

REF: CHEMFAB/SEC/2022-2023

Date: 23rd August 2022

BSE Limited

Corporate Relationship Department
 Pheroze Jeejeebhoy Towers,
 Dalal Street,
 Mumbai- 400 001.
BSE – Scrip Code: 541269

National Stock Exchange of India Limited

The Manager, Listing Department
 "Exchange Plaza"
 Bandra - Kurla Complex, Bandra (E)
 Mumbai - 400 051
NSE Symbol: CHEMFAB

Sub: Submission of the Annual Report for the Financial Year 2021-2022

Ref: Regulation 34, 42, 43 & 44 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015

We wish to inform you that the 13th Annual General Meeting ("AGM") of the Company is Schedule to be held on Thursday, 15th September 2022 through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM")

In line with requirement of Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we are submitting herewith the Notice of Annual General Meeting along with 13th Annual Report of the Company for the Financial Year 2021-2022. The Annual Report has been uploaded in the website and it is available at <https://chemfabalkalis.com/investors/>.

The Schedule of the AGM is set out below:

| Event | Date | Time |
|--|--|----------------|
| Annual General Meeting | 15-09-2022 | 10:00 AM (IST) |
| Relevant Date/Cut-off Date to vote on AGM resolution | 08-09-2022 | NA |
| Record Date | 08-09-2022 | NA |
| Book Closure Date | 09-09-2022 to 15-09-2022 (both days inclusive) | NA |
| Commencement of E-voting | 12-09-2022 | 09:00 AM (IST) |
| End of E-voting | 14-09-2022 | 05:00 PM (IST) |

Kindly take above information on records.

Thanking You,

Yours faithfully,

For **CHEMFAB ALKALIS LIMITED**

B. Vignesh Ram
Company Secretary and Compliance officer



CIN No.: L24290TN2009PLC071563
Member - Dr. Rao's Group of Companies
 Regd. Off: 'TEAM House', GST Road, Vandalur, Chennai - 600 048, India.
 Plant : "Gnanananda Place", Kalapet, Puducherry - 605 014, India Ph : +91 413 2655111,
 E-mail: chemfabalkalis@drroaholdings.com, www.chemfabalkalis.com





ANNUAL REPORT 2021-22

Technological dynamism with environmental commitment

*A tribute to one of the greatest
Technocrats, Innovators and Visionaries of our times*



Dr C H KrishnamurthiRao

7.11.1940-19.1.2012

Founder Chairman-Chemfab Team Group of
Companies Dr Rao Holdings Pte Ltd., Singapore



*We at CCAL pledge to carry forward your legacy
and fulfil your cherished dreams.*

CCAL
CHEMFAB ALKALIS LIMITED

DIRECTORS

Mr. Suresh Krishnamurthi Rao
Mr. C.S. Ramesh
Mr. R. Mahendran
Mr. Nitin S Cowlagi
Mrs. Sujatha Jayarajan
Mr. A. Janakiraman
Mrs. Drushti Desai
Mr. T. Ramabadhran

Chairman, Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Independent Director
Independent Director

CHIEF EXECUTIVE OFFICER

Mr.V.M.Srinivasan

CHIEF FINANCIAL OFFICER

Mr.S. Prasath

COMPANY SECRETARY

Dr.V. Rajesh (Till 31.01.2022)
Mr.B.Vignesh Ram (From 31.01.2022)

AUDITOR

M/s Deloitte Haskins & Sells LLP
ASVN Ramana Tower,
#52, Venkatanarayana Road,
T. Nagar, Chennai-600017

BANKERS TO THE COMPANY

Axis Bank Limited,
6, St. Ange Street, Puducherry Branch,
Puducherry-605001

HDFC Bank Ltd
16, Centigo Bldg, 100 Feet Rd, Ellaipillaichavady,
Puducherry - 605005

REGISTERED OFFICE

"TEAM House", GST Salai, Vandalur, Chennai-600048
Phone : +91-44-22750323/24, Fax:+91-44-22750860
Email : chemfabalkalis@drroaholdings.com
Website : www.chemfabalkalis.com
CIN No : L24290TN2009PLC071563

FACTORIES

PUDUCHERRY

'Gnanananda Place', Kalapet, Puducherry-605014
Phone : +91-413-2655111, Fax: +91-413-2655125
Email : chemfabalkalis@drroaholdings.com
Website : www.chemfabalkalis.com

SRI CITY

No.650, Chigurapalem Road
Sri City, Tada, Andhra Pradesh 517646

SALT FIELDS

Kanthadu Village, Tindivanam Taluk, Villupuram District
Mariyur Salai, Sayalkudi, Ramnad District

MARKETING OFFICE

1A, Jeyam Kondar Towers, First floor
12/40, Murray's Gate Road, Alwarpet, Chennai - 600018
Phone : +91-44-42031444 / +91-44-24987874
Email : chemfabmktg@drroaholdings.com
Website : www.chemfabalkalis.com

REGISTRAR AND SHARE TRANSFER AGENT

M/s Cameo Corporate Services Ltd.
Subramanian Building, 1 Club House Road, Chennai-600002
Phone: +91-44-28460390 / 28460395, Fax:+91-44-28460129
Email : cameo@cameoindia.com,
Website:www.cameoonline.net



CCAL
CHEMFAB ALKALIS LIMITED

Suresh Krishnamurthi Rao
Chairman

CHAIRMAN's STATEMENT - FY - 2021 - 2022

Dear Shareowners,

The entire globe was impacted by successive waves of the pandemic during the last couple of years. In recent history, this pandemic has been unprecedented in terms of the magnitude of impact across the world. Millions lost their lives and livelihoods world over. The Financial Year 2021 -22 saw new variants of the Covid-19 virus which fuelled additional waves of the pandemic . In addition, there were challenges posed to your Company as a result of geopolitical tensions, supply chain disruptions, commodity inflation, and repeated lockdowns.

In the thick of the extremely volatile circumstances arising out of both national and international disruptions, your company stayed resilient.

Chlor-Alkali Segment

During the second half of FY 21-22, there was a welcome turnaround in domestic caustic soda prices following the increase in international prices. However, this also coincided with a sharp increase in raw material prices especially that of salt. Salt production, across the country, was affected by unseasonal rains thereby limiting its availability. I am extremely glad to note here that your Company closed the year with considerable improvement in both its Top Line and Bottom Line, making it a satisfactory year.

The company continues its commitment to identifying and adopting environmentally friendly products and processes. Towards this end, your company is in the process of setting up an LNG plant which will help in replacing Furnace Oil with the cleaner alternative of LNG. The project is expected to be commissioned during the ensuing Financial Year.

Your Company has also been working on converting non-hazardous sludge to bricks, thereby working towards a circular economy in this industry. I am happy to share that we have successfully commissioned this project this year. Once the operations of the plant are stabilized and the product finds acceptance in the market, we hope to reuse the full quantity of sludge internally. This will lead to zero solid waste from the plant, thus earning Chemfab the distinction of being the first Chlor-Alkali plant in India to do so. It is also creditable that the process has been internally developed by your Company's R & D team, earning us another First within the Industry.

During the year, your Company has also been conferred with awards by FICCI for Excellence in the Chlor-Alkali sector and for Excellence in Sustainability in the Chemicals segment. We also received the award for Excellence in Management of Environment from the Indian Chemical Council.

Your Company's Wholly owned subsidiary, Chemfab Alkalies Karaikal Limited, will commence construction activities in the coming year for its greenfield project at Karaikal, Puducherry where the pre-construction activities for a 250 TPD Caustic Soda plant along with a 10000 TPA Aluminium Chloride plant are progressing.

PVCO Pipes-Segment

The company has completed three years of operation in the PVCO pipes business. This segment was significantly impacted by the pandemic during the last two years, which were crucial years in the stabilization of the division. There was a sharp increase in raw material prices during this period which led to strained margins. The pandemic significantly impacted developmental activities in the government sector, who is our major buyer, thus leading to delays in the installation process at various sites as well as resultant delays in releasing new orders.

During these difficult times, your Company remained focused on establishing PVCO pipes in both the Government as well as the Non-Government segments, as an alternative to the conventional metal and plastic pipes in use. Our efforts have been successful to a large extent and PVCO pipes, as a product, are now finding increasing acceptance. Aided by the inherent advantages of the product and the proven track record in Global as well as Indian markets, as also the untiring efforts of our marketing team in driving home the benefits of the product, we are confident of establishing a strong market for the product. During the ensuing year we expect significant improvement in order inflows especially during the second half. The Company has created enough capacity to be able to cater to the enhanced demand.

The company expects PVCO pipes as a segment to show substantial growth in the coming years.

Against the background of the positive outlook in both businesses as detailed above, we are optimistic about the Company's future growth.

I express my sincere gratitude to the governments, CCAL mates, and all our stakeholders for their continued support and patronage and for reposing confidence in the Company.

I thank the Directors on the Board for their continued guidance and valuable inputs.

Wishing you the best of health and abundance of all things good.

**Suresh Krishnamurthi Rao
Chairman**



CHEMFAB ALKALIS LIMITED

| S.No | Contents | Page No. | |
|-----------------------------------|---|----------------|----|
| 1 | Notice of the Annual General Meeting | 1 | |
| 2 | Board of Directors' Report | 10 | |
| 3 | Management Discussion and Analysis | - Annexure - A | 18 |
| 4 | AOC - 1 - Financial Statement of Subsidiary | - Annexure - B | 21 |
| 5 | AOC - 2 - Related Party Disclosure | - Annexure - C | 22 |
| 6 | Statement of Conservation of Energy | - Annexure - D | 23 |
| 7 | Report on Corporate Social Responsibilities | - Annexure - E | 25 |
| 8 | Remuneration - Details | - Annexure - F | 30 |
| 9 | Report on Corporate Governance | - Annexure - G | 32 |
| 10 | Secretarial Audit Report | - Annexure - H | 50 |
| 11 | Certificate of Non Disqualification of Directors | - Annexure - I | 53 |
| 12 | Independent Auditor's Certificate on Corporate Governance | - Annexure - J | 54 |
| 13 | Compliance Certificate on ESOP Scheme | - Annexure - K | 55 |
| STANDALONE FINANCIAL STATEMENTS | | | |
| 14 | Independent Auditor's Report | 56 | |
| 15 | Balance Sheet | 64 | |
| 16 | Statement of Profit and Loss | 66 | |
| 17 | Cash Flow Statement | 67 | |
| 18 | Statement of Changes in Equity | 69 | |
| 19 | Notes to Accounts | 70 | |
| CONSOLIDATED FINANCIAL STATEMENTS | | | |
| 20 | Independent Auditor's Report | 131 | |
| 21 | Balance Sheet | 137 | |
| 22 | Statement of Profit and Loss | 139 | |
| 23 | Cash Flow Statement | 141 | |
| 24 | Statement of Changes in Equity | 144 | |
| 25 | Notes to Accounts | 145 | |

CHEMFAB ALKALIS LIMITED
(Regd. Office: 'TEAM House', GSTRoad,Vandalur,
Chennai-600 048)
CIN: L24290TN2009PLC071563

NOTICE OF THE 13th ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Thursday, the 15th September 2022 at 10:00 AM (IST), through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS:

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

"RESOLVED THAT the Audited Standalone and Consolidated Financial Statements of the Company i.e., Balance Sheet of the Company as at 31st March 2022 and the Statement of Profit and Loss A/c (incl. Comprehensive income), Statement of Cash Flow and Statement of Changes in Equity along with the notes forming part of the accounts for the year ended on that date, together with the Reports of the Board of Directors ("the Board") and the Auditors along with the notes thereon as presented to this Annual General Meeting, be and are hereby approved and adopted".

