other Financial Liabilities | 4,224.56 | - | 121.65 | 4,346.21 |
| Total | 30,333.30 | 9,487.80 | 149.19 | 39,970.29 |

39 Detail of Employees Benefits

(a) Defined Contribution Plans

The Company has defined contribution plan in form of Provident Fund and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the Company is required to contribute a specified rates to fund the schemes.

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------|-------------------------|-------------------------|
| Provident Fund | 194.05 | 158.60 |
| Employee State Insurance Scheme | 56.85 | 48.23 |
| Total | 250.90 | 206.83 |

(b) Defined Benefits Plans

The Company provides for retirement benefits in the form of Gratuity. The Company's Gratuity Scheme (unfunded) provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to a ceiling of ₹ 20 Lakhs. Vesting occurs upon completion of 05 years of service.

The present value of the defined benefits plan was measured using the projected unit credit method.

Notes to Financial Statements

For the year ended March 31, 2022

The following tables set out the status of the gratuity plan and amounts recognised in the financial statements:

(i) **Present value of defined benefit obligation** (₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the period | 470.18 | 388.28 |
| Current service cost | 66.18 | 57.45 |
| Interest Cost | 31.75 | 26.48 |
| Past Service Cost | - | - |
| Liability Transferred In | - | - |
| (Liability Transferred Out) | - | - |
| Remeasurement (gain)/loss: | | |
| Actuarial (Gain)/loss arising from Demographic adjustments | (0.22) | - |
| Actuarial (Gain)/Loss due to changes in Financial Assumption | (26.24) | 6.89 |
| Actuarial (Gain)/Loss due to changes in Experience Adjustment | 54.67 | 9.02 |
| Benefits paid | (24.40) | (17.94) |
| Balance at the end of the period | 571.92 | 470.18 |

(₹ in Lakhs)

| Fair Value of Plan Assets | As at March 31, 2022 | As at March 31, 2021 |
|-----------------------------------------------------------------|-------------------------|-------------------------|
| Fair Value of Plan Assets at the Beginning of the Period | 15.83 | 14.92 |
| Interest Income | 0.85 | 1.02 |
| Contributions by the Employer | - | - |
| Expected Contributions by the Employees | - | - |
| Assets Transferred In/Acquisitions | - | - |
| (Assets Transferred Out/ Divestments) | - | - |
| (Benefit Paid from the Fund) | - | - |
| (Assets Distributed on Settlements) | - | - |
| Effects of Asset Ceiling | - | - |
| The Effect of Changes In Foreign Exchange Rates | - | - |
| Return on Plan Assets, Excluding Interest Income | 0.19 | (0.11) |
| Fair Value of Plan Assets at the End of the Period | 16.87 | 15.83 |

(ii) **Amount Recognized in the Balance Sheet** (₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| (Present Value of Benefit Obligation at the end of the Period) | (571.92) | (470.19) |
| Fair Value of Plan Assets at the end of the Period | 16.87 | 15.83 |
| Funded Status (Surplus/ (Deficit)) | (555.05) | (454.36) |
| Net (Liability)/Asset Recognized in the Balance Sheet | (555.05) | (454.36) |

Notes to Financial Statements

For the year ended March 31, 2022

(iii) **Expense recognised in the Statement of Profit and Loss**

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Current service cost | 66.18 | 57.46 |
| Interest cost | 30.90 | 25.46 |
| Past service cost | - | - |
| (Expected Contributions by the Employees) | - | - |
| (Gains)/Losses on Curtailments And Settlements | - | - |
| Net Effect of Changes in Foreign Exchange Rates | - | - |
| Expense recognised in the Statement of Profit and Loss | 97.08 | 82.92 |

(iv) **Recognised in Other Comprehensive Income**

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-----------------------------------------------------------------------|-------------------------|-------------------------|
| Remeasurement on the net defined benefit liability | | |
| Actuarial (gains)/losses on obligation for the period | 28.21 | 15.90 |
| Return on Plan Assets, Excluding Interest Income | (0.19) | 0.11 |
| Change in Asset Ceiling | - | - |
| Recognised in the Other Comprehensive Income | 28.02 | 16.01 |
| Total cost of the defined benefit plan for the period (iii+iv) | 125.10 | 98.93 |

(v) **Principal actuarial assumptions**

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate, attrition rate and the average life expectancy. The assumptions used for the valuation of the defined benefit obligation are as follows:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-----------------------------------------|-------------------------|-------------------------|
| Discount rate (p.a.) | 7.23% | 6.80% |
| Expected rate of salary increase (p.a.) | 6.00% | 6.00% |
| Mortality | 2012-14 (Urban) | 2006-08 (Ultimate) |
| Rate of employees turnover (p.a.) | | |
| For Service 4 years and Below | 15.00% | 15.00% |
| For Service 5 years and Above | 3.00% | 3.00% |
| Retirement age | 60 | 60 |

Estimates of future salary increase takes into account: inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan exposes the Company to significant actuarial risks such as interest rate risk and inflation risk:

Inflation risk – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Company's liability.

Interest rate risk – The present value of the defined benefit liability is calculated using a discount rate prevailing market yields of Indian government securities. A decrease in discount rate will increase the Company's defined benefit liability.

Notes to Financial Statements

For the year ended March 31, 2022

(vi) Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation is given below:

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Projected Benefit Obligation on Current Assumptions | 571.92 | 470.18 |
| Delta Effect of +1% Change in Rate of Discounting | (54.06) | (47.12) |
| Delta Effect of -1% Change in Rate of Discounting | 64.23 | 56.33 |
| Delta Effect of +1% Change in Rate of Salary Increase | 62.34 | 54.72 |
| Delta Effect of -1% Change in Rate of Salary Increase | (54.11) | (47.23) |
| Delta Effect of +1% Change in Rate of Employee Turnover | 5.84 | 2.86 |
| Delta Effect of -1% Change in Rate of Employee Turnover | (6.89) | (3.46) |

Sensitivities have been calculated to show the movement in Defined Benefit Obligation in isolation and assuming there are no other changes in market conditions at the accounting date. In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(vii) The weighted average duration of the benefit obligation as at March 31, 2022 is 12 years (PY 13 years).

(c) **Compensated absence:** -

Expenses recognised in the Statement of Profit and Loss amounts to ₹ 95.28 Lakhs for the year ended March 31, 2022 (PY ₹ 80.11 Lakhs).

The current and non-current classification of obligations under defined benefit plans and other long-term benefits is done based on the actuarial valuation reports.

40 Related Party Disclosures

| Relationship | Name of Party |
|-----------------------------------|---------------------------------------------|
| Subsidiary Companies | Chemhub Trading DMCC |
| | Synthesis International Limited |
| | SMS Chemicals Co. Limited |
| | Amrat Lakshmi Foundation |
| | Kiri Renewable Energy Pvt. Ltd |
| Joint Venture | Lonsen Kiri Chemical Industries Ltd |
| | DyStar Global Holdings (Singapore) Pte. Ltd |
| Associate Companies | Kiri Infrastructure Pvt Ltd |
| | Plutoeco Enviro Association |
| | Mr. Pravin Kiri |
| Director/Key Management Personnel | Mr. Manish Kiri |
| | Mr. Keyoor Bakshi |
| | Mr. Mukesh Desai |
| | Ms. Veenaben Padia |
| | Mr. Ulrich Hambrecht |
| | Mr. Suresh Gondalia |
| | Mr. Jayesh Vyas |

Notes to Financial Statements

For the year ended March 31, 2022

| Relationship | Name of Party |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Relative of Director/Key Management Personnel | Ms. Aruna Kiri |
| | Ms. Anupama Kiri |
| | Pravin A Kiri-HUF |
| | Ms. Chetana Jayesh Vyas |
| | Kiri Laboratories Pvt Ltd |
| | Indochin Development Pvt Ltd |
| | Kiri Peroxide Ltd |
| | Chemhub Tradelink Pvt Ltd |
| | Saptak Buildcon Pvt Ltd |
| | Kiri Carbon Pvt Ltd |
| Entities over which Director/Key Management personnel and their relatives having control or significant influence | Kiri Globe Ink Pvt Ltd |
| | Equinaire Chemtech LLP |
| | Parkin Auto Accessories Pvt Ltd |
| | Kiri Costmetics LLP |
| | Indo Asia Copper Ltd |
| | Texanlab Laboratories Pvt Ltd |
| | Texanlab Bangladesh Pvt Ltd |
| | DyStar India Pvt Ltd |
| | DyStar Acquisition Corporation |
| | DyStar Americas Holding Corporation |
| Entities in which Key Managerial Personnel (KMP) are nominee director | DyStar Hilton Davis Corporation |
| | DyStar Foam Control Corporation |
| | DyStar Carolina Chemical Corporation |
| | S. Acquisition & Co. |

Transactions with the Related Parties

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Transactions with Director / Key Management Personnel & Relatives | | |
| Remunderation (incl. Perquisites) | | |
| Mr. Pravin Kiri | 156.00 | 144.00 |
| Mr. Manish Kiri | 156.00 | 144.00 |
| Mr. Suresh Gondalia | 20.27 | 48.89 |
| Mr. Jayesh Vyas | 32.92 | 42.49 |
| Ms. Chetana Jayesh Vyas | 9.78 | 9.83 |
| Director Sitting Fees and Reimbursement of Expenses | | |
| Mr. Keyoor Bakshi | 1.06 | 1.02 |
| Mr. Mukesh Desai | 1.28 | 1.11 |
| Ms. Veenaben Padia | 1.67 | 1.14 |
| Mr. Ulrich Hambrecht | 9.75 | 9.96 |

Notes to Financial Statements

For the year ended March 31, 2022

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Loan Given | | |
| Mr. Suresh Gondalia | - | 9.61 |
| Mr. Jayesh Vyas | - | 4.80 |
| Receipt of Loan Given | | |
| Mr. Suresh Gondalia | 9.61 | 32.91 |
| Mr. Jayesh Vyas | 44.52 | 0.76 |
| Transactions with Subsidiary, Joint Venture and Associate Concerns | | |
| Sales of Goods/Job Work Income | | |
| Chemhub Trading DMCC | 1,907.99 | 2,823.98 |
| Lonsen Kiri Chemical Industries Ltd. | 33,604.48 | 11,242.54 |
| Purchase of Goods/Services | | |
| Chemhub Trading DMCC | - | 250.38 |
| Lonsen Kiri Chemical Industries Ltd. | 1,426.74 | 589.01 |
| Compensation Expense | | |
| DyStar Global Holdings (Singapore) Pte. Ltd. | 74.63 | - |
| Investment | | |
| Amrat Lakshmi Foundation | - | 1.00 |
| Kiri Renewable Energy Pvt. Ltd. | - | 1.00 |
| Plutoeco Enviro Association | - | 0.25 |
| Capital Advance | | |
| Plutoeco Enviro Association | 81.91 | - |
| Transactions with Entities over which Director/Key Management personnel and their relatives having control | | |
| Purchase of Goods/Services | | |
| Kiri Cosmetics LLP | 2.08 | 2.96 |
| Rent Paid | | |
| Saptak Buildcon Pvt. Ltd. | 14.16 | 14.16 |
| Reimbursement of Expenses | | |
| Saptak Buildcon Pvt. Ltd. | 29.66 | - |
| Investment | | |
| Indo Asia Copper Ltd. | 0.19 | - |
| Loan Given | | |
| Indo Asia Copper Ltd. | 66.34 | - |

Outstanding Balances

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Outstanding with Director / Key Management Personnel | | |
| Debit Balance | | |
| Mr. Suresh Gondalia | - | 9.61 |
| Mr. Jayesh Vyas | - | 44.52 |
| Credit Balance | | |
| Mr. Pravin Kiri | 19.05 | - |
| Mr. Manish Kiri | 21.65 | 4.17 |
| Mr. Suresh Gondalia | 1.73 | 1.40 |
| Mr. Jayesh Vyas | 1.79 | 1.39 |

Notes to Financial Statements

For the year ended March 31, 2022

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Outstanding with Relative of Director / Key Management Personnel | | |
| Credit Balance | | |
| Ms. Chetana Jayesh Vyas | 0.62 | 0.62 |
| Outstanding with Subsidiary, Joint Venture & Associate Concerns | | |
| Debit Balance | | |
| Chemhub Trading DMCC | 1,083.35 | 2,043.81 |
| DyStar Global Holdings (Singapore) Pte. Ltd. | - | 308.82 |
| Plutoeco Enviro Association | 81.91 | - |
| Credit Balance | | |
| Lonsen Kiri Chemical Industries Ltd. | 815.98 | 771.78 |
| Outstanding with Entities over which Director/Key Management personnel and their relatives having control | | |
| Debit Balance | | |
| Indo Asia Copper Ltd. | 66.34 | - |
| Credit Balance | | |
| Kiri Cosmetics LLP | 0.98 | - |
| Saptak Buildcon Pvt. Ltd. | 9.65 | 13.85 |

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|
| Short Term Employee Benefit Expenses | | |
| Salary to KMP | 365.19 | 379.38 |
| Salary to Relative of KMP | 9.78 | 9.83 |
| Post employment benefits to KMPs & their relatives* | 22.02 | 17.75 |
| Total compensation paid to key management personnel & their relatives | 396.99 | 406.96 |

* Key Managerial Personnel who are under the employment of the Company are entitled to post-employment benefits and other long term employee benefits recognized as per Ind AS-19 - 'Employee Benefits' in the financial statements.

Notes to Financial Statements

For the year ended March 31, 2022

41 Ratios

| Ratios | Numerator | Denominator | FY 21-22 | FY 20-21 | % of Variance | Reason for variance |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------|----------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Current ratio (times) | Current assets | Current liabilities | 0.62 | 0.82 | -25% | Current ratio decreased due to increase in trade payables. |
| Debt equity ratio (times) | Total debt | Shareholder's equity | 0.15 | 0.23 | -34% | Debt Equity ratio has improved on account of classification of debt into current liability from long term liability and repayment of debt during the year. |
| Debt service coverage ratio (times) | Earnings available for debt service = Net profit after tax + Non-cash operating expenses+Interest + Other Adjustments | Debt service = Interest & Lease payments + Principal repayments | 0.46 | 1.02 | -54% | DSCR decreased as principal repayment obligation was higher during the year as compared to previous year. |
| Return on equity | Profit / (loss) attributable to owners of the Company | Average Shareholder's equity | -1.52% | -5.62% | 73% | Return on Equity improved due to reduction in losses as compared to previous year. |
| Inventory turnover ratio (times) | Cost of Goods Sold | Average Inventory | 7.27 | 4.48 | 62% | Inventory turnover ratio increased as proportional cost of goods sold increased during the year as compared to previous year. Further, there is no incremental increase in closing inventory during the year. |
| Trade receivable turnover ratio (times) | Revenue from Operations (Net) | Average Trade receivable | 9.03 | 4.04 | 123% | Trade Receivable Turnover ratio has improved on account of better realisation and higher turnover. |
| Trade Payable turnover Ratio (times) | Net credit purchases = Gross credit purchases - purchase return | Average Trade payables | 3.44 | 2.37 | 45% | Trade Payable ratio changed due to high credit purchases as better operational revenue achieved. |
| Net capital turnover ratio (times) | Revenue from Operations (Net) | Working Capital = Current Assets- Current Liabilities | (7.43) | (10.78) | 31% | Net Capital Turnover ratio has improved compared to previous year on account of improved operational activity. |
| Net profit percentage | Net profit | Revenue from Operations (Net) | -0.84% | -5.33% | 84% | Net profit percentage improved due to reduction in losses as compared to previous year. However, the net profit margin is still negative due to sharp increase in cost of raw material, energy cost and other input costs added by higher legal cost for Singapore litigation. |

Notes to Financial Statements

For the year ended March 31, 2022

| Ratios | Numerator | Denominator | FY 21-22 | FY 20-21 | % of Variance | Reason for variance |
|----------------------------|------------------------------------|-------------------------------------------------------------------------------|----------|----------|---------------|----------------------------------------------------------------------------------------------|
| Return on capital employed | Earnings before interest and taxes | Capital employed = Tangible Net Worth + Total Debt + Deferred Tax Liabilities | -1.47% | -4.90% | 70% | Return on capital employed improved due to reduction in losses as compared to previous year. |
| Return on Investment | Interest income | Average of investment in securities & bank deposits | 5.16% | 6.12% | -16% | Not Applicable |

42 Operating Segment

The Company determines Operating Segments as components of an entity for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker (CODM), in deciding how to allocate resources and assessing performance. a) The Company operates mainly in manufacturing of Dyes, Dyes Intermediates and Basic Chemicals. All other activities are incidental thereto and integrated, which have similar risk and return.