2. RETIREMENT BY ROTATION:

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

"RESOLVED THAT Mr. Suresh Krishnamurthi Rao (DIN: 00127809), Director, who retires by rotation and being eligible, offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

3.RE-APPOINTMENT OF STATUTORY AUDITOR:

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

"RESOLVED THAT pursuant to provisions of Section 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013 & Rules framed there under and as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), M/s. Deloitte Haskins & Sells LLP (Firm Registration No 117366W /W-100018) be and are hereby re-appointed as the Statutory Auditors of the company for the Second term of four years from the conclusion of this Annual General Meeting till the conclusion of the 17th Annual General Meeting at a remuneration as may be fixed by the Board of Directors as recommended by the Audit Committee in consultation with them.

4.DIVIDEND:

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

"RESOLVED THAT a Dividend at the rate of Rs. 1.25 per Equity Share (12.50%) be and is hereby declared, on the fully paid-up Equity Shares of Rs.10/- each in the Paid-up Capital of the Company, to those Members whose names appear in the Register of Members of the Company as on the date of the Book Closure."

SPECIAL BUSINESS:

5.RATIFICATION OF COST AUDITOR'S REMUNERATION

To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and read with Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof), the decision to pay a Remuneration of Rs.1,90,000/- to M/s. A. Madhavan, Mohan & Associates (Firm Registration No. ICAI Firm No - 003483), the Cost Auditors of the Company for the year 2022 – 23, as recommended by the Audit Committee and as approved by the Board of Directors, be and is hereby ratified".

6.APPROVAL FOR ADOPTION OF NEW SET OF MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY:

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

"RESOLVED THAT pursuant to Section 13,14, 15 and 16 of Companies Act, 2013 (including the statutory modification(s) and including the rules framed thereunder and any other applicable provisions of the Companies Act, 2013 or any other regulations as amended from time to time the consent of the members be and is hereby accorded to adopt the new set of Memorandum of Association ("MOA") and Articles of Association ("AOA") of the Company, as available for inspection in the registered office of the Company, a copy of which is placed before the meeting/hosted in the website of the Company and duly initialed by the Chairman for the purpose of identification, in substitution of the existing Memorandum of Association ("MOA") and Articles of Association ("AOA") of the Company."

"RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorized to do or cause to do all such acts, deeds, matters and things and to execute all such deeds, documents, instruments and writings as may deem necessary in relation thereto, and to file all the necessary documents with the Registrar of Companies, for the purpose of giving effect to this resolution."

By Order of the Board of Directors
for **Chemfab Alkalies Limited**

Sd/-

B. Vignesh Ram
Company Secretary and
Compliance Officer

NOTES:

1. In view of the ongoing pandemic, the 13th (Thirteenth) AGM of the Company is being conducted through Video Conference (“VC”) / Other Audio-Visual Means (“OAVM”). In accordance with the provisions of the Companies Act, 2013 (“Act”), read with the Rules made thereunder and General Circular No. 2/2022 dated May 5, 2022, and other circulars issued by the Ministry of Corporate Affairs (“MCA Circulars”) read with Circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and other circulars issued by SEBI from time to time (“SEBI Circulars”) companies are allowed to hold Annual General Meeting (AGM) through VC or OAVM up to December, 31, 2022, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM. In terms of the Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, the venue of the 13th (Thirteenth) AGM shall be deemed to be the Registered Office of the Company situated at “TEAM House”, GST Salai, Vandalur, Chennai – 600048. A route map to reach the venue of the Meeting to be attached along with this Notice in accordance with Clause No. 1.2.4 of the Secretarial Standard-2 on “General Meetings” is not attached since the Meeting will be conducted through VC/OAVM.
 2. The MCA Circulars read with the Securities and Exchange Board of India (“SEBI”) Circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022 (“SEBI Circular”), has dispensed with the requirement of sending the physical copies of the AGM Notice and Annual Report to the members. In compliance with the above circulars the Annual Report for the Financial Year 2021 -22 along with the Notice of the Annual General Meeting of the Company are being sent only through electronic mode to those members whose e-mail addresses are registered with the Company / Depositories. .
 3. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through “VC”. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through “VC” / “OAVM” and vote on its behalf. The said Resolution/Authorization can be sent to the Company at ccalcosecy@drroholdings.com not before the 48 hours of the meeting. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members of body corporates can attend the AGM through “VC”/”OAVM” and cast their votes through e-voting.
 4. The facility to appoint a proxy to attend and cast vote for the members is not available for this AGM. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the Register of Members will be entitled to vote.
 5. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Businesses set out in the Notice is annexed hereto.
 6. The attendance of the Members attending the AGM through “VC”/”OAVM” will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013. .
 7. Pursuant to the provisions of Sections 107 and 108, read with the Companies (Management and Administration) Rules, 2014 read with notification GSR 207(E) dated 19th March 2015, and as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated 8th April,2020, Circular No.17/2020 dated 13th April, 2020, and Circular No. 20/2020 dated 05th May 2020, Circular No.20/2020 dated 13th January, 2021 & Circular No.2/2022 dated 5th May,2022 and in terms of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) the Company is providing the option of remote and AGM E-Voting facility to all the Members of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL). The Members can vote electronically either in advance during the e-voting period (“remote e-voting”) or on the day of AGM. The Company has appointed Mr. S.A Inbavadiu, Advocate in Practice, as Scrutinizer.
 8. The details as required under Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect to brief resume of Directors proposed to be reappointed,nature of their expertise in specific functional areas, names of listed companies in which they hold directorships and the Memberships of Board Committees, shareholding andrelationships between directors inter-se, are provided in the Annexure to the explanatory statement attached to this Notice.
 9. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.,
- a. For shares held in electronic form: to their Depository Participants (DPs)
- b. For shares held in physical form: to the Company/Registrar and Transfer Agent in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021. The Company has sent letters for furnishing the required details.

c. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at <https://chemfabalkalis.com> and on the website of the Company's Registrar and Transfer Agents. It may be noted that any service request can be processed only after the folio is KYC Compliant.

d. As per Regulation 40 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI notification dated 24th January, 2022, has SEBI has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, members are advised to dematerialize the shares held by them in physical form. Members can contact the Company for assistance in this regard.

e. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company, the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.

f. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website <https://chemfabalkalis.com>. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and the Company in case the shares are held in physical form.

g. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company, will be entitled to vote during the AGM.

10. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act and all the information/documents mentioned in this notice shall be available for inspection through electronic mode.

11. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f.1st April, 2020, and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof. However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during financial year 2022-2023 does not exceed ` Rs. 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. PAN is mandatory for members providing Form 15G/15H. The shareholders are requested to update their valid PAN with the DPs (if shares held in dematerialized form) and the Company (if shares are held in physical form).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail within 08th September 2022.

Shareholders are requested to note that in the case of members whose PAN is not registered/invalid and in the case of specified persons as defined under section 206AB of the Income-tax Act ("the Act"), tax will be deducted at a higher rate prescribed under section 206AA or 206AB of the Act, as applicable.

Non-resident shareholders [including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose, the shareholder may submit the above documents (PDF/JPG Format) by e-mail to ccalcosecy@drroaholdings.com.

g. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.

The aforesaid declarations and documents need to be submitted by the shareholders by 08th September 2022.

12. The members of the Company, whose names appear in the Register of Members / List of Beneficial Owners as on 08th September 2022 ("Cut-off date") and who are otherwise not barred to cast their vote, are entitled to vote electronically either through remote e-voting or e-voting during AGM, on the Resolutions set forth in this Notice. A person who is not a member on the Cut-off date should treat this notice for information purpose only.

13. The register of members and transfer books of the Company will remain closed from 09th September 2022 to 15th September 2022 both days inclusive, and the members whose name appear in the register of members as on 08th September 2022 (Record Date) shall be entitled for the payment of dividend.

14. Under section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Accordingly, unclaimed dividend amounts up to final dividend 2013-2014 have been transferred to the said fund. The shareholders are advised to forward all unencashed dividend warrants from interim dividend 2014-2015 to the registered office of the Company for revalidation and encash the same before the respective due date of transfer to IEPF.

CDSL E-VOTING SYSTEM – FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM

1. As you are aware, in view of the situation arising due to the COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated 8th April, 2020, Circular No.17/2020 dated 13 April, 2020, and Circular No. 20/2020 dated 05th May, 2020, Circular No.20/2020 dated 13th January, 2021 & Circular No.02/2022 dated 05th May 2022. The forthcoming AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM).Hence, Members can attend and participate in the ensuing AGM through“VC”/“OAVM”.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated 08th April, 2020, 13th April, 2020, and 05th May, 2020, Circular No.20/2020 dated 13th January, 2021 & Circular No.02/2022 dated 05th May, 2022 the Company is providing the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on a 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.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted to ascertain the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint a proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13th April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://chemfabalkalis.com/investors>. The Notice can 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. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e., www.evotingindia.com.

THE INSTRUCTIONS TO THE SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM

(i)The voting period begins on 12th September 2022 from 09.00 A.M (IST) and ends on 14th September 2022 at 05.00 P.M (IST). 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 08th September 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii)Shareholders who have already voted before the meeting date would not be entitled to vote at the meeting venue.

(iii)Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is providing a remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

(iv)In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, 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 the e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

| Type of share-holders | Login Method |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL | <p>1) Users who have opted for CDSL's Easi / Easiest facility can log in through their existing user id and password. The option will be made available to reach the e-Voting page without any further authentication. The URLs for users to log in to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Log in icon and select New System Myeasi.</p> <p>2) After successful login, the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e., CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.</p> <p>3) If the user is not registered for Easi/Easiest, an option to register is available at https://web.cdslindia.com/myeasi./Registration/ EasiRegistration</p> <p>4) Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a link on the 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, the user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.</p> |
| Individual Shareholders holding securities in Demat mode with NSDL | <p>1) If you are already registered for the 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 mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under the 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password.</p> |

| | |
|--|--|
| | <p>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 the e-Voting page. Click on the company name or e-Voting service provider name and you will be re-directed to the e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, an 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</p> <p>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 mobile. Once the home page of the e-Voting system is launched, click on the icon "Login" which is available under the 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e., your sixteen-digit Demat account number held with NSDL), Password/OTP, and a Verification Code as shown on the screen. After successful authentication, you will be redirected to the NSDL Depository site wherein you can see the e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to the e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p> |
| Individual Shareholders (holding securities in Demat mode) login through their Depository Participants | You can also log in using the login credentials of your Demat account through your Depository Participant registered with NSDL/CDSL for the e-Voting facility. After successful login, you will be able to see the e-Voting option. Once you click on the e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see the e-Voting feature. Click on the company name or e-Voting service provider name and you will be redirected to the e-Voting service provider's 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 the above-mentioned website.

Helpdesk for Individual Shareholders holding securities in Demat mode for any technical issues related to log in 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 the CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43. |
| 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 |

(v) Login method for e-Voting and joining the virtual meeting for shareholders other than individual shareholders & physical shareholders.

- 1)The shareholders should log on to the e-voting website www.evotingindia.com.
- 2)Click on the “Shareholders” module.
- 3)Now enter your User ID
 - a.For CDSL: 16 digits beneficiary ID,
 - b.For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c.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 earlier e-voting of any company, then your existing password is to be used.
- 6)If you are a first-time user follow the steps given below:

| For Shareholders holding shares in Demat Form other than individual and Physical Form | |
|--|--|
| PAN | <p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <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) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or the company records to login.</p> <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 the “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 the ‘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 the company opts for e-voting through the 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 220819006.

(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. 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.

(xiv) You can also take a print of the votes cast by clicking on the “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) Facility for Non – Individual Shareholders and Custodians –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) on which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.

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

- 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 is authorized to vote, to the Scrutinizer and the Company at the email address viz; ccalcdcs@drroaholdings.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

- 1.The procedure for attending meetings & e-Voting on the day of the AGM is the same as the instructions mentioned above for Remote e-voting.

- 2.The link for VC/OAVM to attend a meeting will be available where the EVSN of the Company will be displayed after a successful login as per the instructions mentioned above for Remote e-voting.

- 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 a better experience.

- 5.Further shareholders will be required to allow Camera and use the Internet at a good speed to avoid any disturbance during the meeting.

6. Please note that Participants Connecting from Mobile Devices or Tablets or through laptops 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 at least seven days before the meeting (i.e., on or before 08th September 2022) mentioning their name, Demat account number/folio number, email id, mobile number at ccalcdcs@drroaholdings.com. The shareholders who do not wish to speak during the AGM but have queries also may send their queries in advance seven days prior to the meeting (i.e., on or before 08th September 2022) mentioning their name, Demat account number/folio number, email id, mobile number at ccalcdcs@drroaholdings.com. 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/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through the 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/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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

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 copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to jessy@cameoindia.com / ccalcosecy@drraoholdings.com on or before 08th September 2022.
 2. For Demat shareholders - please provide Demat account details (CDSL-16-digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to jessy@cameoindia.com / ccalcosecy@drraoholdings.com on or before 08th September 2022.
- 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 022 - 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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 022-23058542/43.

None of the Directors or the Key Managerial Personnel is interested or concerned in the passing of the Resolution

ITEM: NO: 6 - APPROVAL FOR ADOPTION OF NEW SET OF MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Ministry of Corporate Affairs notified the Companies Act, 2013 (Act, 2013) during August 2013 and brought in certain sections of the Act to be effective from 1st April 2014. Further the Companies Act, 2013 has changed the form and content of the Memorandum of Association (MOA) and Articles of Association (AOA) of every Company. Pursuant to the notification of Companies Act, 2013 the Company is required to amend the existing clauses of its Memorandum of Association (MOA) and Articles of Association (AOA) to be in line with the Companies Act, 2013 thereof. Hence the Company has proposed to make relevant changes in the existing MOA and AOA. The amended MOA and AOA of the Company shall be available for inspection of the members at the Registered Office of the Company on all working days between 10:00 A.M. to 06:00 P.M. till the date of Annual General Meeting and at the meeting and the same shall also be available on the website of the Company.

The Board recommends the Special resolution for approval of the members to adopt the new set of Memorandum of Association and the Articles of Association of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or financially interested or otherwise, to the extent of their directorship or their shareholding by them.

EXPLANATORY STATEMENT RELATING TO THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO: 5 - RATIFICATION OF COST AUDITOR'S REMUNERATION

At the Board Meeting held on 25th May 2022, after considering the recommendation of the Audit Committee, the Directors appointed M/s. Madhavan, Mohan & Associates (Firm Registration No. ICAI Firm No - 003483) Cost Accountant, as the Cost Auditor of the Company for carrying out the Cost Audit of the Company for the Financial Year 2022 – 2023 on the remuneration of Rs.1,90,000/- including out-of-pocket expenses. Pursuant to the provisions of Section 148 read with the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders

The Ordinary Resolution appearing in the Notice is sought to be passed for this purpose.

By Order of the Board of Directors
for **Chemfab Alkalies Limited**

SD/-
Place: Chennai
Date: 11th August 2022

B VIGNESH RAM
COMPANY SECRETARY

Annexure

Details of the Director retiring by rotation and seeking re-appointment at the Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 in conjunction with the Secretarial Standards on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India are as under:

| S.No | Particulars | Details |
|------|---|---|
| 1. | Name of the Director | Mr. Suresh Krishnamurthi Rao |
| 2. | Director Identification Number | 00127809 |
| 3. | Nationality | Indian |
| 4. | Date of Birth | 26th September, 1971 |
| 5. | Age | 51 Years |
| 6. | Terms and Condition of Re – Appointment | Non-Independent & Non – Executive Director |
| 7. | Date of First appointment to the Board | 06th May, 2009 |
| 8. | Shareholding in the Company as on 31st March, 2022 | 14,24,423 |
| 9. | Expertise in Specific Function areas | Management |
| 10. | List of Directorship held in other Companies | i. Chemfab Alkalies Karaikal Limited. ii. Titanium Equipment & Anode Manufacturing Company Private Limited |
| 11. | Relationship with other Directors | Not Applicable |
| 12. | Number of Board Meetings attended during the Financial Year | Five |

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure of presenting the 13th Annual Report of Chemfab Alkalies Limited along with the Audited Standalone and consolidated financial statements for the Financial Year Ended 31st March 2022.

The summarized financial results are as under:

| Particulars | Consolidated (Rs. In Lakhs) | | Standalone (Rs. In Lakhs) | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Year ended. 31 March 2022 | Year ended. 31 March 2021 | Year ended. 31 March 2022 | Year ended. 31 March 2021 |
| Summary of Profit and Loss Statement: | | | | |
| Total Revenue | 27,158.95 | 18,081.13 | 27,158.95 | 18,081.13 |
| Profit before Finance Cost and Depreciation | 6,233.62 | 2,469.77 | 6,242.04 | 2,478.89 |
| Less: Finance Cost | 101.30 | 2,224.60 | 6,140.74 | 2,233.72 |
| Profit before Depreciation | 6,132.32 | 2,224.60 | 6,140.74 | 2,233.72 |
| Less: Depreciation and amortization | 2,222.13 | 2,022.02 | 2,222.13 | 2,022.02 |
| Profit Before Exceptional Items | 3,910.19 | 202.58 | 3,918.61 | 211.70 |
| Exceptional Items | - | - | - | - |
| Profit before Tax | 3,910.19 | 202.58 | 3,918.61 | 211.70 |
| Less: Tax including Deferred Tax | 1,035.51 | 1,015.73 | 1,034.77 | 1,015.65 |
| Profit/(Loss) after Tax | 2,874.68 | -813.15 | 2,883.84 | -803.95 |
| Other Comprehensive Income/(Loss) | 45.69 | 53.66 | 45.69 | 53.66 |
| Total Comprehensive Income/(Loss) | 2,920.37 | -759.49 | 2,929.53 | -750.29 |
| Summary of Retained Earnings Movement: | | | | |
| Balance brought forward from last year | -10,455.05 | -9,519.03 | -10,431.52 | -9,504.70 |
| Add: Profit/(Loss) after Tax | 2,874.68 | -813.15 | 2,883.84 | -803.95 |
| .Other Comprehensive Income | 44.42 | 51.98 | | 44.42 |
| Less: Impact of adoption of Ind AS 116 | - | - | - | - |
| Less: Appropriations | - | - | - | - |
| Final Dividend | - | 174.85 | - | 174.85 |
| Tax on Dividend | - | - | - | - |
| Balance Carried to Balance Sheet | -7,535.95 | -10,455.05 | -7,503.26 | 10,431.52 |

Performance and State of Affairs of the Company:

During the year, the realisation for the Chemical Division increased sharply in the Second half of the Financial Year, which resulted in increase in Revenue and profitability of the company. This was offset to some extent by sharp increase Industrial Grade Salt prices.

PVCO segment was impacted in during the Year especially in the first Half due to COVID, which impacted the project installations as well as new order inflows. Further the higher PVC Resin prices led to margin contraction in the PVCO pipes segment.

During the year under review, the Company achieved a Revenue of Rs. 27,158.95 Lakhs and profit after Tax of Rs. 2,874.68 Lakhs.

The change in the nature of business:

During the Financial Year 2021 - 22, there was no change in the nature of Company's Business. No material change and / or commitment affecting the financial position of your Company has occurred between 1st April 2021 to 31st March 2022.

Dividend:

Your directors recommended the payment of Dividend of Rs. 1.25 /- per share (12.50 %) for the year ended 31st March 2022, absorbing a sum of Rs. 176.67 Lakhs, subject to the approval of the Members at the ensuing Annual General Meeting.

Transfer of profit to reserves:

The Company has not proposed to transfer any of its profits to reserves.

Material Changes during the reporting period:

No material changes have occurred, or any commitments made between the financial period ended 31st March 2022, and the date of this report, which would adversely affect the financial position of the company.

BOARD OF DIRECTORS AND ITS COMMITTEES

A. Composition of the Board of Directors

The Board of Directors of the Company comprises the Non-Executive Chairman who is a promoter of the Company. Along with him on the Board are Seven Non - Executive Directors, including four Independent Directors. The Company has two women Independent Directors. The composition of the Board of Directors is in compliance with regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 149 of the Companies Act, 2013.

The Company has received necessary declarations from the Independent Directors under section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and as per the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

All the four Independent Directors are registered with the data bank as per Rule 6 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

The Registration details are as below:

| Sl. No | Name of the Director | Registration number |
|--------|----------------------|-----------------------|
| 1. | T. Ramabadran | IDDB-DI-202002-007333 |
| 2. | A. Janakiraman | IDDB-DI-202002-007989 |
| 3. | J. Sujatha Jayarajan | IDDB-DI-201912-001692 |
| 4. | R. Drushti Desai | IDDB-DI-202002-015500 |

Board Composition:

The Board is well balanced with a composition of four Non-Independent Directors and four Independent Directors (including two Women Independent directors).

Thus, the composition of the Board is in line with the terms of Section 149 of the Companies Act 2013 and Regulations 17(1)(b) of the SEBI (LODR) Regulations, 2015

| Category | Name of Directors |
|-----------------------------|--|
| Non – Independent Directors | Mr. Suresh Krishnamurthi Rao Mr. C S Ramesh Mr. R Mahendran Mr. Nitin S Cowlagi |
| Independent Directors | Mr. A Janakiraman Mrs. Drushti Desai Mrs. Sujatha Jayarajan Mr. T Ramabadran |

B. Meetings

The number of Board Meetings held during the year along with the dates of the meetings:

(Disclosure pursuant to 134 (3)(b) of the Companies Act, 2013).

During the Financial Year 2021 - 2022, the Board of Chemfab Alkalies Limited met five times as under:

| SNo | Dates of meetings of the Board | Quarter | No. of Directors on the date of Meeting | Total No. of Directors attended |
|-----|--------------------------------|---------|---|---------------------------------|
| 1. | 21.05.2021 | First | 8 | 8 |
| 2. | 30.07.2021 | Second | 8 | 8 |
| 3. | 29.10.2021 | Third | 8 | 8 |
| 4. | 31.01.2022 | Fourth | 8 | 8 |
| 5. | 30.03.2022 | Fourth | 8 | 6 |

The meetings of the Board were held periodically, with an interval of not more than one hundred and twenty days between two consecutive meetings, as prescribed under Section 173(1) of the Act.