Considering the nature of Company's business, as well as based on reviews by CODM to make decisions about resource allocation and performance measurement, accordingly, there are no separate reportable Segment as far as primary Segment is concerned in accordance with the requirements of Ind AS - 108 – "Operating Segments", prescribed under the Companies (Indian Accounting Standards) Rules, 2015.

Analysis by Geographical Segment

| Particulars | (₹ in Lakhs) | |
|--------------------|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Domestic Sales | 89,943.68 | 55,701.74 |
| Export Sales | 22,926.33 | 12,344.63 |
| Total Sales | 112,870.01 | 68,046.37 |

43 Contingent Liabilities and Commitments

(a) Contingent Liabilities not provided for

| Particulars | (₹ in Lakhs) | |
|----------------------------------------|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| In respect of Bank Guarantees | 82.00 | 87.00 |
| In respect of Corporate Guarantees | 3,000.00 | 3,000.00 |
| In respect of Disputed Tax Liabilities | 1,077.92 | 1,456.52 |

- Bank guarantees include ₹ 45.00 Lakhs issued to GPCB and ₹ 37.00 Lakhs to Central Excise department.
- Corporate guarantee is given for securing loan given to M/s Lonsen Kiri Chemical Industries Limited. Outstanding loan in the books of Lonsen Kiri as on March 31, 2022 is NIL.
- Disputed tax liabilities are pending at various forums details of which are mentioned in CARO report.

(b) Capital commitments and other commitments

Estimated amount of contracts pending execution on capital accounts and not provided for (net of advances) is ₹ 1,248.42 Lakhs for FY 2021-22.

Notes to Financial Statements

For the year ended March 31, 2022

44 Foreign Currency Convertible Bonds (FCCB)

The Bond Holder, vide Extra Ordinary Resolution passed on March 24, 2016 has approved to modifications of existing terms and conditions of Foreign Currency Convertible Bonds (FCCBs). The Company has also executed the First Supplemental Trust Deed with the Trustee, the Bank of New York Mellon, London Branch, on March 29, 2016 to give effect of modification of terms of FCCBs. As per modification of terms maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

Details of FCCBs converted into equity shares of ₹ 10 each at premium of ₹ 2.03 per equity share are given below:

| Series of FCCBs | No of Bonds | Principal Amount (USD) |
|-----------------|-------------|------------------------|
| Series B | 8 | 800,000 |
| Series D | 9 | 900,000 |
| Series E | 9 | 900,000 |
| Series F | 14 | 1,400,000 |

There are no outstanding FCCBs as at March 31, 2022.

45 Share Based Payments

- a) Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 26th September 2014 and in compliance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Nomination and Remuneration Committee of the Company formulated Kiri Industries Limited Employee Stock Option Scheme - 2014 (ESOP Scheme - 2014).
- b) The Board of Directors of the Company at their meeting held on August 7, 2015 has allotted 1,000,000 equity shares of ₹ 10 each at an issue price of ₹ 35 per equity share to Kiri Employee Stock Option Trust for transfer of said equity shares to eligible employee upon exercise of equal number of options granted under the Scheme. The exercise price of the options shall be ₹ 35 (Face Value of ₹ 10 each) on the grant date.
- c) **Under the Scheme:**
- Vesting has commenced after the date of Grant and may extend up to five years from the date of Grant or such other percentage of vesting each year as decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board.
 - The exercise price for the purposes of the grant of Stock Options is as per terms & conditions decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
 - The exercise Period would be 5 (Five) years from the date of Grant or such other period as may be decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options.
 - The information related to stock options granted, exercised and outstanding as on March 31, 2022 (as certified by the management) are as follows:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------------------------------------------------|-------------------------|-------------------------|
| Options outstanding at the beginning of the financial year | 25,000 | 225,000 |
| Options Granted | - | - |
| Shares Transferred to Employee account from Trust Account | 25,000 | 200,000 |
| Options outstanding at the end of the financial year | - | 25,000 |

Notes to Financial Statements

For the year ended March 31, 2022

46 Code on Social Security, 2020 ('Code')

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

47 The previous year figures are regrouped or reclassified according to current year grouping and classification.

As per our attached report of even date.

For Pramodkumar Dad & Associates

Chartered Accountants

CA Pramod Dad

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 30, 2022

For and on behalf of the Board of Directors

Pravin Kiri

Chairman

DIN : 00198275

Suresh Gondalia

Company Secretary

Place : Ahmedabad

Date : May 30, 2022

Manish Kiri

Managing Director

DIN : 00198284

Jayesh Vyas

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To,
The Members
Kiri Industries Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Kiri Industries Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures comprising of the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on other financial information of the subsidiaries, associates and joint ventures referred in Other Matters paragraph and Emphasis of Matter paragraph below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2022 and their consolidated profit including other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Financial Statements in accordance with the Standards on Auditing (SAs), specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the audit of the Consolidated Financial Statements" Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we

have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of matter

1. We draw attention to various court cases and judgements in relation to disputes between Kiri Industries Ltd., ("the Company") and DyStar Global Holdings (Singapore) Pte. Ltd. ("DyStar") & Senda International Capital Ltd. ("Senda")
 - In case of Minority Oppression Suit (SIC4) the Company and Senda have filed appeal with Singapore Supreme Court against the order of Singapore International Commercial Court (SICC) dated December 21, 2020, March 17, 2021 and June 21, 2021 on various matters. Hearing at Supreme Court of Singapore has been Completed on January 28, 2022 and judgement is awaited for final valuation from Supreme Court of Singapore. The SICC vide judgement dated December 8, 2021 has awarded cost including disbursement of S\$8,111,642.11 to the Company. In same judgement the SICC has also ordered Senda to pay simple interest at the rate of 5.33% per annum from the date of judgement to the date of payment to the Company. Senda has filed appeal with Singapore Supreme Court against the said judgement and hearing is fixed on September 15 and 16, 2022.
 - In case of Company's counterclaim against DyStar vide case No. SIC7, the SICC delivered judgement on 21 September, 2021 and dismissed the Company's counterclaim and awarded all in cost of S\$1,137,856.41 to DyStar. The Company has filed appeal with Singapore Supreme Court against the said judgement. The Supreme Court of Singapore has fixed hearing on July 13 and 14, 2022.
 - The defamation suit filed by the Company against the DyStar, Senda & MLS India & their respective directors/officers is pending with City Civil Court, Ahmedabad.
2. We draw your attention to Emphasis of Matter mentioned by Independent Auditor of Subsidiary M/s Chemhub Trading DMCC, which states that "These financial statements have been prepared on a going concern basis, however, there is deficiency in the total equity of the Company amounting to USD 4,79,478/- arising out of losses of the preceding years. The continuance of business as a going concern is dependent upon the Company's ability to generate adequate profits to wipe off the accumulated losses of the Company and the continuous support from shareholder".

Our Opinion is not modified in respect of the above matters.

Independent Auditor's Report (Contd...)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Against Key audit matter, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the consolidated financial statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statement.

| Sr. No. | Key Audit Matter | Auditor's Response |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inventory of Raw material and Finished Goods | | |
| 1 | Inventories are considered as Key Audit Matter due to nature of business, technical indicators governing inventory valuation, size of Balance sheet and because inventory valuation involves management judgement. According to accounting policy followed, inventories are valued at lower of cost or market value. Cost comprise in addition to other things, overheads related to material, labour and other overheads. The Company has specific procedures to identify risk for obsolescence and valuation of inventories. | To address the matter our audit procedure included amongst others: <ul style="list-style-type: none"> ➤ Assessing the compliance of accounting policies over inventory with applicable accounting standards. ➤ Assessing the inventory valuation process and practices. ➤ Assessing the analysis and assessment made by management with respect to slow moving or obsolete stock. ➤ Discussion with those charged with responsibility of overlooking inventory management process. ➤ Expert opinion obtained by the Company on the technicalities of matter. ➤ Justification of management estimates and Judgements. ➤ Assessing the effectiveness of perpetual and physical inventory verification process. |
| Assessment of trade receivables | | |
| 2 | Trade receivables amounting to ₹ 28,871.85 Lakhs are considered as Key Audit Matter as they represent around 50% of the current assets of the Group. Significant management judgement is required to assess the recoverability of trade receivables. Management performed a detailed analysis considering customer's ageing profile, existence of disputes, credit history, increase in competition, historical payment pattern, forward-looking information for the estimation of expected credit losses on its trade receivables and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. | To address the matter our audit procedure included amongst others: <ul style="list-style-type: none"> ➤ Obtaining an understanding of and evaluating the Group's process and control over the collection and the assessment of the recoverability of trade receivables. ➤ We evaluated the management's assessment on the expected credit loss of trade receivables with reference to the historical payment records, credit history of the Group's customers and the correspondence with customers. ➤ We tested the ageing of trade receivables at the end of the reporting period on a sampling basis. ➤ We assessed the ageing of trade receivables and advances, the customer's historical payment patterns and whether any post year-end payments has been received up to the date of completing our audit procedures. ➤ We also obtained evidence of any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties wherever available. ➤ We also tested the subsequent settlements and the latest amounts of revenue certified by customers on a sampling basis. |

Independent Auditor's Report (Contd...)

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The risk for revenue being recognised in an incorrect period | | |
| 3 | Net sales comprise revenue from the sale of products / goods adjusted by indirect taxes and sales adjustments which primarily comprise discounts and sales returns. Revenue from sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer. This normally means when a product has been delivered to the customer in accordance with agreed delivery terms. The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of sales in the financial statements. | <p>To address the matter our audit procedure included amongst others:</p> <ul style="list-style-type: none"> ➤ Evaluation of internal control activities over revenue recognition and testing of key controls. ➤ Analysis of significant sales contracts to verify correct Ind AS accounting treatment. ➤ Testing timeliness of revenue recognition by comparing sample sales transactions to delivery documents and by checking significant credit notes issued after year end. ➤ Testing of accounts receivables by requesting confirmations from the customers and by reconciling payments received after the year end against the accounts receivable balances at the year end. |

Information other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, associates and joint ventures audited by the other auditors or certified by the management, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, associates and joint ventures audited by the other auditors or certified by the management, is traced from the financial statements audited by the other auditors or certified by the management.

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

Responsibilities of the management for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Management and Board of Directors of the companies included in the Group, its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the holding company, as aforesaid.

Independent Auditor's Report (Contd...)

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the subsidiaries included in the Group and of its its associates and joint ventures are also responsible for overseeing the Company's financial reporting process of the Group, its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Independent Auditor's Report (Contd...)

significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

M/s Kiri Industries Limited has five subsidiaries namely Chemhub Trading DMCC, SMS Chemical Co Ltd, Synthesis International Ltd., Amrat Laxmi Foundation and Kiri Renewable Energy Pvt. Ltd. Out of the above five subsidiaries, two subsidiaries namely SMS Chemical Co Ltd and Synthesis International Ltd. have ceased operations and further Synthesis International Ltd. is in the process of being wound up. Further, one subsidiary Kiri Renewable Energy Pvt. Ltd. was incorporated in FY 2020-21 and has not materially started any operations, therefore not considered for consolidation. The consolidated financial statements include the audited financial statements of two subsidiaries whose financial statements reflect Group's share of total assets of ₹ 3,049.06 Lakhs as at March 31, 2022, Group's share of total revenue of ₹ 7,337.63 Lakhs and Group's share of total net profit/(loss) after tax of ₹ 81.48 Lakhs for the year ended on March 31, 2022 as considered in the consolidated financial statements, which have been audited by their respective independent auditor. The independent auditors' report on Financial statement have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditor and the procedures performed by us are as stated in paragraph above.

The consolidated financial statements also include the financial statements of three Associates namely DyStar Global Holdings (Singapore) Pte. Ltd., Kiri Infrastructure Pvt Ltd. and Plutoeco Enviro Association. The financial statements of three associates whose financial statements reflect Group's share of total net profit after tax of ₹ 33,585.69 Lakhs for the year ended on March 31, 2022 as considered in the consolidated financial statements, which have been audited by their respective independent auditors. With respect to associate incorporated outside India namely DyStar Global Holdings (Singapore) Pte. Ltd., consolidated financial statements for the period from April 2021 to March 2022 are derived by the management by taking audited financials for the year ended December 31, 2021 and unaudited financials for period 01-01-2022 to 31-03-2022 as base. These derived financial statements were provided to us by Board of Directors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such report and the procedures performed by us are as stated in paragraph above. With respect to associate incorporated in India, the independent auditors' reports

on financial statements have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated financial statements also include the audited financial statements of one Joint Venture, whose financial statements reflect Group's share of total assets of ₹ 36,089.39 Lakhs as at March 31, 2022, Group's share of total revenue of ₹ 42,564.15 Lakhs and Group's share of total net profit after tax of ₹ 6,136.53 Lakhs for the year ended on March 31, 2022 as considered in the consolidated financial statements whose financial statements were audited by us. The Group recognizes its interest in the joint venture using the proportionate consolidation method as the Group is having interest in the Joint operations. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by Central Government in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint venture as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - a. We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the holding company so far as it appears from our examination of those books and the reports of the other auditors;
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and

Independent Auditor's Report (Contd...)

- Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of written representations received from the directors of the holding company as on March 31, 2022 taken on record by the Board of Directors of the holding company, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiaries, its associates and joint ventures none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the holding company, refer to our separate Report in "Annexure-2" to this report;
- g. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on other financial information of the subsidiaries, associates and joint ventures incorporated in India which were not audited by us, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (B) 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 Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.
- ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts.
- iii. There has been no delay in transferring amounts, required to be transferred to the Investors Education and Protection Fund by the holding company during the year ended on March 31, 2022.
- iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the holding company or its subsidiary companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective holding company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the holding company or its subsidiary companies incorporated in India from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the holding company or its subsidiary companies incorporated in India shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused them to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. Neither holding company nor its subsidiary companies incorporated in India has declared dividend or paid during the year.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner

MRN: 038261

FRN: 115869W

UDIN: 22038261AJXJYB7511

Place: Ahmedabad

Date: May 30, 2022

Independent Auditor's Report (Contd...)

Annexure - 1 to the Independent Auditors' Report of even date on the Consolidated Financial Statement of Kiri Industries Limited for the year ended March 31, 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date on the consolidated financial statements of the Company for the year ended March 31, 2022)

There are no qualifications or adverse remarks by the respective auditor in the CARO Report (Companies Auditor's Report Order) of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad

Partner

MRN: 038261

FRN: 115869W

UDIN: 22038261AJXJYB7511

Place: Ahmedabad

Date: May 30, 2022

Annexure - 2 to the Independent Auditors' Report of Even date on the Consolidated Financial Statement of Kiri Industries Limited for the year ended March 31, 2022

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date)

We have audited the internal financial controls over financial reporting of Kiri Industries Ltd. ("the Holding Company") as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the holding company, its subsidiary, associates and joint venture are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls

Independent Auditor's Report (Contd...)

over financial reporting, with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these consolidated financial statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that can have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated

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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the Group, its associates and joint ventures, which are companies incorporated in India, are based on the corresponding reports of the auditors of such companies.