C.Re-appointment of Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Suresh Krishnamurthi Rao (DIN-00127809) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, has recommended the re-appointment of Mr. Suresh Krishnamurthi Rao (DIN-00127809) retiring by rotation.

D.Committees of the Board

The constitution and terms of reference of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, and Risk Management Committee are also aligned with the requirements of Regulations 18 to 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

A detailed note on the Committees is given in the Corporate Governance Report forming part of the Annual Report.

E.Performance Evaluation

Section 134 of the Companies Act, 2013 states that formal evaluation needs to be made by the Board, of its performance and that of its committees and the individual Directors. Schedule IV of the Companies Act, 2013 and regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 state that the performance evaluation of each Independent Director shall be done by the entire Board of Directors excluding the Director being evaluated.

Pursuant to the provisions of section 134 (3) (p) of the Companies Act, 2013 and SEBI (LODR) regulations, 2015, the Board has carried out an evaluation of its performance, the

Directors individually as well as its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report forming part of the Annual Report.

F. Directors' Responsibility Statement

As required under Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms, that -

(a) In the preparation of the Annual Accounts for the financial year ended 31st March 2022, the applicable Accounting Standards and Schedule III of the Act have been followed and there are no material departures.

(b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year 2021-2022.

(c) They have 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) They have prepared the annual accounts on a going-concern basis.

(e) They have laid down proper internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

G. Changes in Directors and Key Managerial Personnel

During the year Dr. V. Rajesh Company secretary and Compliance Officer has resigned from the Company w.e.f. 31st January 2022.

Mr. B. Vignesh Ram has been appointed as the Company Secretary, Compliance Officer and Nodal officer of the Company w.e.f. 31st January 2022.

During the year there is no change in the composition of Board of Directors of the Company.

H. Changes in Subsidiaries, Joint Ventures, and Associates

There were no changes in the Subsidiaries, Joint ventures, and Associates during the Financial Year 2021-2022.

I. Significant or Material Orders Passed by Regulators / Courts

There were no significant or material orders relating to the company passed by any regulator / court during the reporting period.

J. Declaration by Independent Directors

The Company has received necessary declarations from Mr. T. Ramabadran, Mr. A. Janakiraman, Mrs. Sujatha Jayarajan, and Mrs. Drushti Desai Independent Directors, under Section 149 (7) of the Companies Act 2013, that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act 2013 and regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and their Declarations have been taken on record.

K. Details in respect of Frauds

The Company's auditors' report does not have any statement on suspected fraud in the company's operations to explain as per Sec. 134(3) (ca) of the Companies Act 2013.

L. Fixed Deposits:

During the year under review, the Company did not raise funds, by way of fixed deposits, from the public.

M. Details of contracts or arrangements with related parties:

The details of contracts or arrangements entered into with related parties along with justification for entering into such contract or arrangement, referred to in sub-section (1) of section 188 in the prescribed form no. AOC 2 is given in Annexure C of this report.

N. Code of Conduct for prevention of Insider Trading:

The Company has a policy viz., "Code of Conduct for prevention of Insider Trading" and the same has been hosted on the Company's website at www.chemfabalkalis.com. The Company also monitors insider trading activities through vigilant software in accordance with the Regulation 5(3) of SEBI (LODR) (Amendment) Regulations 2020.

O. Development and implementation of a Risk Management Policy:

The main objective of Risk Management is risk reduction and

the business and optimizing the risk management strategies. The Company has put in place a well-defined Risk Management framework. The Company has constituted a Risk Management Committee even though the constitution of the same does NOT apply to the Company since it is mandatory only for the top 1000 listed Companies as per the listing regulations. The Risk Management Committee assists the Board in drawing up, implementing, monitoring, and reviewing the Risk Management Plan. The Committee lays down the Risk Assessment and Minimization Procedures and it reviews the Procedures periodically to ensure that the Executive Management controls the risks through a properly defined framework.

The Company has also obtained certification for ISO 14001 and OHSAS 18001 systems to take care of critical operational areas. The Company has also implemented Process Safety Management (PSM). We are the first company in our industry to implement the same.

We are continuing with the publishing of a sustainability report, enhancing our commitment to sustainable development.

P. Technology absorption, Conservation of energy and Research and development:

The Company has an in-house Research and Development Department, where the main areas of focus are Energy Conservation, Process Up-gradation, and Environmental Preservation. The Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India, has recognized the Company's in-house R&D facilities.

The Company has a sophisticated Quality Assurance (QA) Laboratory accredited by NABL in accordance with the requirements of ISO/IEC 17025-2017. Samples from various Chlor-Alkali Industries in India are being analysed at CCAL - QA Laboratory

Awards received during the year (2021 – 22):

1. ICC AWARD FOR EXCELLENCE IN MANAGEMENT OF ENVIRONMENT – 2020
2. FICCI AWARD FOR EXCELLENCE IN SUSTAINABILITY IN CHEMICALS (PRIVATE SECTOR)
3. FICCI AWARD FOR EXCELLENCE IN SUB – SECTOR IN CHLOR ALKALI

The Company continues to take all possible steps to conserve energy in every area of its operations. A brief write-up on Conservation of Energy and Technology Absorption is given in Annexure D.

Q. Cost Records

Your Company is maintaining cost records and reports pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

AUDIT RELATED MATTERS:

A. Statutory Auditors

As per the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014, the Auditors, M/s. Deloitte Haskins & Sells LLP (Firm Registration No 117366W /W-100018) were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 04th September, 2017 for a term of five years and the term of office expires with the ensuing Annual General Meeting. The Shareholders in the AGM may consider appointing them as the Statutory Auditor of the Company for one more term of four years.

There are no qualifications or adverse remarks in the Statutory Audit Report which require any explanation from the Board of Directors.

B. Cost Auditor:

As per Sec. 148 (6) of Companies Act 2013 and rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014, the applicability of Cost audit is based on the overall annual turnover of the company, from all its products and services during the immediately preceding financial year, being rupees one hundred crores or more. Under Rule 3 of the same Regulations, the maintenance of cost records applies to companies whose aggregate turnover of the individual product or products or service or services is Rupees thirty-five crores or more.

In conformity with the said provisions of the Companies Act, 2013, the Company has appointed M/s. Madhavan, Mohan & Associates (Firm Registration No. ICAI Firm No - 003483) Cost Auditors, as the Cost Auditor, for the audit of cost accounts for your Company for the year ending 31st March 2023. The remuneration to be paid to him is being ratified at this Annual General meeting.

There are no qualifications or adverse remarks in the Cost Audit Report which require any explanation from the Board of Directors.

C. Secretarial Audit Report:

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. M Damodaran & Associates LLP, Practicing Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in Form No.MR.3 for the Financial

A Certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed herewith, as **Annexure – J.**

There were two remarks from the Secretarial Auditor of the Company. These two remarks/observations were based on the dissemination of information to the Stock Exchanges. The Company had complied with the same but however there was a delay in complying with the same.

D. Internal Financial Controls:

Your Company has well-defined and adequate internal controls and procedures, commensurate with its size and the nature of its operations. This is further strengthened by the Internal Audit done concurrently. During the year, the Company got its internal controls over financial reporting and risk management process evaluated by independent consultants.

Besides, the Company has an Audit Committee, comprising Independent and Non-Executive Directors, which monitors systems, controls, financial management, and operations of the Company.

The Audit Committee at its meeting held on 25th May, 2022, has evaluated the internal financial controls and risk management system.

E. Internal Auditor:

The Board appointed, M/s. Mukesh Manish & Kalpesh, Chartered Accountants as the internal auditor for the Financial Year 2022-2023 based on the recommendation of the Audit Committee.

BOARD COMMITTEE COMPOSITION

The Board has constituted the following committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, and Risk Management Committee.

A.Audit Committee

Pursuant to regulation 18 of SEBI (LODR) Regulations 2015 and the provision of Section 177(8) read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014, the Company has duly constituted a qualified and independent Audit Committee. The Audit Committee of the Board consists of four “Independent Directors” and Two “Non – Independent Directors” as members having adequate financial and

accounting knowledge. The composition, procedures, powers, and role/functions of the audit committee and its terms of reference are set out in the Corporate Governance Report forming part of the Boards Report.

During the period under review, the suggestions put forth by the Audit Committee were duly considered and accepted by the Board of Directors. There were no instances of non-acceptance of such recommendations.

The Audit Committee acts in accordance with the terms of reference specified by the Board of Directors in terms of Section 177(4) of the Act and in terms of Regulation 18 of the SEBI (LODR) Regulations, 2015. It also oversees the vigil mechanism and is obliged to take suitable action against the Directors or employees concerned, when necessary.

A detailed note on the Audit Committee is given in the Corporate Governance Report forming part of the Annual Report.

B. Nomination and Remuneration Committee:

According to Section 178 of the Companies Act, 2013 and in terms of Regulation 19 of SEBI (LODR) Regulations, 2015, the Company has set up a Nomination and Remuneration Committee which has formulated the criteria for determining the qualifications, positive attributes, and independence of a Director and ensures that:

1)The level and composition of remuneration are reasonable and sufficient to attract, retain and motivate Directors having the quality required to run the Company successfully.

2)The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

3)Remuneration to Directors, key managerial personnel, and senior management involves a balance between fixed and variable pay, reflecting short-term and long-term performance, objectives appropriate to the working of the Company and its goals.

The Nomination and Remuneration Policy of your Company is set out and available on your company website www.chemfabalkalis.com. A detailed note on the Nomination and Remuneration Committee is given in the Corporate Governance Report forming part of the Annual Report.

C. Stakeholders’ Relationship Committee:

A detailed note on the Stake Holders’ Relationship Committee is given in the Corporate Governance Report forming part of the Annual Report.

D. Risk Management Committee:

The Company has constituted a Risk Management Committee even though the constitution of Risk Management Committee does NOT apply to the Company since it is mandatory only for the top 1000 listed Companies as per the listing regulations. The Risk Management Committee assists the Board in drawing up, implementing, monitoring, and reviewing the Risk Management Plan. The Committee lays down Risk Assessment and Minimization Procedures and it reviews the Procedures periodically to ensure that the Executive Management controls the risks through the properly defined framework.

E. Corporate Social Responsibility (CSR) Committee:

The Board has constituted the Corporate Social Responsibility Committee in accordance with Section 135 of the Companies Act, 2013. The Company is committed to operate in a socially responsible manner in terms of protecting the environment and conserving water resources and energy. Details of the CSR Policy drawn up by the Company and the CSR expenditure and initiatives taken during the year 2021 – 22 are given in **Annexure – E** to this Report.

OTHER MATTERS

A. Particulars of loans, guarantees, or investments u/s 186 of the Companies Act, 2013

During the year under review, the Company did not provide any loans, guarantees or investments u/s 186 of the Companies Act 2013.

During the Financial Year under review the Company has invested Rs. 3,15,00,000 (Rupees Three Crore Fifteen-Lakhs only) towards subscription to 31,50,000 shares of Rs. 10 each in the form of 0.01% Cumulative Convertible Preference Shares in Chemfab Alkalies Karaikal Limited, a Wholly Owned Subsidiary, the shares are pending allotment as on 31st March 2022.

B. Remuneration details of Directors and Employees

The Company's policy on Directors' appointment and remuneration, including criteria for determining qualification, positive attributes and independence of a director and other matters provided under sub-section (3) of section 178, is posted on our company's website in the following link <https://chemfabalkalis.com/investors/> and forms part of this Report pursuant to the first proviso of Sec. 178 of the Companies Act 2013.

C. Debentures

During the year under review, the Company has not issued any debentures. As of date, the Company does not have any outstanding debentures.

D. Bonus Shares

During the year under review, the Company has not issued any bonus shares.

E. Borrowings

The Company has outstanding borrowings including IND AS accounting adjustment entries and interest accrued of Rs.685.10 Lakhs during the financial Year ended 31st March 2022.

F. Deposits

The Company has not accepted any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, during the year under review and as such, no amount on account of principal or interest on public deposits was outstanding as of the balance sheet date.

G. Transfer to Investor Education and Protection Fund

The details of the transfer of unclaimed dividends and the shares for seven consecutive years to the Investor Education and Protection Fund are given in the Corporate Governance Report forming part of the Annual Report, which is also available on the company's website.

H. Credit Ratings

CARE has re-affirmed its rating of "CARE A - Stable" for Long term Bank facilities; and "CARE A2+" for Short term Bank facilities.

I. Code of Corporate Governance

In compliance with the requirement of regulations 24 to 27 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, a detailed report on Corporate Governance is annexed to this report as **Annexure – G** along with a Certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants affirming compliance with the said Code which is appended as **Annexure – I**.

J. Code of conduct for Directors and Senior Management:

The Board of Directors had adopted a code of conduct for the Board Members and employees of the company. This Code helps the Company to maintain the standard of Business Ethics and ensure compliance with the legal requirements of the Company.

The Code is aimed at preventing any misconduct and promoting ethical conduct at the Board level and by employees. The Compliance Officer is responsible to ensure adherence to the Code by all concerned.

The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the workplace, in business practices, and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

K. Management Discussion and Analysis Report

In accordance with the requirement of the Listing Regulations, the Management Discussion and Analysis Report is presented in a separate section of the Annual Report, which is appended as **Annexure - A**.

L. Disclosure on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place a Sexual Harassment Policy in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaint Committee (ICC) has been set up to redress the complaints received in connection with sexual harassment in any form.

All employees (permanent, contractual, temporary, trainees) are covered under this policy.

- a. Number of complaints filed during the financial year - NIL
- b. Number of complaints disposed of during the financial year – NIL
- c. Number of complaints pending as of the end of the financial year – NIL

M. Vigil Mechanism:

The Company has established a vigil mechanism, also called the Whistle Blower Policy, which has been adopted by the Board, applicable to Directors and employees, to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. Confidentiality of the Whistle Blower shall be maintained to the greatest extent possible. Details of the vigil mechanism are available on our Company's website.

N. Annual Return – MGT – 7

As per the provisions of section 134(3)(a) of the companies Act, 2013 , the Annual Return of the Company is available on our website at www.chemfabalkalis.com/investors

O. Employees' Stock Option Scheme 2015

The Shareholders of the Amalgamated entity Chemfab Alkalies Limited had approved the Employees' Stock Option Scheme titled "CAESOS – 2015" through Postal Ballot on March 05, 2016. "CAESOS-2015" complies with SEBI (Share Based Employee Benefits) Regulations, 2014. The details are available on our website www.chemfabalkalis.com.

The purpose of the Scheme is:

- i) to attract, retain and motivate talented and critical employees.
- ii) to encourage employees to align individual performance with the Company's objectives, and
- iii) to reward employee performance with ownership.

The details of CAESOS – 2015 form part of the Notes to Accounts of the Financial Statements in this Annual Report.

As per the approval given by the Shareholders of Chemfab Alkalies Limited, the Options granted to the employees of the amalgamated Company Chemfab Alkalies Limited also carry the eligibility of application of the Swap ratio of 10:7 (i.e., 10 shares of Rs.10 each for every 7 shares of Rs.5 each held) mentioned in the Scheme of Amalgamation of erstwhile Chemfab Alkalies Limited to the Company approved by the NCLT vide its Order dated 30.03.2017. Shares allotted during the reporting period under the employee stock option scheme are as provided below:

| Particulars | No. of shares allotted |
|--|-------------------------------|
| During the FY 2018 – 19 | 60,000 |
| During the FY 2019 – 20 | 59,000 |
| During the FY 2020 – 21 | 1,19,999 |
| Total shares allotted under CAESOS – 2015 | 2,38,999 |

Price at which shares were issued: Rs. 52.43
Diluted EPS – Rs.20.27/- (Standalone), Diluted EPS – Rs. 20.20/- (Consolidated)

Equity Shares with differential voting rights: NA; Sweat Equity Shares: NA
Details of voting rights not exercised: NA.

P. Employees' Stock Option Scheme 2020

At the 11th Annual General Meeting held on 29th July 2020, the Shareholders approved Employee Stock Option Scheme ('CAESOS -2020') covering 4,00,000 equity shares. There has been no material changes to the Scheme during the year under review. The relevant disclosures pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is forming part of the Annual report.

Your Company has received a certificate from the Secretarial Auditors of the Company that ESOP Schemes viz., CAESOS -2015 and CAESOS -2020 has been implemented in accordance with Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution(s) passed by the Members of the Company.

Q. Green initiatives

Pursuant to the Ministry of Corporate Affairs (MCA) circulars dated April 08, 2020, April 13, 2020, and May 05, 2020, the Company is providing the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. Electronic copies of the Annual Report 2021 – 22 and Notice of the Thirteenth (13th) Annual General Meeting are sent to all the members whose email addresses are registered with the Company/Depository Participant(s). Further, the soft copy of the Annual Report (in pdf format) is also available on our website <https://chemfabalkalis.com/investors/>

Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, and Listing Regulations, the Company is providing an e-voting facility to all members to enable them or their nominees to cast their votes electronically on all resolutions outlined in the notice. The instructions for e-voting are provided in the notice.

R. Statement on Secretarial Standards

The Company is adopting compliances of applicable secretarial standards and other secretarial standards to ensure good governance.

S. Human Resources

Employee relation continues to be cordial and harmonious at all levels and in all the division of the Company. The Board of Directors would like to express their sincere appreciation to all the employees for their continued hard work and dedication.

The number of Direct employees as of 31st March 2022, was 192. The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure - F** to the Board's Report.

Acknowledgment

The Directors thank the Shareholders, Customers, Dealers, Suppliers, Bankers, Financial Institutions and all other business associates for their continued support to the Company and the confidence reposed in its Management. The Directors also thank the Government authorities for their co-operation. The Directors wish to record their sincere appreciation of the significant contribution made by the CCAL mates at all levels to its successful operations.

By Order of the Board of Directors
For **Chemfab Alkalies Limited**

Sd/-
Suresh Krishnamurthi Rao,
Chairman
DIN: 00127809

Place: Chennai
Date: 11th August 2022

Annexure – A
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Chemfab Alkalies Limited (CCAL) has established the first membrane cell plant for Chloralkali production in India; it has also built a long legacy of sustainability and diversity in the workplace. CCAL is one of the first major chemical organisations in India to introduce and implement innovative technologies successfully, and stay at the forefront of the industry. With considerable investment in processes and quality improvement, CCAL's operations have been at the cutting-edge of technology since its inception.

CCAL, established by Dr. Rao in 1985, has many 'first' to its credit and has received numerous patents and worldwide recognition for the viability and implementation of various innovative technologies in the Chloralkali sector.

Notably, adoption of Membrane Technology for Chloralkali production in its Kalapet facility has resulted in nationwide reform of the sector. Today, all new and expanding Chloralkali plants in India must implement Membrane Technology – that was once believed to be unviable and impractical.

Our Founder's farsightedness, perseverance and quest for excellence have driven our success. His 'green' stance has resulted in innovations for the betterment of the environment and the well-being of the earth's citizens.

Working with local communities, and with a group of diverse and talented employees, we are proud to say that the company has spearheaded many firsts in the industry and in the country. Making a difference in technology and society, alike!

The company operates in two segments viz Chlor- alkali segment and Oriented PVC Pipes segment

CHLOR-ALKALI INDUSTRY

Globally Caustic Soda Lye prices moved upward in the second half of the Financial Year 2021-22, because of high Energy cost due to China's Dual Control policy. The International prices of Caustic Soda Lye increased from USD 300/MT to 850/MT during the Second Half and thereafter correcting to around USD 700/MT towards the end of the Financial Year.

In the domestic front, India has become a net exporter of Caustic Soda Lye for the first time, with steady exports taking place from the third quarter onwards. Due to COVID, 3rd wave, the first quarter did have an impact in the demand and realization during the year 2021-22. However, there has been a demand revival in most of the sectors during the second half.

ORIENTED PVC PIPES (PVC-O PIPES)

FY 2021-22 was a mixed year for the sector. The demand was impact due to COVID during the first half. Due to COVID lock downs the project implementation were slow and it also impacted the speed of new order release. This led to lower capacity utilization in the current year.

However, during the ensuing year we are confident of better project execution as well as improved order visibility especially in the Government segment with projects under Jal Jeevan Mission picking up speed. In the last 2 years your company has been able to well establish PVC-O pipes as an proven alternative for high pressure applications.

OPPORTUNITIES AND THREATS

CHEMICAL

The Capacity addition build-up in the domestic industry is likely to have an impact in the domestic market prices. While the demand for the product is only growing, the industry needs to work on increasing its Exports to maintain the demand balance.

Alumina in India and across the globe continues to be a big demand driver for caustic soda, with sustained demand. The Geo-political issue continues to be a major threat.

PVCO

In the PVCO business, both centre and state are focussing more on water supply projects thus the demand growth for high pressure pipe is promising. The Central Government Jal Jeevan mission scheme for providing water connectivity to each house hold is now under progress. This will provide demand High pressure pipes and your company is well placed to meet the enhanced demand expected. Also, in the lift irrigation projects we expect distribution line order opportunities along with main pipeline because of superior pipe performance. However any delays in statutory clearances for customer project execution could delay to project execution and thereby demand for pipes.

OUTLOOK

CHEMICAL

With the Chlor – Alkali products being the inorganic building block, the growth will move in tandem to growth in the country's GDP in 2022-23, which is expected to do well.

PVCO

With the focus of both the Central as well as State Governments on water connectivity and distribution, the demand for the product is expected to be robust. As of now PVC-O Pipes have been accepted both in the Government and non-Government projects and with the proven track record, we expect good growth in market demand.

RISKS AND CONCERNS

For the Chlor-Alkali business dependence on grid power continues to be a risk though the Puducherry power scenario remains reasonably stable. The possibility of the increase in the cost of power is a concern in the long run.

For the PVCO Pipes business, we see the high cost of the main raw material PVC resin proving to be a risk that could impact the margins of the segment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has well-defined and adequate internal controls and procedures, commensurate with its size and the nature of its operations. This is further strengthened by the Internal Audit done concurrently.

Besides, the Company has an Audit Committee, comprising Non-Executive Directors, to monitor its financial systems, controls, management, and operations.

The Company has obtained certification for ISO 14001 and OHSAS 18001 systems to take care of critical operational areas. We also engage the services of professional Consultants to continuously analyze and upgrade our operations. The Company has also implemented Process Safety Management (PSM). Also, Sustainability Reporting has been carried out enhancing our commitment to sustainable development.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year, the realization for the Chemical Division increased substantially which resulted in an increase in sales turnover and profitability of the company. However, the offtake of pipes in the PVCO segment remained dull leading to decreased operational capacity. Further, the sharp rise in the PVC Resin prices and Industrial grade Salt impacted the margins.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PERSONS EMPLOYED.