Opinion

In our opinion, the Group, its associates and joint ventures, which are companies incorporated in India, has maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements, and such internal financial controls over financial reporting with reference to these consolidated financial statements, were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the holding company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner

MRN: 038261

FRN: 115869W

UDIN: 22038261AJXJYB7511

Place: Ahmedabad
Date: May 30, 2022

Consolidated Balance Sheet

as at March 31, 2022

(₹ in Lakhs)

| Particulars | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------------------------|----------|-------------------------|-------------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 2.1 | 54,303.64 | 55,910.11 |
| (b) Other Intangible assets | 2.2 | 282.94 | 421.09 |
| (c) Capital work-in-progress | 2.3 | 6,292.38 | 5,841.49 |
| (d) Investment in Subsidiary/Associate/Joint Venture | 3 | 178,055.74 | 144,470.04 |
| (e) Financial Assets | | | |
| (i) Investments | 4 | 2.98 | 7.79 |
| (ii) Trade receivables | 5 | 77.99 | 124.67 |
| (iii) Other Financial Assets | 6 | 1,339.35 | 1,305.75 |
| (f) Deferred tax assets (Net) | 22 | 1,330.24 | 718.45 |
| (g) Other non-current assets | 7 | 7,802.48 | 6,996.05 |
| Total Non - Current Assets | | 249,487.74 | 215,795.44 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 24,510.31 | 16,904.34 |
| (b) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade receivables | 9 | 28,871.85 | 32,928.61 |
| (iii) Cash and cash equivalents | 10 | 1,323.89 | 743.41 |
| (iv) Bank balances other than (iii) above | 11 | 537.83 | 303.30 |
| (v) Loans | 12 | 298.32 | 921.13 |
| (vi) Others Financial Assets | 13 | 213.32 | 438.18 |
| (c) Current Tax Assets (Net) | 14 | 153.89 | 48.81 |
| (d) Other current assets | 15 | 2,025.75 | 1,920.05 |
| Total Current Assets | | 57,935.16 | 54,207.83 |
| Total Assets | | 307,422.90 | 270,003.27 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share capital | 16 | 5,183.42 | 3,362.06 |
| (b) Other Equity | 17 | 252,080.64 | 215,082.46 |
| Total Equity | | 257,264.06 | 218,444.52 |
| (2) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 2,670.79 | 9,515.34 |
| (ii) Trade Payables | 19 | | |
| (a) Total outstanding dues of creditors other than MSME | | 169.84 | 52.30 |
| (b) Total outstanding dues of MSME | | - | - |
| (iii) Other financial liabilities | 20 | 131.65 | 121.65 |
| (b) Provisions | 21 | 539.70 | 1,560.53 |
| Total Non - Current Liabilities | | 3,511.98 | 11,249.82 |
| (3) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 23 | 6,915.39 | 5,335.02 |
| (ii) Trade payables | 24 | | |
| (a) Total outstanding dues of creditors other than MSME | | 32,226.88 | 25,484.15 |
| (b) Total outstanding dues of MSME | | 257.00 | 144.13 |
| (iii) Other financial liabilities | 25 | 2,628.69 | 4,317.66 |
| (b) Other current liabilities | 26 | 4,249.05 | 4,782.12 |
| (c) Provisions | 27 | 262.91 | 225.74 |
| (d) Current Tax Liabilities (Net) | 28 | 106.94 | 20.11 |
| Total Current Liabilities | | 46,646.86 | 40,308.93 |
| Total Equity and Liabilities | | 307,422.90 | 270,003.27 |
| Significant Accounting Policies | 1 | | |

Notes form an integral part to financial statements

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : May 30, 2022


Kiri Industries Limited
Future full of Colours...

For and on behalf of the Board of Directors

Pravin Kiri
Chairman
DIN : 00198275

Manish Kiri
Managing Director
DIN : 00198284

Suresh Gondalia
Company Secretary
Place : Ahmedabad
Date : May 30, 2022

Jayesh Vyas
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended on March 31, 2022

(₹ in Lakhs)

| Particulars | Note No. | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|-------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------|
| Income | | | |
| I Revenue From Operations | 29 | 149,691.38 | 95,702.86 |
| II Other Income | 30 | 198.43 | 223.73 |
| III Total Income (I+II) | | 149,889.81 | 95,926.59 |
| IV Expenses | | | |
| Cost of materials consumed | 31 | 102,109.13 | 57,702.65 |
| Purchases of stock-in-trade | | 5,307.59 | 4,125.03 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 32 | (5,453.59) | (1,175.19) |
| Employee benefits expense | 33 | 6,017.89 | 4,879.89 |
| Finance costs | 34 | 478.20 | 400.87 |
| Depreciation and amortization expense | 2.1 | 5,016.54 | 4,612.81 |
| Other expenses | 35 | 29,581.56 | 21,910.95 |
| Total expenses (IV) | | 143,057.32 | 92,457.01 |
| V Profit/(loss) before exceptional items and share of net profit and tax (III-IV) | | 6,832.49 | 3,469.58 |
| Share of net profit of associates | | 33,585.69 | 23,070.22 |
| Profit before exceptional items and tax | | 40,418.18 | 26,539.80 |
| VI Exceptional Items | | - | - |
| VII Profit/(Loss) before tax | | 40,418.18 | 26,539.80 |
| VIII Tax expense: | | | |
| (1) Current tax | | 1,540.84 | 1,292.28 |
| (2) Deferred tax | 22 | 2,152.63 | 1,863.37 |
| (3) Current tax of previous years | | (611.79) | (1,203.06) |
| | | - | 631.97 |
| IX Profit/(Loss) for the period from continuing operations (VII-VIII) | | 38,877.34 | 25,247.52 |
| X Profit/(Loss) for the period | | 38,877.34 | 25,247.52 |
| XI Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to Profit or Loss | | (33.32) | (9.49) |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | - | - |
| B (i) Items that will be reclassified to Profit or Loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| Total Other Comprehensive Income (XI) | | (33.32) | (9.49) |
| XII Total Comprehensive Income for the period (X+XI)(Comprising Profit/(Loss) and Other Comprehensive Income for the period) | | 38,844.02 | 25,238.03 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 38,877.34 | 25,247.52 |
| Other Comprehensive Income attributable to: | | | |
| Owners of the Company | | (33.32) | (9.49) |
| Total Comprehensive Income attributable to: | | | |
| Owners of the Company | | 38,844.02 | 25,238.03 |
| XIII Earnings per equity share of ₹ 10 each (For Continuing Operations) | | | |
| (1) Basic | | 95.49 | 75.07 |
| (2) Diluted | | 74.94 | 48.69 |
| XIV Earnings per equity share (For Discontinued Operation) | | | |
| (1) Basic | | - | - |
| (2) Diluted | | - | - |
| XV Earnings per equity share (For Discontinued & Continuing Operations) | | | |
| (1) Basic | | 95.49 | 75.07 |
| (2) Diluted | | 74.94 | 48.69 |
| Significant Accounting Policies | | | |
| Notes form an integral part to financial statements | | | |
| | 1 | | |

As per our attached report of even date.

For Pramodkumar Dad & Associates
Chartered Accountants

CA Pramod Dad

Partner
MRN : 038261
FRN : 115869W

Place : Ahmedabad
Date : May 30, 2022

For and on behalf of the Board of Directors

Pravin Kiri

Chairman
DIN : 00198275

Suresh Gondalia

Company Secretary
Place : Ahmedabad
Date : May 30, 2022

Manish Kiri

Managing Director
DIN : 00198284

Jayesh Vyas

Chief Financial Officer

Consolidated Cash Flow Statement

for the year ended on March 31, 2022

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| A Cash Flow from Operating Activities : | | |
| Net Profit before Tax and Extraordinary items | 6,832.49 | 3,469.58 |
| Adjustment for | | |
| - Depreciation | 5,016.54 | 4,612.81 |
| - Actuarial Valuation of Gratuity | (33.32) | (9.49) |
| - Interest & Dividend Income | (198.41) | (223.12) |
| - Interest charged to P & L | 478.20 | 400.87 |
| - Loss/(Profit) on Sale of Fixed Assets | (0.02) | (0.61) |
| Operating Profit before working capital changes | 12,095.49 | 8,250.03 |
| Adjustment for | | |
| - Trade Receivables | 4,103.43 | (815.25) |
| - Inventories | (7,605.97) | (2,634.68) |
| - Other Current Financial Assets | (9.67) | (141.54) |
| - Other Current Assets | (105.70) | (319.82) |
| - Other Non-Current Financial Assets | (33.60) | (104.10) |
| - Other Non-Current Assets | (806.43) | 358.24 |
| - Trade Payables | 6,973.13 | 3,841.56 |
| - Other Non-Current Financial Liabilities | 10.00 | 26.15 |
| - Other Current Financial Liabilities | (1,688.96) | 1,811.63 |
| - Other Current Liabilities | (533.07) | 293.11 |
| - Foreign Currency Translation Reserve | (24.48) | 31.46 |
| - Provisions | (983.66) | 145.78 |
| Cash Generated from Operations | 11,390.51 | 10,742.57 |
| - Taxes paid/provision & Deferred tax | (2,170.88) | (3,521.35) |
| Net Cash Flow from Operations | 9,219.63 | 7,221.22 |
| B Cash Flow from Investment Activities : | | |
| - Purchase of Property, Plant & Equipments including Capital Work in Progress | (3,749.68) | (7,784.50) |
| - Sale of Fixed Assets | 26.89 | 29.26 |
| - Interest and Dividend Income | 198.41 | 223.12 |
| - Loan & Advances | 622.82 | 519.50 |
| - Investment | 4.81 | (3.84) |
| Net Cash Flow from Investing Activities | (2,896.75) | (7,016.46) |
| C Cash Flow from Financing Activities : | | |
| - Proceeds from Equity Share Capital/Other equity | 1,821.34 | - |
| - Proceeds from FCCB | (2,191.09) | - |
| - Security Premium | 369.74 | - |
| - Proceeds from Long term Borrowings | 2,680.01 | 102.48 |
| - Interest charged | (478.20) | (400.87) |
| - Proposed Dividend | - | (168.13) |
| - Repayment of Long Term Borrowings | (7,944.20) | (231.42) |
| - Repayment of Short Term Borrowings | - | (2.22) |
| Net Cash Flow from Financing Activities | (5,742.40) | (700.16) |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | (580.48) | (495.40) |

Consolidated Cash Flow Statement

for the year ended on March 31, 2022

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Cash and Cash Equivalents as at (Opening) | 743.41 | 1,238.81 |
| Cash and Cash Equivalents as at (Closing) | 1,323.89 | 743.41 |
| Reconciliation of Cash and Cash Equivalent | | |
| Total Cash and Bank Balance as per Balance Sheet | 1,323.89 | 743.41 |
| Cash and Cash Equivalents comprises as under: | | |
| Balance with Banks in Current account | 1,314.00 | 731.27 |
| Cash on Hand | 9.89 | 12.14 |
| Cash and Cash Equivalent at the end of the year | 1,323.89 | 743.41 |
| Significant Accounting Policies | | |
| Notes form an Integral part to Financial statements | | |

As per our attached report of even date.

For Pramodkumar Dad & Associates

Chartered Accountants

CA Pramod Dad

Partner

MRN : 038261

FRN : 115869W

Place : Ahmedabad

Date : May 30, 2022

For and on behalf of the Board of Directors

Pravin Kiri

Chairman

DIN : 00198275

Suresh Gondalia

Company Secretary

Place : Ahmedabad

Date : May 30, 2022

Manish Kiri

Managing Director

DIN : 00198284

Jayesh Vyas

Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended on March 31, 2022

| A. Equity Share Capital | As at March 31, 2022 | | As at March 31, 2021 | |
|----------------------------------------------------------|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Equity Share Capital | 33,620,646 | 3,362.06 | 33,620,646 | 3,362.06 |
| Balance at the beginning of the reporting period | | | | |
| Change in equity capital due to prior periods errors | | | | |
| Restated Balance as at beginning of the reporting period | 33,620,646 | 3,362.06 | 33,620,646 | 3,362.06 |
| Changes in equity share capital during the year | 18,213,565 | 1,821.36 | - | - |
| Balance at the end of the reporting period | 51,834,211 | 5,183.42 | 33,620,646 | 3,362.06 |

(₹ in Lakhs)

| B. Other Equity | Reserves and Surplus | | | | | | | Total |
|---------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------|----------------------------|-------------------------------------|----------------------------|-----------------|-------------------|-------------------|
| | Equity component of compound financial instruments | Foreign Currency Translation Reserve | Capital Redemption reserve | Preference Share Redemption Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | |
| Balance at April 01, 2020 | 2,191.09 | (337.95) | 2,800.00 | 309.54 | 48,159.86 | 1,617.60 | 135,240.96 | 189,981.10 |
| Profit for the year | - | - | - | - | - | - | 25,247.52 | 25,247.52 |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | - | (9.49) | (9.49) |
| Dividends | - | - | - | - | - | - | (168.14) | (168.14) |
| Transfer from Retained Earnings to Preference Share Redemption Reserve | - | - | - | 61.91 | - | - | (61.91) | - |
| Addition/Deduction during the year | - | 31.47 | - | - | - | - | - | 31.47 |
| Balance at March 31, 2021 | 2,191.09 | (306.48) | 2,800.00 | 371.45 | 48,159.86 | 1,617.60 | 160,248.94 | 215,082.46 |
| Issue of Shares against Warrants / Fund received against Convertible Bond | (2,191.09) | - | - | - | 369.74 | - | - | (1,821.35) |
| Profit for the year | - | - | - | - | - | - | 38,877.34 | 38,877.34 |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | - | (33.32) | (33.32) |
| Transfer from Retained Earnings to Preference Share Redemption Reserve | - | - | - | 61.90 | - | - | (61.90) | - |
| Transfer to Capital Redemption Reserve | - | 433.35 | - | (433.35) | - | - | - | - |
| Addition/Deduction during the year | - | (24.49) | - | - | - | - | - | (24.49) |
| Balance at March 31, 2022 | - | (330.97) | 3,233.35 | - | 48,529.60 | 1,617.60 | 199,031.06 | 252,080.64 |

(₹ in Lakhs)

As per our attached report of even date.
For Pramodkumar Dad & Associates
Chartered Accountants

For and on behalf of the Board of Directors

CA Pramod Dad
Partner
MRN : 038261
FRN : 115869W

Pravin Kiri
Chairman
DIN : 00198275

Manish Kiri
Managing Director
DIN : 00198284

Suresh Gondalia
Company Secretary
Place : Ahmedabad
Date : May 30, 2022

Jayesh Vyas
Chief Financial Officer

Statement on Significant Accounting Policies

For the year ended March 31, 2022

BACKGROUND

Kiri Industries Limited (“the Company”) is a Public Company, limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956 having CIN as L24231GJ1998PLC034094. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7TH Floor, Hasubhai Chambers, Nr. Town Hall, Ellisbridge, Ahmedabad - 380 006 Gujarat, India. The Company is engaged in manufacturing and selling of Dyes, Dyes Intermediates and Basic Chemicals.

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group annual reporting date.

1.1 BASIS FOR PREPARATION OF ACCOUNTS

Statement of compliance with Ind AS

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Group’s normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Act, including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans - plan assets measured at fair value.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Kiri Industries Limited, (hereinafter referred to as “the Parent company” or “The Company”), its subsidiaries, joint venture and equity accounting of its investment in associates.

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exist when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affects those returns through power over the entity. In accessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, income and expenses. For the purpose of preparing these consolidated financial statements, the accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Statement of Profit and Loss and Consolidated Balance Sheet, separately from parent shareholders’ equity. Profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Joint Venture

The Group recognizes its interest in the joint venture using the proportionate consolidation method as the Group is having interest in the Joint operations. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Associate Company

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is generally presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. Investments in associate entities are accounted for using the equity method and are initially recognized at cost. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of estimating share of interest in 1(one) associate whose financial year ends on 31st December of every year, latest audit report of that associate is adjusted by incorporating provisional financial results of First quarter w.r.t. next year and eliminating First Quarter of the latest audit report, thereby arriving at the financial results for year ending on March 31,.

Details of Subsidiaries and Joint Venture with respective holdings thereof

a) List of subsidiaries and Joint Venture companies which are included in the consolidation and the Company's effective holdings therein are as under:

| Sr. No. | Name of Company | Ownership in % either directly or through Subsidiaries | | Country of Incorporation |
|----------|-------------------------------------|--------------------------------------------------------|---------|--------------------------|
| | | 2021-22 | 2020-21 | |
| A | Subsidiary | | | |
| | Chemhub Trading DMCC | 100.00 | 100.00 | Dubai |
| B | Joint Venture | | | |
| | Lonsen Kiri Chemical Industries Ltd | 40.00 | 40.00 | India |

b) Details of Associate Company and Ownership interest is as follow:

(₹ in Lakhs)

| Name of Company | % Share held | Original Cost of Investment | Goodwill / (Capital Reserve) | Carrying amount of Investments as at March 31, 2022 |
|----------------------------------------------|--------------|-----------------------------|------------------------------|-----------------------------------------------------|
| Kiri Infrastructure Private Limited | 47.61% | 1,443.75 | (185.78) | 1,257.97 |
| DyStar Global Holdings (Singapore) Pte. Ltd. | 37.57% | 9,550.24 | 167,245.28 | 176,795.52 |
| Plutoeco Enviro Association | 25.00% | 0.25 | - | 0.25 |
| Total | | 10,994.24 | 167,059.50 | 178,053.74 |

Note:

Two subsidiaries namely SMS Chemical Co Ltd and Synthesis International Ltd. have ceased operations and further Synthesis International Ltd. is in the process of being wound up. Further, one subsidiary namely Kiri Renewable Energy Pvt. Ltd. was incorporated in FY 2020-21 and have not materially started any operations, therefore not considered for consolidation.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgment in applying accounting policies. The preparation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the application of accounting policies, reported amounts of assets and liabilities, reported revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 02 - Useful Lives of Property, Plant and Equipment

Note 09 - Expected Credit Losses on Financial Assets

Note 22 – Current / Deferred tax expense

Note 29 - Revenue Recognition

Note 21, 27 & 44 - Provisions and contingencies

Note 40 - Measurement of defined benefit obligations

1.3 REVENUE RECOGNITION

Revenue is recognised upon transfer of control of promised products and services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for such products and services.

GST/ value added tax (VAT) is not received on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of Goods

Revenue from the sale of goods is recognised at the point in time when control is transferred to the buyer which is usually on dispatch / delivery of goods, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Export Benefits

Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.

Remission of Duties and Taxes on Export Products ("RoDTEP") income is recognised on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales.

Interest Income

Interest income on financial asset is recognised using the effective interest rate (EIR) method.

Dividend

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

Other Income

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Contract Balances (Trade Receivables)

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer SAP on Financial instruments – initial recognition and subsequent measurement.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier) recognised as revenue when the Group performs under the contract.

1.4 FOREIGN CURRENCY TRANSACTIONS

Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (₹), which is the Group's functional and presentation currency.

Transactions and Balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.5 PROPERTY, PLANT AND EQUIPMENTS

Tangible Assets

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment ("PPE") are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost of the item can be measured reliably.

An item of Property, Plant or Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.

Capital Work in Progress included in PPE is stated as Cost and includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the project.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

1.6 INTANGIBLE ASSETS

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment Losses.

Internally - generated intangible assets - Research and Development expenditure

Assessment of whether an internally generated Intangible Asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an Intangible Asset under development on fulfilment of following conditions:-

- The technical feasibility of completing the Intangible Asset so that it will be available for use or sale;
- The intention to complete the Intangible Asset and use or sell it;
- The ability to use or sell the Intangible Asset;
- The Intangible Asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset; and
- The ability to measure reliably the expenditure attributable to the Intangible Asset during its development.

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

Derecognition of Intangible Assets

An Intangible Asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are-recognised in the Statement of Profit and Loss when the asset is de-recognised.

1.7 IMPAIRMENT OF INVESTMENT

The group reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

1.8 IMPAIRMENT OF NON- FINANCIAL ASSETS

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1.9 DEPRECIATION AND AMORTISATION

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Depreciation is computed using Straight Line Method ("SLM") over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Useful lives of the items of Property, Plant and Equipment are as follows:

| Asset | Estimated Useful Life |
|------------------------|-----------------------|
| Leasehold Land | 99 years |
| Building | 30 years |
| Plant & Machinery | 15 years |
| Furniture and Fixtures | 10 years |
| Vehicles | 8 years |
| Computers | 3 years |

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line Method, commencing from the year in which the same are available to the Company for its intended use. The useful life so determined is as follows:

| Asset | Amortisation Period |
|-------------------|---------------------|
| Software Licenses | 3 years |

Depreciation on items of Property, Plant and Equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

1.10 FINANCIAL INSTRUMENTS

Fair value measurement of Financial Instruments

The group's accounting policies and disclosures require the measurement of fair values for certain financial and non-financial assets and liabilities based on their classification.

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.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

Financial Instruments

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

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Financial Asset

Initial recognition and measurement

All financial assets are recognised in balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument and initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset or liability are added to or deducted from the fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at FVTOCI

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

Debt instruments at amortised cost

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

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

After initial measurement, financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category covers Trade Receivables, Loans, Cash & Bank Balances and Other Receivables.

Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

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

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

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

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Equity instruments measured at FVTOCI

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Derecognition of Financial Assets

The group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

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

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

Impairment Financial Assets (other than at fair value)

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model or measurement and recognition of impairment loss for the following financial assets and credit risk exposures:

- Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits and bank balance
- Trade Receivables that result from transactions that are within the scope of Ind AS 115.

The group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 quarter ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 quarter ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 quarter ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent Measurement

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial Liability at Amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as such. Subsequently, any changes in fair value are recognised in the Statement of Profit and Loss.

Derecognition of Financial Liability

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.11 INVENTORIES

- Inventories are stated at the lower of cost and net realizable value.
- Cost of Raw Material is determined on FIFO basis.
- Stores and Consumables are valued at cost or net realizable value whichever is lower.
- Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition.
- Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Semi Finished Goods is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

1.13 LITIGATION

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

1.14 BORROWING COSTS

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/ or construction of qualifying assets are capitalized as a part of the cost of such asset, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

1.15 EMPLOYEE BENEFITS

Short term employee benefit obligations

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

Other long term employee benefit obligations

Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Defined benefit plans

Gratuity Obligations

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

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

Remeasurement 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 of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

1.16 GOODS AND SERVICE TAX (“GST”)

GST Credit of Raw Materials and Other Consumables is accounted at the time of purchase and the same is being adjusted to the cost of Raw Materials and Other Consumables.

1.17 ACCOUNTING FOR TAXES ON INCOME

Income Taxes

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred Taxes

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in consolidated financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred Tax Assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and Deferred Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Statement on Significant Accounting Policies

For the year ended March 31, 2022

1.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As a policy, the Group is regularly accessing the liability arising due to delay in fulfillment of the obligation against advance licenses taken for duty free import of the goods / various investment related schemes and required provisions are carried out in the books.

Contingent Liability is disclosed in the case of:

- A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from the past events, when no reliable estimate is possible;
- A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

1.19 LEASES

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

As a lessee, the Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; The lease liability is measured at amortised cost using the effective interest method.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

The group has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The group applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

1.20 EARNING PER SHARE

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Group's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted Earnings Per Share

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

1.21 DIVIDEND DISTRIBUTIONS

The group recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

1.22 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash and deposits with banks. The group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.23 STATEMENT OF CASH FLOWS

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

1.24 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Director's Report.

1.25 EXCEPTIONS ITEMS

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Statement on Significant Accounting Policies

For the year ended March 31, 2022

1.26 STANDARDS (INCLUDING AMENDMENTS) ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

2. Property, Plant and Equipments

| For FY 2021-22 | Gross Block | | | Depreciation / Amortisation | | | Net Block | | | |
|-------------------------------------------------|------------------|-----------------|---------------------|-----------------------------|------------------|-----------------|---------------------|------------------|------------------|------------------|
| | Opening | Addition | Sales / Adjustments | Closing | Opening | Addition | Sales / Adjustments | Closing | As on 31-03-2022 | As on 31-03-2021 |
| 2.1 Property, Plant and Equipment | | | | | | | | | | |
| Freehold Land | 1,043.50 | 32.94 | - | 1,076.44 | - | - | - | - | 1,076.44 | 1,043.50 |
| Leasehold Land | 2,365.55 | 96.70 | - | 2,462.25 | 76.11 | 20.85 | - | 96.96 | 2,365.29 | 2,289.44 |
| Building | 12,188.95 | 306.37 | - | 12,495.32 | 1,728.39 | 442.67 | - | 2,171.06 | 10,324.26 | 10,460.56 |
| Plant & Equipments | 54,176.69 | 2,081.45 | 58.45 | 56,199.69 | 14,875.35 | 3,863.83 | 31.69 | 18,707.49 | 37,492.19 | 39,301.34 |
| Electrification | 3,252.76 | 626.60 | - | 3,879.36 | 1,233.16 | 399.13 | - | 1,632.29 | 2,247.07 | 2,019.60 |
| Office Equipments | 141.97 | 22.16 | - | 164.13 | 77.02 | 19.97 | - | 96.99 | 67.14 | 64.95 |
| Furniture & Fixture | 177.34 | 21.93 | - | 199.27 | 93.63 | 11.92 | - | 105.55 | 93.72 | 83.71 |
| Vehicles | 938.88 | 95.65 | 1.09 | 1,033.44 | 364.68 | 105.21 | 0.99 | 468.90 | 564.54 | 574.20 |
| Computer | 122.25 | 12.28 | 0.01 | 134.52 | 49.44 | 12.09 | - | 61.53 | 72.99 | 72.81 |
| Total Property Plant & Equipment (A) | 74,407.89 | 3,296.08 | 59.55 | 77,644.42 | 18,497.78 | 4,875.67 | 32.68 | 23,340.77 | 54,303.64 | 55,910.11 |
| 2.2 Intangible Assets | | | | | | | | | | |
| Computer Software | 32.24 | 2.72 | - | 34.96 | 27.79 | 2.00 | - | 29.79 | 5.17 | 4.45 |
| Intellectual Property | 977.20 | - | - | 977.20 | 560.56 | 138.87 | - | 699.43 | 277.77 | 416.64 |
| Total Intangible Assets (B) | 1,009.44 | 2.72 | - | 1,012.16 | 588.35 | 140.87 | - | 729.22 | 282.94 | 421.09 |
| 2.3 Capital Work in Progress | | | | | | | | | | |
| Capital Work In Progress | 5,841.49 | 748.22 | 297.33 | 6,292.38 | - | - | - | - | 6,292.38 | 5,841.49 |
| Total Capital Work in Progress (C) | 5,841.49 | 748.22 | 297.33 | 6,292.38 | - | - | - | - | 6,292.38 | 5,841.49 |
| Total (A+B+C) | 81,258.82 | 4,047.02 | 356.88 | 84,948.96 | 19,086.13 | 5,016.54 | 32.68 | 24,069.99 | 60,878.96 | 62,172.69 |

- Land includes agricultural land intended for industrial purpose, held in the name of the Chairman of the Company in his fiduciary capacity as per Section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agricultural land into non-agricultural land.

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

| Particulars | Amount in capital work-in-progress for a period of | | | Total |
|----------------------|----------------------------------------------------|-----------------|-----------------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | |
| Projects in progress | 560.03 | 2,877.69 | 2,720.05 | 134.61 |
| Total | 560.03 | 2,877.69 | 2,720.05 | 134.61 |
| | | | | 6,292.38 |
| | | | | 6,292.38 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

2. Property, Plant and Equipments

| For FY 2020-21 Assets | Gross Block | | | Depreciation / Amortisation | | | Net Block | | | |
|-------------------------------------------------|------------------|------------------|---------------------|-----------------------------|------------------|-----------------|---------------------|------------------|------------------|------------------|
| | Opening | Addition | Sales / Adjustments | Closing | Opening | Addition | Sales / Adjustments | Closing | As on 31-03-2021 | As on 31-03-2020 |
| 2.1 Property, Plant and Equipment | | | | | | | | | | |
| Freehold Land | 1,023.17 | 20.33 | - | 1,043.50 | - | - | - | - | 1,043.50 | 1,023.17 |
| Leasehold Land | 2,365.55 | - | - | 2,365.55 | 55.26 | 20.85 | - | 76.11 | 2,289.44 | 2,310.29 |
| Building | 11,684.00 | 504.95 | - | 12,188.95 | 1,304.91 | 423.48 | - | 1,728.39 | 10,460.56 | 10,379.10 |
| Plant & Equipments | 46,080.35 | 8,120.08 | 23.74 | 54,176.69 | 11,315.85 | 3,561.70 | 2.19 | 14,875.35 | 39,301.34 | 34,764.50 |
| Electrification | 2,344.25 | 908.51 | - | 3,252.76 | 896.36 | 336.80 | - | 1,233.16 | 2,019.60 | 1,447.89 |
| Office Equipments | 126.20 | 15.77 | - | 141.97 | 55.01 | 22.01 | - | 77.02 | 64.95 | 71.19 |
| Furniture & Fixture | 165.86 | 11.48 | - | 177.34 | 79.24 | 14.39 | - | 93.63 | 83.71 | 86.62 |
| Vehicles | 758.72 | 196.80 | 16.64 | 938.88 | 291.36 | 83.10 | 9.78 | 364.68 | 574.20 | 467.36 |
| Computer | 106.07 | 16.41 | 0.23 | 122.25 | 40.34 | 9.10 | - | 49.44 | 72.81 | 65.73 |
| Total Property Plant & Equipment (A) | 64,654.17 | 9,794.32 | 40.61 | 74,407.89 | 14,038.33 | 4,471.43 | 11.97 | 18,497.78 | 55,910.11 | 50,615.85 |
| 2.2 Intangible Assets | | | | | | | | | | |
| Computer Software | 30.44 | 1.80 | - | 32.24 | 25.29 | 2.50 | - | 27.79 | 4.45 | 5.15 |
| Intellectual Property | 977.20 | - | - | 977.20 | 421.68 | 138.88 | - | 560.56 | 416.64 | 555.52 |
| Total Intangible Assets (B) | 1,007.64 | 1.80 | - | 1,009.44 | 446.97 | 141.38 | - | 588.35 | 421.09 | 560.67 |
| 2.3 Capital Work in Progress | | | | | | | | | | |
| Capital Work in Progress | 7,853.11 | 5,051.18 | 7,062.80 | 5,841.49 | - | - | - | - | 5,841.49 | 7,853.11 |
| Total Capital Work in Progress (C) | 7,853.11 | 5,051.18 | 7,062.80 | 5,841.49 | - | - | - | - | 5,841.49 | 7,853.11 |
| Total (A+B+C) | 73,514.92 | 14,847.30 | 7,103.41 | 81,258.82 | 14,485.30 | 4,612.81 | 11.97 | 19,086.13 | 62,172.69 | 59,029.63 |

- Land includes agricultural land intended for industrial purpose, held in the name of the Chairman of the Company in his fiduciary capacity as per Section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agricultural land into non-agricultural land.