During the year under review, Industrial Relations continued to be cordial. The Company had 192 direct employees on the payroll as of 31st March 2022 and had provided indirect employment to 262 persons on an average during the FY 2021-22.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations, therefore, including:

| S. No. | Ratio Analysis | FY 21-22 | FY 21-22 | Variance | Variance % | Remarks |
|--------|---|----------|----------|----------|------------|-----------------------------------|
| (i) | Debtors Turnover Ratio (Times) (Revenue from operations / Average Trade Receivables) | 14.84 | 14.64 | 0.20 | 1% | |
| (ii) | Inventory Turnover Ratio (Times) (Revenue from operations / Average Inventories) | 25.71 | 20.33 | 5.38 | 26% | Improved due to increase in sales |
| (iii) | Interest Coverage Ratio (Times) (EBIT / Finance Cost) | 39.68 | 1.86 | 37.82 | 2030% | Increase due to increase in EBIT |
| (iv) | Current Ratio (Times) (Current Assets/ Current Liabilities) | 1.84 | 1.82 | 0.02 | 2% | |

| | | | | | | |
|-------|---|--------|--------|--------|-------|---|
| (v) | Debt Equity Ratio (Times) (Current + non-current borrowing and lease liability / total equity) | 0.03 | 0.12 | -0.09 | -75% | Reduction due to repayment of term loan |
| (vi) | Operating Profit Margin (%) (Profit before exceptional items - Other Income / Revenue from Operations) | 12.33% | 0.41% | 11.93% | 2940% | Increase due to increase in Revenue and Margins |
| (vii) | Net Profit Margin (Profit for the year / Revenue from Operations) | 10.62% | -4.45% | 15.06% | 339% | Improved due to increase in profit |

The above comparison is on standalone financial statements.

Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:

| | FY 21-22 | FY 20-21 | Variance |
|--|----------|----------|----------|
| Return on Net Worth (Profit after tax/ Total Equity) % | 9.67% | -3.00% | 12.67% |

Return on net worth is computed as a ratio of Profit after tax to total equity. The positive variance is mainly due to higher profit after tax in the current year compared to the previous year.

CAUTIONARY STATEMENT

The statements made in this Report on Management Discussion and Analysis, describing the Company's views may be forward looking statements within the meaning of the applicable security regulations and laws. These statements are based on certain expectations on demand, imports, availability, and cost of power, etc. and any change in Government laws and the economic situation in the country would have its impact on the Company's operations.

The Company assumes no responsibility in respect of the forward-looking statements herein, which may undergo changes in the future for reasons beyond its control.

ANNEXURE – B

FORM NO. AOC.1

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/
ASSOCIATE COMPANIES/Joint Ventures (PURSUANT TO THE FIRST PROVISO TO SUB-SECTION (3)
OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)**

Part “A”: Subsidiaries

(Information in respect of subsidiary to be presented with amounts in Rs. In Lakhs.)

| | |
|--|-----------------------------------|
| Name of the Subsidiary | Chemfab Alkalies Karaikal Limited |
| The reporting period for the subsidiary concerned, if different from the holding company's reporting period | 2021 – 2022 |
| Reporting Currency and Exchange rate as of the last date of the relevant financial year in the case of foreign subsidiaries | NA |
| Equity Share capital | 532.00 |
| Other Equity | (32.69) |
| Total Assets | 1155.09 |
| Total Liabilities | 655.78 |
| Investment | 8.02 |
| Turnover | - |
| Profit before taxation | (8.42) |
| Provision for taxation | 0.74 |
| Profit after taxation | (9.16) |
| Proposed Dividend | - |
| % of shareholding | 100% |

Note: Your Company had incorporated, a wholly-owned subsidiary namely ‘Chemfab Alkalies Karaikal Limited’ on 19th December 2019 to manufacture all types of chemicals, chemical compounds, and chemical products including, but not limited to alkali, acids, Acids, Bases, Solvents, Alcohols, Gases, Ethers, Aliphatics, Aromatics, Aldehydes Ketones, Amines, Alkaloids, caustic soda, Potassium Chlorate, Sodium Chlorate, Perchlorate, other chemicals and their by-products or derivatives in all forms and kinds.

The said company had obtained a provisional allotment of undeveloped land comprising of 65 acres (2,63,055 sqm) located at the extreme Southwest corner of the layout at Industrial Growth Centre, Polagam, Karaikal on a premium lease basis for 30 years initially and extendable up to a maximum period of 99 years, for setting up of a unit for the manufacture of “Caustic Soda Lye and Chlorine derivatives.

The Company is in the process of getting firm allotment of land after land survey and getting it registered along with obtaining statutory approvals for setting up its business activities.

Part “B”: Associates and Joint Ventures

There are no associates and JVs to your company during the reporting period.
In terms of our report attached

Place: Chennai
Date: 11 August 2022

Sd/-
Suresh Krishnamurthi Rao,
Chairman
DIN: 00127809

Annexure – C

AOC 2

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

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

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements, or transactions entered during the year ended 31st March 2022, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

There were no material contracts or arrangements, or transactions entered during the year ended 31st March 2022.

Place: Chennai

Date: 11th August 2022

Sd/-

Suresh Krishnamurthi Rao,

Chairman

DIN: 00127809

Annexure – D
CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION
A. Conservation of Energy

| Particulars | Details |
|---|---|
| (i) The steps are taken or impact on the conservation of energy | VFD operation, LED Conversion, Elec-trode steam boiler, HF bank upgradation and other operational controls has resulted in savings of 12.01 Lakhs of Units during FY 2021-22 |
| (ii) The steps taken by the company for utilizing alternate sources of energy | 1. 445KWP Roof Top Solar plant has Generated 5.96 Lakhs Units & Utilised for plant operation. 2. Solar power of 187.38 Lakhs Units has been procured from third party and utilised for plant operations. |
| (iii) Capital investment in energy conservation equipment | Capital investment on Energy conservation initiatives was Rs.22.32 Lakhs during FY 2021-22. |

B. Technology Absorption

| Particulars | Details |
|--|---|
| (i) The efforts made towards technology absorption | We have developed through our in-house R&D Technology for reduction of Iodide in Brine solution. |
| (ii) The benefits derived like product improvement, cost reduction, product development, or import substitution | Benefits would be improving brine quality, which improves life of the electrolyser and membrane life. |
| (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- a) the details of technology imported b) the year of import; c) whether the technology been fully absorbed; d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | a. Licence to use of Technology, Know-how, and IP Rights to manufacture Oriented PCV (“PVC-O”) form the Molecor Technologia, S.L., Spain. b. 2018, 2019 c. Yes. d. N A |

C. Foreign exchange earnings and Outgo-

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

| Particulars | Amount |
|---------------------------|------------------|
| Foreign exchange earnings | Rs. 114.92 Lakhs |
| Foreign Exchange outgo | Rs. 855.64 Lakhs |

Place: Chennai

Date: 11th August 2022

Sd/-
Suresh Krishnamurthi Rao,
Chairman
DIN: 00127809

ANNEXURE - E

REPORT ON CSR ACTIVITIES FOR THE FY 2021 - 22

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

1. A brief outline on CSR Policy of the Company:

A brief outline of the company's CSR Policy, including an overview of projects or programs proposed to be undertaken and a reference to the Web-link to the CSR Policy and Projects or Programs.

The Company will take up community and socially focused activities, with Particular emphasis on the following activities, hereinafter referred to as "CSR activities"

I. Promoting preventive and general health care, sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and provision of safe drinking water.

II. Promoting education by providing financial assistance to deserving educational institutions, meritorious students, including special education and employment enhancing vocation skills especially among children, women, elderly, and differently-abled, promoting livelihood enhancement projects and road safety projects with special emphasis on driver training programmes.

III. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, daycare centers, and such other facilities for senior citizens.

IV. Ensuring environmental sustainability, ecological balance, protection of Flora and Fauna, animal welfare, agroforestry, conservation of natural resources, and maintaining the quality of soil, air, and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of the Ganga.

VII. Contributing to rural development projects; and

VIII. Such other activities and projects are covered in Schedule VII to the Companies Act, 2013 and notifications made by the Ministry from time to time.

2. Composition of CSR Committee:

| Sl. 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 | Mr.C.S.Ramesh | Chairperson and Non –Independent Director | 2 | 2 |
| 2 | Mr.T.Ramabadhran | Member –Non Executive Director | 2 | 2 |
| 3 | Mr.A.Janakiraman | Member –Non Executive Director | 2 | 2 |
| 4 | Mrs.Sujatha Jeyarajan | Member –Non Executive Director | 2 | 2 |
| 5 | Mr. R. Mahendran | Member –Non Executive Director | 2 | 2 |
| 6 | Mr.Nitin Cowlagi | Member –Non Executive Director | 2 | 2 |

3. Web link where the Composition of the CSR committee, CSR Policy, and CSR projects approved by the board are disclosed on the website of the company.

- CSR Policy Link: <https://chemfabalkalis.com/wp-content/uploads/2019/04/policies-Policy-for-Corporate-Social-Responsibility.pdf>

- Composition of CSR Committee Link: <https://chemfabalkalis.com/wp-content/uploads/2019/04/policies-Policy-for-Corporate-Social-Responsibility.pdf>
- CSR Project Link: <https://chemfabalkalis.com/wp-content/uploads/2019/04/policies-Policy-for-Corporate-Social-Responsibility.pdf>

4. Details of the 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 - Rs.47, 27, 791

6. Average net profit of the company as per section 135(5).

Rs. 28,03,08,441

7. (a) Two percent of average net profit of the company as per section 135(5) Rs. 56,06,169

(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). Rs. 56,06,169

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

| | | Amount Unspent (in Rs.) | | | | |
|--|--|-------------------------|--|---------|-------------------|--|
| Total Amount Spent for the Financial Year. | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5). | | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. | |
| Rs. 1,03,33,960 | - | - | - | - | - | |

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

| Sl. No | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/ No) | Location of the project. | | Project Duration | Amount allocated for the project (in Rs.) | Amount spent in the current financial Year (in Rs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.). | Mode of Implementation - Direct (Yes/ No). | Mode of Implementation - Through Implementing Agency | |
|--------|----------------------|--|----------------------|--------------------------|----------|------------------|---|--|---|--|--|------------------|
| | | | | State | District | | | | | | Name | CSR Registration |
| NIL | | | | | | | | | | | | |

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

| Sl. No. | Name of the Project | The item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | Location of the project. | | Amount spent for the project (in Rs.). | Mode of implementation Direct (Yes/No). | Mode of implementation Through implementing agency. | |
|---------|-------------------------------------|--|----------------------|--------------------------------------|---------------------------|--|---|---|------------------------------|
| | | | | state | District | | | Name | Name CSR Registration number |
| 01. | COVID 19 Disaster Relief Management | Schedule VII (xii) | Yes | Local Area Pud-hucherry / Tamil Nadu | Pud-hucherry / Tamil Nadu | 85,29,753 | Yes | - | - |
| 02. | COVID 19 Disaster Relief Management | Schedule VII (xii) | Yes | Local Area Pud-hucherry / Tamil Nadu | Pud-hucherry / Tamil Nadu | 10,00,000 | No | CHRISTIAN MEDICAL COLLEGE VELLORE | CSR 0000 1924 |
| 03. | Education and Training | Schedule VII (ii) | Yes | Local Area Pud-hucherry / Tamil Nadu | Pud-hucherry / Tamil Nadu | 4,20,518 | Yes | - | - |
| 04. | Ensuring Environment Sustainability | Schedule VII (iv) | Yes | Local Area Pud-hucherry / Tamil Nadu | Pud-hucherry / Tamil Nadu | 3,83,688 | Yes | - | - |
| | TOTAL | | | | | 1,03,33,960 | | | |