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

| Particulars | Amount in capital work-in-progress for a period of | | | Total |
|----------------------|----------------------------------------------------|-----------------|---------------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | |
| Projects in progress | 2,986.83 | 2,720.05 | 119.95 | 5,841.49 |
| Total | 2,986.83 | 2,720.05 | 119.95 | 5,841.49 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

3. Non-Current - Investment

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Investments in Equity Instruments measured at Cost | | |
| Unquoted Investments - (Fully Paid Up) | | |
| (I) Investment in Subsidiaries | | |
| 3,839,000 Equity Shares (PY 3,839,000) of HK \$ 1 each in Synthesis International Ltd. | 256.86 | 256.86 |
| 970,000 Equity Shares (PY 970,000) of NTD 10 each in SMS Chemicals Co. Ltd. | 339.53 | 339.53 |
| 9,999 Equity Shares (PY 9,999) of ₹ 10 each in Amrat Laxmi Foundation | 1.00 | 1.00 |
| 9,999 Equity Shares (PY 9,999) of ₹ 10 each in Kiri Renewable Energy Pvt. Ltd. | 1.00 | 1.00 |
| Less : Impairment of Investments in SMS Chemical Co Ltd & Synthesis International Ltd. | (596.39) | (596.39) |
| (II) Investment in Associate Company | | |
| 2,623,354 Equity Shares (PY 2,623,354) of SG \$ 10 each in DyStar Global Holdings (Singapore) Pte. Ltd. | 9,550.24 | 9,550.24 |
| 2,625,000 Equity Shares (PY 2,625,000) of ₹ 10 each in Kiri Infrstructure Private Limited | 1,443.75 | 1,443.75 |
| 2,500 Equity Shares (PY 2,500) of ₹ 10 each in Plutoeco Enviro Association | 0.25 | 0.25 |
| Add : Share of Profit of Associates | 167,059.50 | 133,473.80 |
| Total | 178,055.74 | 144,470.04 |
| Aggregate Value of Unquoted Investment | | |
| Non-current | 178,055.74 | 144,470.04 |
| Aggregate Value of Impairment In Value of Investment | 596.39 | 596.39 |

Note:

- The Company had made assessment of investment in its subsidiary SMS Chemicals Co. Ltd. and taken into account the past business performances and prevailing condition. As a matter of prudence, the Company has written off diminution in carrying value of investments of ₹ 339.53 Lakhs as on April 01, 2016.
- The Company had made investment in its subsidiary Synthesis International Limited (Wholly Owned Subsidiary). The Company has already initiated the process for winding up of the Company with competent authority. As a matter of prudence, the Company has written off diminution in carrying value of investments of ₹ 256.86 Lakhs as on April 01, 2016.
- Investment in two subsidiaries SMS Chemicals Co. Ltd. and Synthesis International Limited are shown at cost less impairment. The Company has not consolidated the financial statements of its subsidiary SMS Chemicals Co. Ltd. and Synthesis International Limited in its consolidated financial statements.
- For status of various legal matters related to associate DyStar Global Holdings (Singapore) Pte. Ltd. refer Emphasis of Matter paragraph in Consolidated Independent Audit Report.

4. Non-Current Financial Assets - Investments

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------------------------------------------------------------|-------------|-------------|
| Investments in Equity Instruments measured at FVOCI | | |
| Unquoted Investment - (Fully Paid Up) | | |
| NIL Equity Shares (PY 20,000) of ₹ 25 each in Kalupur Commercial Co-Operative Bank Limited | - | 5.00 |
| 12,000 Equity Shares (PY 12,000) of ₹ 10 each in Kapsil Aqua Enviro Limited | 1.20 | 1.20 |
| 838,500 Equity Shares (PY 838,500) of ₹ 0.19 each in Bhadreshwar Vidhyut Private Limited | 1.59 | 1.59 |
| 1,900 Equity Shares (PY NIL) of ₹ 10 each in Indo Asia Copper Limited. | 0.19 | - |
| Total | 2.98 | 7.79 |
| Aggregate Value of Unquoted Investment | | |
| Non-current | 2.98 | 7.79 |
| Aggregate Value of Provision for Diminution in Value | - | - |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

5. Non-Current Financial Assets - Trade Receivables

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------|--------------|---------------|
| Unsecured and Considered Good | | |
| Trade Receivables | 77.99 | 124.67 |
| Total | 77.99 | 124.67 |

Ageing for Trade Receivables - Non-Current outstanding as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|---------|------------------------------------------------------------|-------------------|------------|------------|-------------------|--------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | - | - | - | 77.09 | 0.10 | 0.80 | 77.99 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

Ageing for Trade Receivables - Non-Current outstanding as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|---------|------------------------------------------------------------|-------------------|------------|------------|-------------------|---------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | - | 0.03 | 0.03 | 17.15 | 3.10 | 104.36 | 124.67 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

6. Other Non-Current Financial Assets

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-------------------|-----------------|-----------------|
| Security Deposits | 1,339.35 | 1,305.75 |
| Total | 1,339.35 | 1,305.75 |

7. Other Non-Current Assets

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|---------------------------------------------|-----------------|-----------------|
| Capital Advances | | |
| Capital Advances | 7,460.51 | 6,666.63 |
| Advances other than Capital Advances | | |
| Other Advances | 314.48 | 301.38 |
| Non-Current Tax Assets | 18.56 | 18.56 |
| Advances to Suppliers for Expenses & Staff | 8.93 | 9.48 |
| Total | 7,802.48 | 6,996.05 |

Note:

- i) Capital advances include advances made to an intermediary for purchase of land for the Company. Advances also include capital advances given to a party for industrial land pending necessary formalities for transfer.

8. Inventories

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------|------------------|------------------|
| Raw Material & Stores and Spares | 9,690.12 | 7,765.59 |
| Finished Goods | 6,972.61 | 6,615.07 |
| Stock in Process & Semi Finished Goods | 7,189.99 | 2,093.94 |
| Packing Material | 527.40 | 354.09 |
| Fuel | 130.19 | 75.64 |
| Total | 24,510.31 | 16,904.34 |

9. Current Financial Assets - Trade Receivables

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------|------------------|------------------|
| Unsecured and Considered good | | |
| Trade Receivables | 28,871.85 | 32,928.61 |
| | 28,871.85 | 32,928.61 |
| Less : Allowance for Credit Losses | - | - |
| Total | 28,871.85 | 32,928.61 |

Note:

- i) The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Ageing for Trade Receivables - Current outstanding as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|-----------|------------------------------------------------------------|-------------------|------------|------------|-------------------|------------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | 11,077.12 | 13,605.36 | 3,421.90 | 111.12 | 549.96 | 106.39 | 28,871.85 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

Ageing for Trade Receivables - Current outstanding as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|------------------------------------------------------------------------------------|-----------|------------------------------------------------------------|-------------------|------------|------------|-------------------|------------------|
| | | Less than 6 Months | 6 Months - 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | |
| Trade Receivables - Billed | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | 12,796.20 | 9,542.37 | 8,723.53 | 1,326.53 | 131.17 | 408.81 | 32,928.61 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - Credit impaired | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - |
| Trade Receivables - Unbilled | - | - | - | - | - | - | - |

10. Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------|-----------------|---------------|
| Balance with Banks in Current Accounts | 1,314.00 | 731.27 |
| Cash on Hand | 9.89 | 12.14 |
| Total | 1,323.89 | 743.41 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

11. Other Bank Balances

| Particulars | (₹ in Lakhs) | |
|------------------------------------------|---------------|---------------|
| | FY 2021-22 | FY 2020-21 |
| Deposits with Banks | 518.77 | 285.27 |
| Balances with Banks for Unpaid Dividends | 3.84 | 3.85 |
| Other Bank Balances | 15.22 | 14.18 |
| Total | 537.83 | 303.30 |

Note:

- i) The Current Account balance includes unpaid dividend of ₹ 3.84 Lakhs as at March 31, 2022 (PY ₹ 3.85 Lakhs) which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts.
- ii) Fixed Deposit with banks which is held as Margin Money or Security, Guarantee etc. of ₹ 158.16 Lakhs as at March 31, 2022 (PY ₹ 152.43 Lakhs)

12. Current Financial Assets - Loans

| Particulars | (₹ in Lakhs) | |
|--------------------------------------|---------------|---------------|
| | FY 2021-22 | FY 2020-21 |
| Unsecured and Considered Good | | |
| Loan to Others | 66.34 | 613.33 |
| Loan to Employees | 231.98 | 307.80 |
| Total | 298.32 | 921.13 |

13. Other Current Financial Assets

| Particulars | (₹ in Lakhs) | |
|---------------------------|---------------|---------------|
| | FY 2021-22 | FY 2020-21 |
| Export Benefit Receivable | 182.59 | 402.37 |
| Others | 30.73 | 35.81 |
| Total | 213.32 | 438.18 |

14. Current Tax Assets (Net)

| Particulars | (₹ in Lakhs) | |
|---------------------|---------------|--------------|
| | FY 2021-22 | FY 2020-21 |
| Advance tax and TDS | 153.89 | 48.81 |
| Total | 153.89 | 48.81 |

15. Other Current Assets

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------|-----------------|-----------------|
| | FY 2021-22 | FY 2020-21 |
| Advances other than Capital Advances | | |
| Balance with Government Authorities | 799.01 | 797.73 |
| Advances to Suppliers | 1,080.80 | 904.61 |
| Advances to Suppliers - For Expenses / Services | 40.05 | 109.11 |
| Prepaid Expenses | 105.89 | 108.60 |
| Total | 2,025.75 | 1,920.05 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

16. Equity Share Capital

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------------------|------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Authorised | | |
| 150,000,000 Equity Shares (Previous year 150,000,000) of ₹ 10 each | 15,000.00 | 15,000.00 |
| 50,000,000 Preference Shares (Previous year 50,000,000) of ₹ 10 each | 5,000.00 | 5,000.00 |
| Total | 20,000.00 | 20,000.00 |
| Issued, Subscribed & Paid-up Capital | | |
| 51,834,211 Equity Shares (PY 33,620,646) of ₹ 10 each fully paid up | 5,183.42 | 3,362.06 |
| Total | 5,183.42 | 3,362.06 |

The reconciliation of the number of Equity Shares outstanding as at March 31, 2022 and March 31, 2021 is set out below:

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------|-----------------------------|-----------------------------|
| | FY 2021-22 No. of Shares | FY 2020-21 No. of Shares |
| Number of shares at the beginning of the year | 33,620,646 | 33,620,646 |
| Add: Shares issued during the year | 18,213,565 | - |
| Number of shares at the end of the year | 51,834,211 | 33,620,646 |

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------------|----------------------|----------------------|
| | FY 2021-22 Amount | FY 2020-21 Amount |
| Value of shares at the beginning of the year | 3,362.06 | 3,362.06 |
| Add: Shares issued during the year | 1,821.36 | - |
| Value of shares at the end of the year | 5,183.42 | 3,362.06 |

Note:

- i) During the current year, the Company had converted 40 Foreign Currency Convertible Bonds into 18,213,565 Equity Shares of ₹ 10 each at issue price of ₹ 12.03 per share to Bondholders (PY NIL)

The details of shareholder holding more than 5% Equity Shares:

| Name of the shareholder | As at March 31, 2022 | | As at March 31, 2021 | |
|-------------------------------------|----------------------|----------------|----------------------|----------------|
| | No. of Shares | % of Total No. | No. of Shares | % of Total No. |
| Mr. Pravin Kiri | 2,436,288 | 4.70 | 2,501,680 | 7.44 |
| Mr. Manish Kiri | 1,747,728 | 3.37 | 1,822,728 | 5.42 |
| Ms. Anupama Kiri | 5,701,238 | 11.00 | 5,701,238 | 16.96 |
| Equinaire Chemtech LLP | 3,500,000 | 6.75 | 3,500,000 | 10.41 |
| Lotus Global Investment Ltd. | 4,131,987 | 7.97 | - | - |
| Cresta Fund Ltd. | 4,098,052 | 7.91 | - | - |
| Vikasa India EIF I Fund | 3,642,713 | 7.03 | - | - |
| Connecor Investment Enterprise Ltd. | 3,187,374 | 6.15 | - | - |
| LGOF Global Opportunities Ltd. | 3,187,374 | 6.15 | - | - |
| LTS Investment Fund Ltd. | 1,142,380 | 2.20 | 1,941,665 | 5.78 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Disclosure of shareholding of Promoters as at March 31, 2022

| Name of the Promoters | No. of Shares | % of Total Shares | % change during the year |
|------------------------|---------------|-------------------|--------------------------|
| Mr. Pravin Kiri | 2,436,288 | 4.70 | 2.61 |
| Mr. Manish Kiri | 1,747,728 | 3.37 | 4.11 |
| Ms. Aruna Kiri | 461,550 | 0.89 | - |
| Ms. Anupama Kiri | 5,701,238 | 11.00 | - |
| Pravin A Kiri-HUF | 3,682 | 0.01 | - |
| Equinaire Chemtech LLP | 3,500,000 | 6.75 | - |

Disclosure of shareholding of Promoters as at March 31, 2021

| Name of the Promoters | No. of Shares | % of Total Shares | % change during the year |
|------------------------|---------------|-------------------|--------------------------|
| Mr. Pravin Kiri | 2,501,680 | 7.44 | - |
| Mr. Manish Kiri | 1,822,728 | 5.42 | - |
| Ms. Aruna Kiri | 461,550 | 1.37 | - |
| Ms. Anupama Kiri | 5,701,238 | 16.96 | - |
| Pravin A Kiri-HUF | 3,682 | 0.01 | - |
| Equinaire Chemtech LLP | 3,500,000 | 10.41 | - |

Rights and Restrictions:

- i) The Company has only one class of Equity Shares having face value of ₹ 10 per share. The Equity Share holder is entitled to one vote per share. The Equity Shareholders have equal dividend rights in proportion to their shareholding.

17. Other Equity

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------------------------------|-------------------|-------------------|
| | FY 2021-22 | FY 2020-21 |
| Securities Premium Account | | |
| As per last year accounts | 48,159.86 | 48,159.86 |
| Add : Addition during the year | 369.74 | - |
| | 48,529.60 | 48,159.86 |
| General Reserve | | |
| As per last year accounts | 1,617.60 | 1,617.60 |
| | 1,617.60 | 1,617.60 |
| Capital Redemption Reserve | | |
| As per last year accounts | 2,800.00 | 2,800.00 |
| Add : Addition during the year | 433.35 | - |
| | 3,233.35 | 2,800.00 |
| Equity Component of Convertible Foreign Currency Bond | | |
| As per last year accounts | 2,191.09 | 2,191.09 |
| Less : Issue of Share against Warrant | (2,191.09) | - |
| | - | 2,191.09 |
| Redemption Reserve for Non Convertible Preference Shares | | |
| As per last year accounts | 371.45 | 309.54 |
| Add : Addition during the year | 61.90 | 61.91 |
| Less : Transfer to Capital Redemption Reserve | (433.35) | - |
| | - | 371.45 |
| Retained Earnings | | |
| As per last year accounts | 160,248.94 | 135,240.96 |
| Add : Surplus during the year | 38,877.34 | 25,247.52 |
| Add : Other Comprehensive Income/(Loss) | (33.32) | (9.49) |
| | 199,092.96 | 160,478.99 |
| Less : Redemption Reserve for Non Convertible Preference Shares | (61.90) | (61.91) |
| Less : Provision for Dividend on Equity Shares | - | (168.14) |
| | 199,031.06 | 160,248.94 |
| Translation Reserve | (330.97) | (306.48) |
| Total | 252,080.64 | 215,082.46 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Nature and Purpose of Reserves:

Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General Reserve

General reserve is created by the Company by appropriating the balance of Retained Earnings. It is a free reserve which can be used for meeting the future contingencies, creating working capital for business operations, strengthening the financial position of the Company, etc.