(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): Rs. 1,03,33,960

(g) Excess amount for set-off, if any Rs. 47,27,791

| Sl. No | Particular | Amount (in Rs.) |
|--------|--|-----------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | 28,03,08,441 |
| (ii) | Total amount spent for the Financial Year | 1,03,33,960 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 47,27,791 |

| | | |
|------|---|-----------|
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | The amount available for set off in succeeding financial years | 47,27,791 |

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

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | 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 Rs.) |
|------------|---------------------------|--|--|--|-----------------|------------------|--|
| | | | | Name of the Fund | Amount (in Rs.) | Date of transfer | |
| NIL | | | | | | | |

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

10. In case of creation or acquisition of the capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(Asset-wise details).

| S. No. | (a) Date of creation of asset | (b) amount of CSR spend (Rs.) | (c) details of beneficiary | (d) details of capital assets |
|--------|-------------------------------|-------------------------------|--|---|
| 1 | 07 May 2021 | 10,00,000 | CHRISTIAN MEDICAL COLLEGE VELLORE Ida Scudder Road, Vellore 632 004 Tamil Nadu, India | OXYGEN CONCENTRATOR PLANT |
| 2 | 24 May 2021 | 35,500 | Director of Health and Family welfare Services General Hospital Main Block of Old maternity hospital Victor Simonel Street, Pondicherry – 1 | 1 No Desktop Computer |
| 3 | 28 May 2021 | 3,85,280 | Health Department Pondicherry | 80 Nos BPC Flow meter |
| 4 | 30 June 2021 | 17,72,479 | Covid Care Centre, Pondicherry University Campus Kalapet, Pondicherry – 605014 | 90 Nos SEMI FOWLER BEDS, 15 ICU BEDS and 1 OXYGEN CONCENTRATE |
| 5 | 30 June 2021 | 20,02,785 | Director Medical Science, Pondicherry Government | 3 Nos Ventilator with standard accessories |

| | | | | |
|---|--------------|-----------|---|---|
| 6 | 10 July 2021 | 6,04,326 | Government Hospital, Karaikal , Pondicherry | O2 manifold with regulator, pipeline with automatic control panel (O2 GAS PIPE-LINE) |
| 7 | 26 Feb 2022 | 34,12,500 | Indira Gandhi Medical Col- lege and Research Institute, Kathirkamam, Pondicherry – 9 | 5 Nos HEMODIALYSIS MACHINE |

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5).

Sd/-
C.S. Ramesh).
(Chairman CSR Committee)

Annexure – F

REMUNERATION DETAILS

DISCLOSURE PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

The Information required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as below:

- (i) the ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year

Amount Rs. in Lakhs

| Sl. No. | Director Name | Remuneration FY 2021-22 | Median Re-muneration of Employees FY 2021-22 | Ratio |
|---------|------------------------------|-------------------------|--|-------|
| 1 | Mr. Suresh Krishnamurthi Rao | 1.00 | 6.27 | 0.16 |
| 2 | Mr. C. S. Ramesh | 4.88 | 6.27 | 0.78 |
| 3 | Mrs. Drushti Desai | 4.80 | 6.27 | 0.77 |
| 4 | Mr. Janakiraman A | 4.65 | 6.27 | 0.74 |
| 5 | Mr. Mahendran R | 3.95 | 6.27 | 0.63 |
| 6 | Mrs. Sujatha Jayarajan | 4.43 | 6.27 | 0.71 |
| 7 | Mr. T. Ramabadhran | 4.88 | 6.27 | 0.78 |
| 8 | Mr. Nitin S Cowlagi | 4.35 | 6.27 | 0.69 |

- (ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the financial year.

| Sl. No. | Director Name | Remuneration FY 2021-22 | Remuneration FY 2020-21 | % Increase/ (Decrease) |
|---------|------------------------------|-------------------------|-------------------------|------------------------|
| 1 | Mr. Suresh Krishnamurthi Rao | 1.00 | 210.00 | -99.52% |
| 2 | Mr. C.S. Ramesh | 4.88 | 7.10 | -31.27% |
| 3 | Mrs. Drushti Desai | 4.80 | 7.03 | -31.72% |
| 4 | Mr. Janakiraman A | 4.65 | 6.88 | -32.41% |
| 5 | Mr. Mahendran R | 3.95 | 6.03 | -34.49% |
| 6 | Mrs. Sujatha Jayarajan | 4.43 | 6.73 | -34.18% |
| 7 | Mr. T. Ramabadhran | 4.88 | 7.18 | -32.03% |
| 8 | Mr. Nitin S Cowlagi | 4.35 | 1.18 | 268.64% |
| 9 | Mr. V.M Srinivasan, CEO | 142.82 | 175.96 | -18.83% |
| 10 | Mr. Prasath S, CFO | 40.00 | 31.79 | 25.83% |
| 11 | Dr. V. Rajesh | 16.30 | 15.09 | 8% |
| 12 | Mr. B Vignesh Ram | 15.50 | NA | N.A. |

Note:

Dr. V. Rajesh, Company Secretary & Compliance Officer was relieved from the services of the Company with effect 31st January 2022 and Mr. B. Vignesh Ram was appointed as the Company Secretary with immediate effect subsequent to the resignation of Dr. V. Rajesh.

iii) the percentage increase in the median remuneration of employees in the financial year

| Median Remuneration FY 2021-22 | Median Remuneration FY 2020-21 | % Increase/(Decrease) |
|-----------------------------------|-----------------------------------|-----------------------|
| 6.27 | 5.37 | 16.76% |

(iv) Number of permanent employees on the rolls of company – 192

(viii) Average percentile increases 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, pointing out if there are any exceptional circumstances for increase in the managerial remuneration.

| Particulars | FY 2021-22 | FY 2020-21 | % Increase/ (Decrease) |
|-------------------------|------------|------------|------------------------|
| Employees Salary | 1968.44 | 1834.55 | 7.30% |
| Managerial Remuneration | 32.94 | 252.13 | -86.94% |

(xii) affirmation that the remuneration is as per the remuneration policy of the Company.

(item (v) (vi) (vii) (ix) (x) (xi) Omitted by Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 Dated 30th June, 2016.

INFORMATION AS PER RULE 5(2) OF CHAPTER XIII, COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| Employee Name | Designation & Nature of Employment | Qualification and Experience (in years) | Age | Date of Joining & Previous Employment details | Remuneration (Rs. In lakhs) | Percentage of equity shares held | whether the employee is a relative of any director or manager of the company |
|---------------------|------------------------------------|---|-----|---|-----------------------------|----------------------------------|--|
| Mr. V.M. Srinivasan | CEO (Permanent Employee) | B.Sc, MBA Experience – 30 Years | 55 | 26/04/2017 Previous Employment – CEO, the erstwhile amalgamated Company Chemfab Alkalies Limited and Floking Pipes | 142.82 | 1.26% | No |

TOP 10 EMPLOYEES IN TERMS OF REMUNERATION DRAWN

Statement pursuant to Section 134 of the Companies Act 2013, read with rule 5(2) and 5(3) of the Companies Act (Appointment and Remuneration of Managerial Personnel) Rules 2014 and Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules 2016 Statement as per rule 5(2) of the above-said rule.

REMUNERATION:

As prescribed under Section 197(12) of the Companies Act, 2013 (“Act”) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details are given in **Annexure G**. In terms of provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing names of the employees, age, designation, drawing remuneration, nature of employment, qualification, experience, date of commencement of employment, last employment, and other particulars in terms of the said Rules is available for inspection at the Registered Office of the Company during working hours and any member who is interested in obtaining these particulars may write to the Company Secretary of the Company via email: ccalcosecy@drroholdings.com

ANNEXURE- G

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 ST MARCH 2022

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The term ‘Governance’ refers to the way in which something is governed and the function of governing, and the term ‘Corporate Governance’ refers to how companies are governed and to what purpose. It is concerned with practices and procedures for trying to ensure that a company runs in such a way that it achieves its mission and goals. It includes maximizing the wealth of the shareholders subject to various guidelines and constraints.

In other words, the term ‘Corporate Governance’ stands for a commitment to values and ethical business conduct. It is information to outsiders showing how an organization is managed. This includes its corporate structure, its culture, policies, and the way it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial performance, ownership, and material developments in respect of the Company are integral parts of Corporate Governance. Adoption of good Corporate Governance practices helps to develop a good image of the organization, attracts the best talents, and keeps the stakeholders satisfied.

Your Company has been practicing the principles of good Corporate Governance over the years and has been upholding fair and ethical business and corporate practices and transparency in its dealings, emphasizing scrupulous regulatory compliances.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company believes that sound Corporate Governance is critical to enhance and retain investors' trust.

Accordingly, your Company seeks to achieve its goals with integrity and fairness. The Company's philosophy is based on Accountability, Ethical conduct, Compliance with statutes, Interest of all stakeholders, Transparency, and Timely disclosure. The objective is to institutionalize Corporate Governance practices that go beyond adherence to the regulatory framework.

The Company is in full compliance with the requirements under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Company is committed to adhering to the norms of Corporate Governance consistently for meeting all its obligations towards the stakeholders.

2. BOARD OF DIRECTORS

The Company's Board consists of Eight Directors, all of whom are Non-Executive Directors.

| SI. No | Name of Directors | Category | Date of appointment |
|-------------------|------------------------------|--------------------------------|----------------------------|
| 1 | Mr. Suresh Krishnamurthi Rao | Promoter, Non - Independent | 26.04.2017 |
| 2 | Mr. C.S. Ramesh | Non – Independent | 26.04.2017 |
| 3 | Mr. R. Mahendran | Non - Independent Director | 14.03.2016 |
| 4 | Mr.Nitin S Cowlagi | Non - Independent Director | 29.07.2020 |
| 5 | Mr. A. Janakiraman | Independent Director | 26.04.2017 |
| 6 | Mrs. Drushti Desai | Independent Director | 26.04.2017 |
| 7 | Mrs. Sujatha Jayarajan | Independent Director | 26.04.2017 |
| 8 | Mr. T. Ramabadhran | Independent Director | 27.06.2019 |

The Company is Board-managed, and it has no Managing Director, Whole-Time Director, or Manager. The day-to-day affairs are managed by the Chief Executive Officer (CEO) of the Company, under the direct supervision of the Board.