Capital Redemption Reserve

Capital Redemption Reserve was created to transfer redemption reserve of Non-Convertible Preference Shares. This is not free reserve and cannot be utilised for any other purpose.

Redemption Reserve for Non Convertible Preference Shares

The Company had created Redemption Reserve for redemption of Non-Convertible Redeemable Preference Shares. During the year the Company has transferred the said Redemption Reserve to Capital Redemption Reserve and redeemed all Non-Convertible Redeemable Preference Shares on March 25, 2022.

Retained Earnings

Retained Earnings are the profits that the Company has earned till date less any transfers to redemption reserve, dividends or other distributions paid to shareholders.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign subsidiaries are recognised in Other Comprehensive Income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount shall be reclassified to the statement of profit and loss when the net investment is derecognised by the Company.

18. Non-Current Borrowings

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | FY 2021-22 | FY 2020-21 |
| Borrowings | | |
| a) Secured (In Indian Currency) | | |
| Term Loan Facility from ARCs | - | 6,800.00 |
| Other Borrowings | 70.79 | 65.31 |
| [Refer Note 23 for Current Maturity of ₹ 6,860.39 Lakhs (PY ₹ 5,280.02 Lakhs)] | | |
| b) Unsecured | | |
| Inter Corporate Deposits | 2,600.00 | 2,000.00 |
| Other Financial Liabilities | | |
| NIL (PY 4,333,500) 0.15% Cumulative Non Convertible Redeemable Preference Shares of ₹ 10 each Fully paid up | - | 650.03 |
| Redemption Price - ₹ 15 per share | | |
| | 2,670.79 | 9,515.34 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Note:

- i) The details of security offered for the long term borrowings and current maturity of long term debts taken from ARCs are set out below :

| Description of Assets/Security | Security given to |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| All that piece or parcel of lease hold Plot No. 299/1/A, admeasuring about 3767 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece or parcel of lease hold Plot No. 299/1/B, admeasuring about 2050 sq. mts., alongwith factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), admeasuring about 2539 Sq. Mtrs. alongwith Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally admeasuring about 45773 sq. mts. alongwith factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra. | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 admeasuring about 31942 sq.mts., alongwith factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece or parcel of lease hold Plot Nos. 365 & 366, admeasuring about 1507.93 sq. mts., along with factory shed building standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol) | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, admeasuring about 22311 sq. mts., alongwith factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |
| All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, admeasuring about 16313 sq.mts., alongwith factory shed building, plant and machinery, Power plant situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara | First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited |

- ii) The details of long term borrowings and current maturity of long term borrowings Loans guaranted by Directors are set out below:

Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited are secured by personal Guarantees of some of the directors.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

iii) The details of terms of repayment etc. of long term borrowings and current maturity of long term borrowings are given below:
In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Quarterly installments starting from September, 2015 ending September, 2022. The details of EMI due from April, 2022 are as follows: One Quarterly EMI of ₹ 3,390 Lakh in June, 2022 and One Quarterly EMI of ₹ 3,410 Lakh in September, 2022.

iv) The details of security offered for Other Borrowings are set out below :

| Description of Loan | ROI | Repayment Terms | Security Given |
|---------------------|--------|------------------------|--------------------------|
| Vehicle Loan | 11.00% | 36 EMI of ₹ 1,18,051/- | Hypothecation of Vehicle |
| Vehicle Loan | 8.80% | 36 EMI of ₹ 31,661/- | Hypothecation of Vehicle |
| Vehicle Loan | 11.01% | 36 EMI of ₹ 2,29,135/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 16,605/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 16,577/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 20,854/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 26,535/- | Hypothecation of Vehicle |
| Vehicle Loan | 7.80% | 36 EMI of ₹ 20,854/- | Hypothecation of Vehicle |
| Vehicle Loan | 11.05% | 36 EMI of ₹ 77,202/- | Hypothecation of Vehicle |
| Vehicle Loan | 9.98% | 60 EMI of ₹ 42,813/- | Hypothecation of Vehicle |

v) The details of terms for Inter Corporate Deposits are set out below :

| Description of Loan | ROI | Security Given |
|--------------------------|--------|-------------------------------|
| Inter Corporate Deposits | 15.00% | Repayable till March 31, 2024 |

vi) The Company has only one class of Preference Shares carrying no voting right and have fixed right of dividend @ 0.15% per share of face value.

19. Non-Current - Trade payables

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-----------------------------------------------------|---------------|--------------|
| Total outstanding dues of creditors other than MSME | 169.84 | 52.30 |
| Total outstanding dues of MSME (Refer Note No. 37) | - | - |
| Total | 169.84 | 52.30 |

Ageing for Non-Current Trade Payables as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|---------|------------------|-----------|-----------|-------------------|---------------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | - | 1.11 | 4.77 | 7.30 | 130.11 | 26.55 | 169.84 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Ageing for Non-Current Trade Payables as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|---------|------------------|-----------|-----------|-------------------|-------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | - | - | - | 42.54 | 0.01 | 9.75 | 52.30 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

20. Non-Current - Other Financial Liabilities

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-------------------------|---------------|---------------|
| Deposits from Customers | 131.65 | 121.65 |
| Total | 131.65 | 121.65 |

Note:

- i) Deposits from customers are non-interest bearing.

21. Provisions

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------------------------|---------------|-----------------|
| Provision for Employee Benefits (Refer Note 40) | | |
| Gratuity | 463.30 | 370.90 |
| Compensated Absences | 76.40 | 89.44 |
| Provision Others | - | 1,100.19 |
| Total | 539.70 | 1,560.53 |

22. Deferred Tax Liabilities (Net)

Current Tax

a) **Amounts recognised in Statement of Profit and Loss**

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------------------|-----------------|-------------------|
| Current Tax | | |
| Current Income Tax | 2,152.63 | 1,863.37 |
| Excess provision of Income Tax for Earlier Years | - | 631.97 |
| Total Current Tax Expenses | 2,152.63 | 2,495.34 |
| Deferred Tax | | |
| Increase in Deferred Tax Liabilities | (611.79) | (1,203.06) |
| MAT Credit Entitlement | - | - |
| Total Deferred Tax Expenses/(Benefits) | (611.79) | (1,203.06) |
| Income Tax Expenses | 1,540.84 | 1,292.28 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-----------------------------------------------------------------------------|------------|------------|
| Accounting Profit Before Tax from continuing operations for Indian Entities | 6,751.01 | 2,873.16 |
| Accounting Profit Before Tax | 6,751.01 | 2,873.16 |
| Tax at India's Statutory Income Tax rate of 34.944% (PY Tax rate 34.94%) | 2,075.50 | 315.02 |

c) Deferred Tax Liabilities

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|---------------------------------------------------------------------------|-------------------|-----------------|
| Deferred Tax | (1,330.24) | (718.45) |
| (Net of MAT Credit Entitlement of ₹ 4,607.53 Lakhs) (PY ₹ 4,607.53 Lakhs) | | |
| Total | (1,330.24) | (718.45) |

d) Movement in Deferred Tax Expenses

As on March 31, 2022

(₹ in Lakhs)

| Particulars | Opening | P/L | Net | DTA | DTL |
|----------------------------------------------|-------------------|---------------|-------------------|-----------------|-------------------|
| Deferred Tax Assets/(Liabilities) | | | | | |
| Property, Plant and Equipment | (6,016.18) | (420.22) | (6,436.40) | - | (6,436.40) |
| Investment | 208.40 | - | 208.40 | 208.40 | - |
| Unabsorbed Dep/Losses | 1,918.70 | 1,032.01 | 2,950.71 | 2,950.71 | - |
| Total | (3,889.08) | 611.79 | (3,277.29) | 3,159.11 | (6,436.40) |
| Net Deferred Tax Assets/(Liabilities) | | | | | (3,277.29) |

As on March 31, 2021

(₹ in Lakhs)

| Particulars | Opening | P/L | Net | DTA | DTL |
|----------------------------------------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| Deferred Tax Assets/(Liabilities) | | | | | |
| Property, Plant and Equipment | (5,300.55) | (715.63) | (6,016.18) | - | (6,016.18) |
| Investment | 208.40 | - | 208.40 | 208.40 | - |
| Unused Unabsorbed Dep/Losses | - | 1,918.70 | 1,918.70 | 1,918.70 | - |
| Total | (5,092.15) | 1,203.07 | (3,889.08) | 2,127.10 | (6,016.18) |
| Net Deferred Tax Assets/(Liabilities) | | | | | (3,889.08) |

23. Current - Borrowings

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------|-----------------|-----------------|
| Unsecured Loans | | |
| Inter Corporate Deposits | 55.00 | 55.00 |
| Secured Loans | | |
| Current Maturity of Debt | 6,860.39 | 5,280.02 |
| Total | 6,915.39 | 5,335.02 |

Note:

i) The details of terms for Inter Corporate Deposits are set out below :

| Description of Loan | ROI | Repayment Terms |
|--------------------------|--------|-------------------------------|
| Inter Corporate Deposits | 18.00% | Repayable till March 31, 2023 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

24. Current - Trade Payables

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-----------------------------------------------------|------------------|------------------|
| Total outstanding dues of MSME (Refer Note No. 37) | 257.00 | 144.13 |
| Total outstanding dues of creditors other than MSME | 32,226.88 | 25,484.15 |
| Total | 32,483.88 | 25,628.28 |

Note:

- Balances of Creditors are subject to confirmation and reconciliation, if any and they are stated in the Balance Sheet if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- Trade Payable includes amount due to Related Parties ₹ 10.63 Lakhs as at March 31, 2022 (PY ₹ 13.85 Lakhs)

Ageing for Current Trade Payables as at March 31, 2022 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|-----------|------------------|-----------|-----------|-------------------|-----------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | 13.94 | 223.04 | 20.02 | - | - | 257.00 |
| (ii) Others | - | 14,290.95 | 15,644.88 | 2,283.71 | 0.08 | 7.26 | 32,226.88 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

Ageing for Current Trade Payables as at March 31, 2021 is as follows:

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|----------------------|------------------------------------------------------------|-----------|------------------|-----------|-----------|-------------------|-----------|
| | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | 18.50 | 103.45 | 22.08 | - | 0.10 | 144.13 |
| (ii) Others | - | 10,513.09 | 14,359.66 | 540.01 | 26.11 | 45.28 | 25,484.15 |
| (iii) Disputed -MSME | - | - | - | - | - | - | - |
| (iv) Disputed-Others | - | - | - | - | - | - | - |

25. Current - Other Financial Liabilities

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------------------|-----------------|-----------------|
| Interest accrued but not due on borrowings | 92.27 | 74.71 |
| Employee Benefit Payable | 602.15 | 491.67 |
| Unpaid Dividend | 3.84 | 3.85 |
| Payable for Capital Goods | 1,930.43 | 3,747.43 |
| Total | 2,628.69 | 4,317.66 |

Note:

- There is no amount outstanding in respect of Unpaid Dividend to be transferred to Investor Education & Protection Fund under Section 125 of the Companies Act, 2013.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

26. Other Current Liabilities

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------|-----------------|-----------------|
| Advance received from Customer | 3,485.52 | 3,664.79 |
| Statutory Dues | 616.41 | 915.03 |
| Other Liabilities | 147.12 | 202.30 |
| Total | 4,249.05 | 4,782.12 |

27. Current - Provisions

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|----------------------------------------|---------------|---------------|
| Provision for Employee Benefits | | |
| Gratuity | 219.42 | 186.20 |
| Compensated Absences | 18.08 | 19.07 |
| Leave Travel Allowance | 25.41 | 20.47 |
| Total | 262.91 | 225.74 |

28. Current Tax Liabilities (Net)

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-----------------------------------------------------|---------------|--------------|
| Current Tax Payable (Net of Advance Tax, TDS & TCS) | 106.94 | 20.11 |
| Total | 106.94 | 20.11 |

29. Revenue From Operations

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|-------------------------|-------------------|------------------|
| Sale of Products | 147,338.34 | 94,196.88 |
| Other Operating Revenue | 2,353.04 | 1,505.98 |
| Total | 149,691.38 | 95,702.86 |

30. Other Income

(₹ in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------|---------------|---------------|
| Interest Income | 183.77 | 222.91 |
| Dividend Income | 0.75 | - |
| Profit on sale of Fixed Assets | 0.02 | 0.61 |
| Other Income | 13.89 | 0.21 |
| Total | 198.43 | 223.73 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

31. Cost of Material Consumed

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------|-------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Raw Material Consumed : | | |
| Opening Inventory | 6,919.55 | 5,859.10 |
| Add : Net Purchases | 101,609.19 | 57,210.09 |
| Less: Inventory at the end of the year | 8,604.24 | 6,919.55 |
| Cost of Raw Material consumed during the year | 99,924.50 | 56,149.64 |
| Packing Material Consumed : | | |
| Opening Inventory | 354.09 | 305.51 |
| Add : Net Purchases | 2,357.94 | 1,601.59 |
| Less: Inventory at the end of the year | 527.40 | 354.09 |
| Cost of Packing Material consumed during the year | 2,184.63 | 1,553.01 |
| Total | 102,109.13 | 57,702.65 |

32. Changes In Inventories Of Finished Goods, Work-In-Progress & Stock-In Trade

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------|-------------------|-------------------|
| | FY 2021-22 | FY 2020-21 |
| (Increase)/decrease in Stocks | | |
| Stock at the beginning of the year : | | |
| Finished Goods | 6,615.07 | 5,772.20 |
| Work in Progress & Semi Finished Goods | 2,093.94 | 1,761.62 |
| | 8,709.01 | 7,533.82 |
| Stock at the end of the year : | | |
| Finished Goods | 6,972.61 | 6,615.07 |
| Work in Progress & Semi Finished Goods | 7,189.99 | 2,093.94 |
| | 14,162.60 | 8,709.01 |
| Total | (5,453.59) | (1,175.19) |

33. Employee Benefits Expenses

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------|-----------------|-----------------|
| | FY 2021-22 | FY 2020-21 |
| Salaries, Wages & Bonus | 5,260.46 | 4,272.00 |
| Contribution to Provident fund & other funds | 393.88 | 349.01 |
| Welfare Expenses | 363.55 | 258.88 |
| Total | 6,017.89 | 4,879.89 |

34. Finance Cost

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------|---------------|---------------|
| | FY 2021-22 | FY 2020-21 |
| Interest & Financial Charges | | |
| Interest Cost | 412.97 | 350.46 |
| Financial Charges | 65.23 | 50.41 |
| Total | 478.20 | 400.87 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

35. Other Expenses

| Particulars | (₹ in Lakhs) | |
|------------------------------------------|------------------|------------------|
| | FY 2021-22 | FY 2020-21 |
| Operational & Other Expenses | | |
| Power & Fuel | 15,155.44 | 9,426.54 |
| Repairs & Maintenance | | |
| - Buildings | 193.30 | 159.75 |
| - Machineries | 2,105.01 | 1,805.53 |
| - Other Assets | 278.36 | 202.30 |
| Pollution Treatment Expenses | 1,456.73 | 1,359.86 |
| Laboratory Expenses | 131.19 | 96.35 |
| Factory Expenses | 129.51 | 105.00 |
| Labour Expenses | 2,332.66 | 2,020.39 |
| Insurance Premium | 213.80 | 213.52 |
| Provision for Doubtful Debts | - | 3.37 |
| Communication Expenses | 55.08 | 52.82 |
| Postage & Courier | 28.92 | 21.73 |
| Travelling & Conveyance | 108.11 | 75.79 |
| Compensation Expenses | 74.63 | - |
| Repairs & Maintenance - Others | 67.04 | 47.12 |
| Membership & Subscription | 8.35 | 6.14 |
| Security Expenses | 189.14 | 182.30 |
| Legal & Professional Fees | 2,627.89 | 3,179.63 |
| Payment to Auditors | 39.64 | 39.73 |
| Rent, Rates & Taxes | 157.86 | 156.33 |
| Foreign Exchange Loss | 118.19 | 247.44 |
| CSR and Social Welfare Expenses | 263.69 | 334.73 |
| Miscellaneous Expenses | 153.54 | 77.03 |
| Software Expense | 12.62 | 8.19 |
| Export Expenses | 48.23 | 83.84 |
| Outward Freight & Transportation Charges | 2,510.01 | 1,197.79 |
| Commission on Sales | 972.70 | 684.32 |
| Travelling Expenses | 54.00 | 14.50 |
| Advertisement & Sales Promotion Expenses | 95.92 | 108.92 |
| Total | 29,581.56 | 21,910.95 |

36 Earning per share (EPS)

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Net Profit After Tax attributable to Shareholder (₹ in Lakhs) | 38,844.02 | 25,238.03 |
| Weighted average number of equity shares for calculating Basic EPS * | 40,677,778 | 33,620,646 |
| Weighted average number of equity shares for Diluted EPS * | 51,834,211 | 51,834,211 |
| Nominal Value Per Share (in ₹) | 10.00 | 10.00 |
| Basic Earning Per Share (in ₹) | 95.49 | 75.07 |
| Diluted Earning Per Share (in ₹) | 74.94 | 48.69 |

During the current year, the Group had converted 40 Foreign Currency Convertible Bonds into 1,82,13,565 Equity Shares of ₹ 10 each at issue price of ₹ 12.03 per share to Bondholders (PY NIL).

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

37 MSME Disclosure

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

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2022 has been made in the financial statements based on information received and available from the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act is not expected to be material. The Group has not received any claim for interest from any Supplier as at date of this financial statement.

The details as required by MSMED Act are given below:

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year: | | |
| Principal Amount | 257.01 | 144.13 |
| Interest Amount | - | - |
| The amount of interest paid by the buyer under MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | NIL | NIL |
| The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid) | - | - |
| The amount of interest accrued and remaining unpaid at the end of the accounting year: | | |
| The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 . | - | - |

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

38 Financial Instruments

A Capital Management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, adjusted net debt is defined as total Liabilities, comprising Interest-bearing Loans and Borrowings and obligations under Finance Leases, less Cash and Cash Equivalents. Adjusted Equity Comprises all components of Equity.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Lakhs)

| Particulars | As at | As at |
|-----------------------------------|----------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Total Interest Bearing Debt | 9,586.18 | 14,850.36 |
| Less : Cash and Cash Equivalents | 1,323.89 | 743.41 |
| Adjusted Net Debt | 8,262.29 | 14,106.95 |
| Total Equity | 257,264.06 | 218,444.52 |
| Adjusted Net Debt to Equity Ratio | 0.03 | 0.06 |

No changes were made in the objectives, policies or processes for managing capital during the current period and previous years.

B Fair Value Measurement And Financial Risk Management

(i) Category-wise classification of financial instruments:

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | | | |
|------------------------------|----------------------|-------------|----------|------------------|
| | Amortised Cost | FVTOCI | FVTPL | Total Value |
| Financial Assets | | | | |
| Non Current Investment | - | 2.98 | - | 2.98 |
| Other Financial Assets | | | | |
| Non Current | 1,339.35 | - | - | 1,339.35 |
| Current | 213.32 | - | - | 213.32 |
| Trade Receivables | | | | |
| Non Current | 77.99 | - | - | 77.99 |
| Current | 28,871.85 | - | - | 28,871.85 |
| Cash and Cash equivalents | 1,323.89 | - | - | 1,323.89 |
| Other Bank Balance | 537.83 | - | - | 537.83 |
| Loans | 298.32 | - | - | 298.32 |
| Total | 32,662.55 | 2.98 | - | 32,665.53 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Non Current | 2,670.79 | - | - | 2,670.79 |
| Current | 6,915.39 | - | - | 6,915.39 |
| Trade Payables | | | | |
| Non Current | 169.84 | - | - | 169.84 |
| Current | 32,483.88 | - | - | 32,483.88 |
| Other Financial Liabilities | | | | |
| Non Current | 131.65 | - | - | 131.65 |
| Current | 2,628.69 | - | - | 2,628.69 |
| Total | 45,000.24 | - | - | 45,000.24 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | | | |
|------------------------------|----------------------|-------------|----------|------------------|
| | Amortised Cost | FVTOCI | FVTPL | Total Value |
| Financial Assets | | | | |
| Non Current Investment | - | 7.79 | - | 7.79 |
| Other Financial Assets | | | | |
| Non Current | 1,305.75 | - | - | 1,305.75 |
| Current | 438.18 | - | - | 438.18 |
| Trade Receivables | | | | |
| Non Current | 124.67 | - | - | 124.67 |
| Current | 32,928.61 | - | - | 32,928.61 |
| Cash and Cash equivalents | 743.41 | - | - | 743.41 |
| Other Bank Balance | 303.30 | - | - | 303.30 |
| Loans | 921.13 | - | - | 921.13 |
| Total | 36,765.05 | 7.79 | - | 36,772.84 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Non Current | 9,515.34 | - | - | 9,515.34 |
| Current | 5,335.02 | - | - | 5,335.02 |
| Trade Payables | | | | |
| Non Current | 52.30 | - | - | 52.30 |
| Current | 25,628.28 | - | - | 25,628.28 |
| Other Financial Liabilities | | | | |
| Non Current | 121.65 | - | - | 121.65 |
| Current | 4,317.66 | - | - | 4,317.66 |
| Total | 44,970.25 | - | - | 44,970.25 |

* Investments does not include investment in subsidiaries which are measured at cost.

(ii) Measurement of Fair values and Sensitivity analysis

Fair Value Hierarchy

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

Financial assets and financial liabilities measured at fair value in the Balance Sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the Assets or Liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the Assets or Liabilities that are not based on observable market data (unobservable inputs).

The cost of unquoted investments included in Level 3 fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

(a) Financial instrument measured at fair value

The Group uses the following hierarchy for determining and/or disclosing the fair value of financial assets by valuation techniques:

(₹ in Lakhs)

| Financial assets / Financial liabilities | Fair Value at | | Fair Value hierarchy |
|------------------------------------------------------|----------------|----------------|----------------------|
| | March 31, 2022 | March 31, 2021 | |
| Non-current Investments at FVTPL | 2.98 | 7.79 | Level 2 |
| Other Non-current Financial Assets at Amortised Cost | 1,339.35 | 1,305.75 | Level 2 |
| Non-current Borrowings at Amortised Cost | 2,670.79 | 9,515.34 | Level 2 |

There is no movement from between Level 1, Level 2 and Level 3.

(b) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

39 Financial Risk Management, Objective and Policies

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

The Group has exposure to the following risks arising from financial instruments:

- (a) Credit Risk
- (b) Liquidity Risk and
- (c) Market Risk

(a) Credit Risk:

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk arising from its operating activities primarily from trade receivables, from financing activities primarily relating to parking of surplus funds as Deposits with Banks, investments, loans, and security deposits.

The carrying amounts of financial assets represent the maximum credit risk exposure. Credit risk assessment on various components is described below:

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

The Group measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, as per management perceptions, loss on collection of receivable is not material hence no additional provision considered.

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

| Particulars | (₹ in Lakhs) | |
|--------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Domestic | 8,832.77 | 12,125.16 |
| Other Region | 20,117.08 | 20,928.12 |
| Total | 28,949.85 | 33,053.28 |

(ii) Cash and cash equivalents and bank deposits

Credit risk from balances with Banks and Financial Institutions is managed by the Group's treasury department. Investments of surplus funds are made only with approved counter parties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Security Deposits and Loans

This consists of loans given to Employees and Security Deposits given to utility providers like Electricity companies and others. These carries limited credit risk based on the financial position of parties and Group's historical experience of dealing with these parties.

(b) Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SGD. The Group has in place the Risk Management Policy to manage the foreign exchange exposure.

The Foreign currency exchange rate exposure is partly balanced through natural hedge. This provide an economic hedge without derivatives being entered into and therefore hedge accounting not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group can enter into foreign currency forward contracts and other authorized derivative contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables and borrowings.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Exposure to Currency Risk

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

| Particulars | Currency | (₹ in Lakhs) | |
|-------------------------------|----------|-------------------------|-------------------------|
| | | As at March 31, 2022 | As at March 31, 2021 |
| Financial assets | | | |
| Trade receivables | EURO | - | 133.96 |
| | USD | 20,163.05 | 20,708.24 |
| | SGD | - | 173.21 |
| Loans and Advances | USD | 10.60 | 44.62 |
| Bank balance in EEFC accounts | USD | 892.48 | 230.33 |
| Financial liabilities | | | |
| Trade payables | USD | 6,366.16 | 5,398.95 |
| | EURO | 36.55 | 37.22 |
| | SGD | 3,485.37 | 2,817.53 |

Sensitivity analysis

| Effect in ₹ | (₹ in Lakhs) | |
|-----------------------------|-----------------|---------------|
| | Strengthening | Weakening |
| As at March 31, 2022 | | |
| 3% movement | | |
| USD | (441.00) | 441.00 |
| EURO | 1.10 | (1.10) |
| SGD | 104.56 | (104.56) |
| Total | (335.34) | 335.34 |
| As at March 31, 2021 | | |
| 3% movement | | |
| USD | (467.53) | 467.53 |
| EURO | (2.90) | 2.90 |
| SGD | 79.33 | (79.33) |
| Total | (391.10) | 391.10 |

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below summarises the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Contractual maturities of financial liabilities

| As at March 31, 2022 | | | | |
|----------------------------------------------|------------------|-----------------|------------------|------------------|
| Particulars | (₹ in Lakhs) | | | |
| | Upto 1 year | 1-2 year | More than 2 year | Total |
| Non-derivatives Financial Liabilities | | | | |
| Long term borrowings incl. current maturity | 6,860.39 | 2,652.74 | 18.05 | 9,531.18 |
| Short term loans and borrowings | 55.00 | - | - | 55.00 |
| Trade Payables | 32,653.72 | - | - | 32,653.72 |
| Other Financial Liabilities | 2,628.69 | - | 131.65 | 2,760.34 |
| Total | 42,197.80 | 2,652.74 | 149.70 | 45,000.24 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

| As at March 31, 2021 | | | | (₹ in Lakhs) |
|----------------------------------------------|------------------|-----------------|------------------|------------------|
| Particulars | Upto 1 year | 1-2 year | More than 2 year | Total |
| Non-derivatives Financial Liabilities | | | | |
| Long term borrowings incl. current maturity | 5,280.02 | 9,487.80 | 27.54 | 14,795.36 |
| Short term loans and borrowings | 55.00 | - | - | 55.00 |
| Trade Payables | 25,680.58 | - | - | 25,680.58 |
| Other Financial Liabilities | 4,317.65 | - | 121.65 | 4,439.30 |
| Total | 35,333.25 | 9,487.80 | 149.19 | 44,970.24 |

40 Detail of Employees Benefits

(a) Defined Contribution Plans

The Group has defined contribution plan in form of Provident Fund and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the Group is required to contribute a specified rates to fund the schemes.

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------|----------------------|----------------------|
| Provident Fund | 219.08 | 183.18 |
| Employee State Insurance Scheme | 59.63 | 51.95 |
| Total | 278.71 | 235.13 |

(b) Defined Benefits Plans

The Group provides for retirement benefits in the form of Gratuity. The Group's gratuity scheme (unfunded) provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to a ceiling of ₹ 20 Lakhs. Vesting occurs upon completion of 05 years of service.

The present value of the defined benefits plan was measured using the projected unit credit method.

The following tables set out the status of the gratuity plan and amounts recognised in the financial statements:

(i) Present value of defined benefit obligation

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------------------------------|----------------------|----------------------|
| Balance at the beginning of the period | 560.42 | 468.50 |
| Current service cost | 79.55 | 70.83 |
| Interest Cost | 38.00 | 31.95 |
| Past Service Cost | - | - |
| Liability Transferred In | - | - |
| (Liability Transferred Out) | - | - |
| Remeasurement (gain)/loss: | - | - |
| Actuarial (Gain)/loss arising from Demographic adjustments | (0.28) | - |
| Actuarial (Gain)/Loss due to changes in Financial Assumption | (31.12) | 5.68 |
| Actuarial (Gain)/Loss due to changes in Experience Adjustment | 64.91 | 3.70 |
| Benefits paid | (27.50) | (20.25) |
| Balance at the end of the period | 683.98 | 560.42 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Lakhs)

| Fair Value of Plan Assets | As at March 31, 2022 | As at March 31, 2021 |
|-----------------------------------------------------------------|-------------------------|-------------------------|
| Fair Value of Plan Assets at the Beginning of the Period | 15.83 | 14.92 |
| Interest Income | 0.85 | 1.02 |
| Contributions by the Employer | - | - |
| Expected Contributions by the Employees | - | - |
| Assets Transferred In/Acquisitions | - | - |
| (Assets Transferred Out/ Divestments) | - | - |
| (Benefit Paid from the Fund) | - | - |
| (Assets Distributed on Settlements) | - | - |
| Effects of Asset Ceiling | - | - |
| The Effect of Changes In Foreign Exchange Rates | - | - |
| Return on Plan Assets, Excluding Interest Income | 0.19 | (0.11) |
| Fair Value of Plan Assets at the End of the Period | 16.87 | 15.83 |

(ii) **Amount Recognized in the Balance Sheet**

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| (Present Value of Benefit Obligation at the end of the Period) | (683.98) | (560.42) |
| Fair Value of Plan Assets at the end of the Period | 16.87 | 15.83 |
| Funded Status (Surplus/ (Deficit)) | (667.11) | (544.59) |
| Net (Liability)/Asset Recognized in the Balance Sheet | (667.11) | (544.59) |

(iii) **Expense recognised in the Statement of Profit and Loss**

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Current service cost | 79.55 | 70.84 |
| Interest cost | 37.15 | 30.93 |
| Past service cost | - | - |
| (Expected Contributions by the Employees) | - | - |
| (Gains)/Losses on Curtailments And Settlements | - | - |
| Net Effect of Changes in Foreign Exchange Rates | - | - |
| Expense recognised in the Statement of Profit and Loss | 116.70 | 101.77 |

(iv) **Recognised in Other Comprehensive Income**

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-----------------------------------------------------------------------|-------------------------|-------------------------|
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (gains)/losses on obligation for the period | 33.51 | 9.38 |
| Return on Plan Assets, Excluding Interest Income | (0.19) | 0.11 |
| Change in Asset Ceiling | - | - |
| Recognised in the Other Comprehensive Income | 33.32 | 9.49 |
| Total cost of the defined benefit plan for the period (iii+iv) | 150.02 | 111.26 |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

(v) Principal actuarial assumptions

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate, attrition rate and the average life expectancy. The assumptions used for the valuation of the defined benefit obligation are as follows:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-----------------------------------------|-------------------------|-------------------------|
| Discount rate (p.a.) | 7.23% | 6.80% |
| Expected rate of salary increase (p.a.) | 6.00% | 6.00% |
| Mortality | 2012-14 (Urban) | 2006-08 (Ultimate) |
| Rate of employees turnover (p.a.) | | |
| For Service 4 years and Below | 15.00% | 15.00% |
| For Service 5 years and Above | 3.00% | 3.00% |
| Retirement age | 60 | 60 |

Estimates of future salary increase takes into account: inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan exposes the Group to significant actuarial risks such as interest rate risk and inflation risk:

Inflation risk – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability.

Interest rate risk – The present value of the defined benefit liability is calculated using a discount rate prevailing market yields of Indian government securities. A decrease in discount rate will increase the Group's defined benefit liability.

(vi) Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation is given below:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------------------------|-------------------------|-------------------------|
| Projected Benefit Obligation on Current Assumptions | 683.98 | 560.42 |
| Delta Effect of +1% Change in Rate of Discounting | (65.48) | (57.08) |
| Delta Effect of -1% Change in Rate of Discounting | 77.79 | 68.26 |
| Delta Effect of +1% Change in Rate of Salary Increase | 75.44 | 66.39 |
| Delta Effect of -1% Change in Rate of Salary Increase | (65.44) | (57.28) |
| Delta Effect of +1% Change in Rate of Employee Turnover | 7.34 | 3.65 |
| Delta Effect of -1% Change in Rate of Employee Turnover | (8.64) | (4.40) |

(₹ in Lakhs)

Sensitivities have been calculated to show the movement in Defined Benefit Obligation in isolation and assuming there are no other changes in market conditions at the accounting date. In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(vii) The weighted average duration of the benefit obligation as at March 31, 2022 is 12 years (PY 13 years).

(c) Compensated absence:

Expenses recognised in the Statement of Profit and Loss amounts to ₹ 100.99 Lakhs for the year ended March 31, 2022 (PY ₹ 98.90 lakhs).

The current and non-current classification of obligations under defined benefit plans and other long-term benefits is done based on the actuarial valuation reports.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

40 Related Party Disclosures

| Relationship | Name of Party |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Subsidiary Companies | Synthesis International Limited |
| | SMS Chemicals Co. Limited |
| | Amrat Lakshmi Foundation |
| Associate Companies | Kiri Renewable Energy Pvt. Ltd. |
| | DyStar Global Holdings (Singapore) Pte. Ltd. |
| | Kiri Infrastructure Pvt. Ltd. |
| Director/Key Management Personnel | Plutoeco Enviro Association |
| | Mr. Pravin Kiri |
| | Mr. Manish Kiri |
| | Mr. Keyoor Bakshi |
| | Mr. Mukesh Desai |
| | Ms. Veenaben Padia |
| | Mr. Ulrich Hambrecht |
| | Mr. Suresh Gondalia |
| | Mr. Jayesh Vyas |
| | Ms. Aruna Kiri |
| Relative of Director/Key Management Personnel | Ms. Anupama Kiri |
| | Pravin A Kiri-HUF |
| | Ms. Chetana Jayesh Vyas |
| | Kiri Laboratories Pvt. Ltd. |
| | Indochin Development Pvt. Ltd. |
| | Kiri Peroxide Ltd. |
| | Chemhub Tradelink Pvt. Ltd. |
| | Saptak Buildcon Pvt. Ltd. |
| | Kiri Carbon Pvt. Ltd. |
| | Kiri Globe Ink Pvt. Ltd. |
| Entities over which Director/Key Management Personnel and their relatives having control or significant influence | Equinaire Chemtech LLP |
| | Parkin Auto Accessories Pvt. Ltd. |
| | Kiri Costmetics LLP |
| | Indo Asia Copper Ltd. |
| | Texanlab Laboratories Pvt. Ltd. |
| | Texanlab Bangladesh Pvt. Ltd. |
| | DyStar India Pvt. Ltd. |
| | DyStar Acquisition Corporation |
| | DyStar Americas Holding Corporation |
| | DyStar Hilton Davis Corporation |
| Entities in which Key Managerial Personnel(KMP) are nominee director | DyStar Foam Control Corporation |
| | DyStar Carolina Chemical Corporation |
| | S. Acquisition & Co. |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Transactions with the Related Parties

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Transactions with Director / Key Management Personnel & Relatives | | |
| Remunderation (incl. Perquisites) | | |
| Mr. Pravin Kiri | 156.00 | 144.00 |
| Mr. Manish Kiri | | |
| - Kiri Industries Ltd | 156.00 | 144.00 |
| - Chemhub Trading DMCC | 24.50 | 36.57 |
| Mr. Suresh Gondalia | 20.27 | 48.89 |
| Mr. Jayesh Vyas | 32.92 | 42.49 |
| Ms. Chetana Jayesh Vyas | 9.78 | 9.83 |
| Director Sitting Fees and Reimbursement of Expenses | | |
| Mr. Keyoor Bakshi | 1.06 | 1.02 |
| Mr. Mukesh Desai | 1.28 | 1.11 |
| Ms. Veenaben Padia | 1.67 | 1.14 |
| Mr. Ulrich Hambrecht | 9.75 | 9.96 |
| Loan Given | | |
| Mr. Suresh Gondalia | - | 9.61 |
| Mr. Jayesh Vyas | - | 4.80 |
| Receipt of Loan Given | | |
| Mr. Suresh Gondalia | 9.61 | 32.91 |
| Mr. Jayesh Vyas | 44.52 | 0.76 |
| Transactions with Subsidiary, Joint Venture and Associate Concerns | | |
| Compensation Expense | | |
| DyStar Global Holdings (Singapore) Pte. Ltd. | 74.63 | - |
| Investment | | |
| Amrat Lakshmi Foundation | - | 1.00 |
| Kiri Renewable Energy Pvt. Ltd. | - | 1.00 |
| Plutoeco Enviro Association | - | 0.25 |
| Capital Advance | | |
| Plutoeco Enviro Association | 81.91 | - |
| Transactions with Entities over which Director/Key Management personnel and their relatives having control | | |
| Purchase of Goods/Services | | |
| Kiri Cosmetics LLP | 2.08 | 2.96 |
| Rent Paid | | |
| Saptak Buildcon Pvt. Ltd. | 14.16 | 14.16 |
| Reimbursement of Expenses | | |
| Saptak Buildcon Pvt. Ltd. | 29.66 | - |
| Investment | | |
| Indo Asia Copper Ltd. | 0.19 | - |
| Loan Given | | |
| Indo Asia Copper Ltd. | 66.34 | - |

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Outstanding Balances

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Outstanding with Director/Key Management Personnel | | |
| Debit Balance | | |
| Mr. Suresh Gondalia | - | 9.61 |
| Mr. Jayesh Vyas | - | 44.52 |
| Credit Balance | | |
| Mr. Pravin Kiri | 19.05 | - |
| Mr. Manish Kiri | | |
| - Kiri Industries Ltd. | 21.65 | 4.17 |
| - Chemhub Trading DMCC | 24.64 | 39.11 |
| Mr. Suresh Gondalia | 1.73 | 1.40 |
| Mr. Jayesh Vyas | 1.79 | 1.39 |
| Outstanding with Relative of Director / Key Management Personnel | | |
| Credit Balance | | |
| Ms. Chetana Jayesh Vyas | 0.62 | 0.62 |
| Outstanding with Subsidiary, Joint Venture & Associate Concerns | | |
| Debit Balance | | |
| Plutoeco Enviro Association | 81.91 | - |
| Outstanding with Entities over which Director/Key Management personnel and their relatives having control | | |
| Debit Balance | | |
| Indo Asia Copper Ltd. | 66.34 | - |
| Credit Balance | | |
| Kiri Cosmetics LLP | 0.98 | - |
| Saptak Buildcon Pvt. Ltd. | 9.65 | 13.85 |

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------------------------------------|-------------------------|-------------------------|
| Short Term Employee Benefit Expenses | | |
| Salary to KMP | 389.69 | 415.95 |
| Salary to Relative of KMP | 9.78 | 9.83 |
| Post employment benefits to KMPs & their relatives* | 22.02 | 17.75 |
| Total compensation paid to Key Management Personnel | 421.49 | 443.53 |

* Key Managerial Personnel who are under the employment of the Company are entitled to post-employment benefits and other long term employee benefits recognized as per Ind AS-19 - 'Employee Benefits' in the financial statements.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

42 Pursuant to Ind AS 111 - 'Joint Arrangements' and Ind AS 112 - 'Disclosure of Interests in Other Entities', the interest of the Group in various Associates and Jointly Controlled Entities / Operations are as follows :

| Name of Entity | Country of Incorporation | Ownership interest held by the Group | |
|----------------------------------------------|--------------------------|--------------------------------------|----------------------|
| | | As at March 31, 2022 | As at March 31, 2021 |
| A Joint Venture / Operations | | | |
| Lonsen Kiri Chemical Industries Ltd. | India | 40.00% | 40.00% |
| B Associates | | | |
| DyStar Global Holdings (Singapore) Pte. Ltd. | Singapore | 37.57% | 37.57% |
| Kiri Infrastructure Pvt. Ltd. | India | 47.61% | 47.61% |
| Plutoeco Enviro Association | India | 25.00% | 25.00% |

Management has decided to consolidated Joint Venture / Operations under proportionate method of accounting.

43 Additional information of net assets and share in profit or loss contributed by various entities as required under Schedule III of the Companies Act, 2013.

| Name of Entity | Net Assets (Total Assets minus Total Liabilities) | | Share in Profit or (Loss) | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|--------------------------------------------------|---------------------------------------------------|-------------------|---------------------------------------|------------------|-------------------------------------------------|----------------|-------------------------------------------------|------------------|
| | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit or (Loss) | Amount | As % of Consolidated Other Comprehensive Income | Amount | As % of Consolidated Total Comprehensive Income | Amount |
| A Parent | | | | | | | | |
| Kiri Industries Limited | 24.01% | 62,501.43 | -2.40% | (931.67) | 84.07% | (28.02) | -2.47% | (959.69) |
| B Subsidiary | | | | | | | | |
| Foreign | | | | | | | | |
| Chemhub Trading DMCC | -0.16% | (410.44) | 0.21% | 81.49 | - | - | 0.21% | 81.49 |
| C Joint Venture | | | | | | | | |
| Lonsen Kiri Chemical Industries Ltd. | 11.96% | 31,142.38 | 15.80% | 6,141.84 | 15.93% | (5.31) | 15.80% | 6,136.53 |
| D Associates | | | | | | | | |
| DyStar Global Holdings (Singapore) Pte. Ltd. | 64.25% | 167,245.28 | 86.39% | 33,585.78 | - | - | 86.46% | 33,585.78 |
| Kiri Infrastructure Pvt. Ltd. | -0.07% | (185.79) | - | (0.09) | - | - | - | (0.09) |
| Total | 100% | 260,292.86 | 100% | 38,877.35 | 100% | (33.33) | 100% | 38,844.02 |
| Less : Consolidation Adjustments | | 3,028.80 | | - | | - | | - |
| Consolidated Net Assets/ Profit after tax | | 257,264.06 | | 38,877.35 | | (33.33) | | 38,844.02 |

44 Operating Segment

The Group determines Operating Segments as components of an entity for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker (CODM), in deciding how to allocate resources and assessing performance.

a) The Group operates mainly in manufacturing of Dyes, Dyes Intermediates and Basic Chemicals. All other activities are incidental thereto and integrated, which have similar risk and return.

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

Considering the nature of Group's business, as well as based on reviews by CODM to make decisions about resource allocation and performance measurement, accordingly, there are no separate reportable Segment as far as primary Segment is concerned in accordance with the requirements of Ind AS - 108 – "Operating Segments", prescribed under the Companies (Indian Accounting Standards) Rules, 2015.

Analysis by Geographical Segment

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|--------------------|-------------------------|-------------------------|
| Domestic Sales | 86,304.76 | 57,692.86 |
| Export Sales | 61,033.58 | 36,504.02 |
| Total Sales | 147,338.34 | 94,196.88 |

45 Contingent Liabilities and Commitments

(a) Contingent Liabilities not provided for

(₹ in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------------|-------------------------|-------------------------|
| In respect of Bank Guarantees | 167.50 | 172.50 |
| In respect of Disputed Tax Liabilities | 1,082.63 | 1,461.24 |

(b) Capital commitments and other commitments

Estimated amount of contracts pending execution on capital accounts and not provided for (net of advances) is ₹ 1,248.42 Lakhs for FY 2021-22.

46 Foreign Currency Convertible Bonds (FCCB)

The Bond Holder, vide Extra Ordinary Resolution passed on March 24, 2016 has approved to modifications of existing terms and conditions of Foreign Currency Convertible Bonds (FCCBs). The Group has also executed the First Supplemental Trust Deed with the Trustee, the Bank of New York Mellon, London Branch, on March 29, 2016 to give effect of modification of terms of FCCBs. As per modification of terms maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

Details of FCCBs converted into equity shares of ₹ 10 each at premium of ₹ 2.03 per equity share are given below:

| Series of FCCBs | No of Bonds | Principal Amount (USD) |
|-----------------|-------------|------------------------|
| Series B | 8 | 800,000 |
| Series D | 9 | 900,000 |
| Series E | 9 | 900,000 |
| Series F | 14 | 1,400,000 |

There are no outstanding FCCBs as at March 31, 2022.

47 Share Based Payments

- a) Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 26th September 2014 and in compliance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Nomination and Remuneration Committee of the holding company formulated Kiri Industries Limited Employee Stock Option Scheme - 2014 (ESOP Scheme – 2014).

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

b) The Board of Directors of the Group at their meeting held on August 7, 2015 has allotted 1,000,000 equity shares of ₹ 10 each at an issue price of ₹ 35 per equity share to Kiri Employee Stock Option Trust for transfer of said equity shares to eligible employee upon exercise of equal number of options granted under the Scheme. The exercise price of the options shall be ₹ 35 (Face Value of ₹ 10 each) on the grant date.

c) Under the Scheme:

- i) Vesting has commenced after the date of Grant and may extend up to five years from the date of Grant or such other percentage of vesting each year as decided by the Board and/or Nomination & Remuneration Committee or any other committee constituted by the Board.
- ii) The exercise price for the purposes of the grant of Stock Options is as per terms & conditions decided by the Board and/or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
- iii) The exercise Period would be 5 (Five) years from the date of Grant or such other period as may be decided by the Board and/or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options.
- iv) The information related to stock options granted, exercised and outstanding as on March 31, 2022 (as certified by the management) are as follows:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------------------------------------------------|-------------------------|-------------------------|
| Options outstanding at the beginning of the financial year | 25,000 | 225,000 |
| Options Granted | - | - |
| Shares Transferred to Employee account from Trust Account | 25,000 | 200,000 |
| Options outstanding at the end of the financial year | - | 25,000 |

48 Code on Social Security, 2020 ('Code')

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has received Presidential Assent on 28th September, 2020. The Code has been published in the Gazette of India. However, the effective date of the Code is yet to be notified and final rules for quantifying the financial impact are also yet to be issued. In view of this, the Group will assess the impact of the Code when relevant provisions will be notified and will record related impact, if any, in the period the Code becomes effective.

49 The previous year figures are regrouped or reclassified according to current year grouping and classification.

As per our attached report of even date.
For Pramodkumar Dad & Associates
 Chartered Accountants

CA Pramod Dad
 Partner
 MRN : 038261
 FRN : 115869W

Place : Ahmedabad
 Date : May 30, 2022

For and on behalf of the Board of Directors

Pravin Kiri
 Chairman
 DIN : 00198275

Manish Kiri
 Managing Director
 DIN : 00198284

Suresh Gondalia
 Company Secretary
 Place : Ahmedabad
 Date : May 30, 2022

Jayesh Vyas
 Chief Financial Officer



Kiri Industries Limited

Future Full of Colours.....

CIN: L24231GJ1998PLC034094

REGISTERED OFFICE

7th Floor, Hasubhai Chambers, Opp. Town Hall
Ellisbridge, Ahmedabad - 380006

CORPORATE OFFICE

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