The Key Managerial Personnel of the Company

| Name of the Personnel | Designation | Remarks |
|-----------------------|-------------------------|-----------------------------|
| V.M. Srinivasan | Chief Executive Officer | - |
| S. Prasath | Chief Financial Officer | - |
| Dr. V. Rajesh | Company Secretary | Resigned w.e.f. 31.01.2022 |
| B.Vignesh Ram | Company Secretary | Appointed w.e.f. 31.01.2022 |

The composition of the Board, the categorization of Directors, the number of Board meetings held during the Financial Year, 2021-22, attendance at the Board meetings and the last Annual General Meeting, and the number of Directorships and Memberships/ Chairmanships in other public companies held by the Directors as on 31st March 2022 are given below:

A. I) INFORMATION ON BOARD OF DIRECTORS AND ATTENDANCE

| Sl No | Name of Directors (Mr./Mrs.) | Category of Directoship | No. of Equity Shares held | No. of Board | | No. of Other Directoship | No. of other Committee | | Attendance of last AGM |
|-------|------------------------------|-------------------------|---------------------------|--------------|----------|--------------------------|------------------------|-----------|------------------------|
| | | | | Held | Attended | | Member | Chair-man | |
| 1 | Suresh Krishnamurthi Rao | Non - Independent | 1424423 | 5 | 5 | 2 | 0 | 0 | NO |
| 2 | C. S. Ramesh | Non - Independent | 58 | 5 | 5 | 1 | 0 | 0 | YES |
| 3 | R. Mahendran | Non - Independent | 0 | 5 | 5 | 1 | 0 | 0 | YES |
| 4 | Nitin S Cowlagi | Non - Independent | 56142 | 5 | 4 | 1 | 0 | 0 | YES |
| 5 | Sujatha Jayarajan | Independent | 0 | 5 | 5 | 2 | 2 | 0 | YES |
| 6 | Drushti Desai | Independent | 0 | 5 | 4 | 3 | 4 | 0 | YES |
| 7 | A. Janakiraman | Independent | 0 | 5 | 4 | 0 | 0 | 0 | YES |
| 8 | T. Ramabadhran | Independent | 142 | 5 | 5 | 2 | 0 | 0 | YES |

* The Directorships and membership in Committee held by the Directors as mentioned above do not include Chemfab Alkalies Limited, and Alternate Directorships and Directorships of Foreign Companies.

Please refer to <http://www.chemfabalkalis.com/pdf-2015/Indpdt-Directors-Famlrzn-Prog.pdf> for familiarization program imparted to Independent Directors.

Appointment of Independent Directors

The Independent Directors meeting held on 31st January 2022 reviewed the performance of Non – Independent Directors and the Board as a whole and the performance of the Chairperson – considering the view of other Non – Independent Director(s) and assessed the quality, quantity, and timeliness of the flow of information between the company management and the Board. www.chemfabalkalis.com/investors.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI Listing Regulations and they are independent of the Management.

Details of Meeting of Independent Directors are as follows:

The Independent Directors met on 31st January 2022 and reviewed the performance of non – independent Directors and the Board of directors as a whole. They reviewed the performance of the Chairperson – considering of view of other Non – Independent Directors and assessed the quality, quantity, and timeliness of the flow of information between the company management and the Board.

| Sl. No | Name of the Director | Number of Meeting | Attended |
|--------|----------------------|-------------------|----------|
| 01. | T. Ramabadhran | 1 | 1 |
| 02. | A. Janakiraman | 1 | 1 |
| 03. | Sujatha Jayarajan | 1 | 1 |
| 04. | Drushti Desai | 1 | 1 |

A. II) INFORMATION ON BOARD OF DIRECTORS ON OTHER LISTED COMPANIES

| Sl. No | Name of the Director | No. of the Directorship in other listed Companies | Name of the listed entities in which he/she is director | Category of Directorship |
|--------|--------------------------|---|---|---------------------------------------|
| 01. | Suresh Krishnamurthi Rao | - | - | - |
| 02. | C. S. Ramesh | - | - | - |
| 03. | R. Mahendran | - | - | - |
| 04. | Nitin S Cowlagi | - | - | - |
| 05. | Sujatha Jayarajan | 1 | 1. Thejo Engineering Limited | 1. Independent Director |
| 06. | Drushti Desai | 2 | 1. Kewal Kiran Clothing Limited 2. Narmada Gelatines Limited | 1.Independent Director 2. Director |
| 07. | A. Janakiraman | - | - | - |
| 08. | T. Ramabadhran | - | - | - |

B. THE NUMBER OF BOARD MEETINGS HELD DURING THE YEAR ALONG WITH THE DATE OF THE MEETINGS:

During the Financial Year 2021-22, five meetings of the Board of Directors were held as under:

| Sl. No. | Date of Meeting |
|---------|-----------------|
| 1. | 21-May-21 |
| 2. | 30-Jul-21 |
| 3. | 29-Oct-21 |
| 4. | 31-Jan-22 |
| 5 | 30-Mar-22 |

C. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

There are no inter-se relationships between Directors.

D. NUMBER OF SHARES HELD BY NON – EXECUTIVE DIRECTORS

| Sl. No | Name of the Director | Number of Shares holding by the NED |
|--------|--------------------------|-------------------------------------|
| 01. | Suresh Krishnamurthi Rao | 1424423 |
| 02. | C. S. Ramesh | 58 |
| 03. | R. Mahendran | 0 |
| 04 | Nitin S Cowlagi | 56142 |
| 05. | Sujatha Jayarajan | 0 |
| 06. | Drushti Desai | 0 |
| 07. | A. Janakiraman | 0 |

E. A CHART OR A MATRIX SETTING OUT THE SKILLS/ EXPERTISE/ COMPETENCE OF THE BOARD OF DIRECTORS

Effective Governance includes establishing robust director competency frameworks that can be used by Boards to identify director skill gaps and ensure that the skills of the current directors are being properly utilized.

Building the right Board requires an understanding of director competencies, which involves consideration of the directors' experience, skills, attributes, and capabilities. Director competencies encompass two distinct areas:

- (i) Technical competencies and
- (ii) Behavioural competencies.

Technical competencies are a director's technical skills and experiences such as accounting or legal skills, industry knowledge, experience in strategic planning and corporate governance.

Behavioural competencies are a director's capabilities and personal attributes and include, for example, linkages to the "ownership"; an ability to positively influence people and situations; an ability to assimilate and synthesize complex information; time availability; honesty and integrity; and high ethical standards.

Thus, the Board of Directors of your Company has identified the following list of core skills/expertise/competencies required for each Director(s) in the context of its business(es) and sector(s) for it to function effectively and assessed those available with the Board.

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets, and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and investments.
- (2) Monitoring the effectiveness of governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring, and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of the Board of directors with the longer-term interests of the company and its shareholders.
- (5) Ensuring a transparent nomination process to the Board of directors ensuring diversity of thought, experience, knowledge, perspective, and gender in the Board of directors.
- (6) Monitoring and managing potential conflicts of interest between the management, members of the Board of directors, and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the company's accounting and financial reporting systems, including independent audit, and those appropriate systems of control are in place viz., systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing Board of director's evaluation framework.

The following matrix table details the skills/expertise/competencies identified by the Board of Directors.

| Sl.No | Name of the Directors | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--------------|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1 | Suresh Krishnamurthi Rao | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | C.S. Ramesh | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | R. Mahendran | ✓ | ✓ | ✓ | - | ✓ | ✓ | - | ✓ | -✓ |
| 4 | Nitin S Cowlagi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - |
| 5 | T. Ramabadhran | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | | | | | | | | | |
|---|-------------------|---|---|---|---|---|---|---|----|
| 6 | A. Janakiraman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 7 | Sujatha Jayarajan | ✓ | ✓ | ✓ | - | ✓ | ✓ | ✓ | ✓ |
| 8 | Drushti Desai | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | -✓ |

3. AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company was constituted in compliance with provisions of Section 177 of the Companies Act, 2013 (“the Act”) and compliance with Regulation 18 of SEBI (LODR) Regulations, 2015.

Out of the total six Members of the Audit Committee, four are Independent Directors and all the members have relevant finance exposure. The Committee is chaired by an Independent Director.

| S. No | Name of the Member | Description |
|-------|------------------------|----------------------------------|
| 1 | Mrs. Drushti Desai | Chairperson,Independent Director |
| 2 | Mr. A. Janakiraman | Member,Independent Director |
| 3 | Mr. T. Ramabadhran | Member,Independent Director |
| 4. | Mrs. Sujatha Jayarajan | Member,Independent Director |
| 5. | Mr. C.S. Ramesh | Member,Non-Independent Director |
| 6 | Mr. Nitin S Cowlagi | Member,Non-Independent Director |

The Statutory Auditors, Internal Auditors, Chief Executive Officer, Chief Financial Officer and Company Secretary attend the meetings of the Audit Committee regularly by invitation. The terms of reference and scope of the Committee include:

- (i) To recommend the appointment/removal of Auditors, fixing of audit fees, and approval of payments;
- (ii) To review and monitor the Auditor’s independence, performance, and effectiveness of audit process, to examine the financial statements and auditor’s report thereon, scrutiny of inter-corporate loans and investments;
- (iii) To approve or make any subsequent modification of transactions of the Company with related parties;
- (iv) To value the undertakings or assets of the Company, wherever it is necessary;
- (v) To evaluate the internal financial controls and risk management systems;
- (vi) To monitor the end-use of funds raised through public offers and related matters.

The Audit Committee also abides by the terms of reference as specified under Part C of Schedule II of the SEBI (LODR) Regulations, 2015 including amendment of SEBI (LODR) Regulation 2018. The Audit Committee of the Company met four times during the year under review as indicated below:

| Sl No. | Date of Meeting |
|--------|-----------------|
| 1. | 21-May-21 |
| 2. | 30-Jul-21 |
| 3. | 29-Oct-21 |
| 4. | 31-Jan-22 |

During the Financial Year 2021-22, the Composition and attendance of the Members at the meetings of the Audit Committee are as follows: -

| Name of the Member | Status | Director Category | No. of meetings attended |
|------------------------|-------------|---------------------------|--------------------------|
| Mrs. Drushti Desai | Chairperson | Independent Director | 4 |
| Mr. T.Ramabadhran | Member | Independent Director | 4 |
| Mrs. Sujatha Jayarajan | Member | Independent Director | 4 |
| Mr. A. Janakiraman | Member | Independent Director | 4 |
| Mr. C.S. Ramesh | Member | Non -Independent Director | 4 |
| Mr. Nitin S Cowlagi | Member | Non -Independent Director | 4 |

The Minutes of the meetings of the Audit Committee meetings are discussed and noted by the Board of Directors at their meetings.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company were reconstituted in compliance with provisions of Section 178 of the Companies Act, 2013 (“the Act”) and terms of Regulation 19 of SEBI (LODR) Regulations, 2015.

The terms of reference of the Committee include:

1. Formulation of the criteria for determining the 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 other employees;
2. Formulation of the criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. 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.
5. Whether to extend or continue the term of appointment of an independent director, based on the report of the evaluation of the performance of the independent directors.

The Nomination and Remuneration Committee also abides by the terms of reference as specified under Part D of Schedule II of the SEBI (LODR) Regulations, 2015

| S. No | Name of the Member | Directors Category |
|-------|--------------------|-----------------------------------|
| 1 | Mrs. Drushti Desai | Chairperson, Independent Director |
| 2 | Mr. T. Ramabadhran | Member, Independent Director |
| 3 | Mr. A. Janakiraman | Member, Independent Director |
| 4. | Mr. C.S. Ramesh | Member, Non-Independent Director |

During the Financial Year 2021-2022, the Nomination and Remuneration Committee of the Company met four times as indicated below

| SI No. | Date of Meeting |
|--------|-----------------|
| 1. | 21-May-21 |
| 2. | 29-Oct-21 |
| 3. | 31-Jan-22 |
| 4. | 30-Mar-22 |

The attendance of the members is as follows:

| Name of the Member | Status | Directors Category | No. of meetings attended |
|--------------------|-------------|----------------------------|--------------------------|
| Mrs. Drushti Desai | Chairperson | Independent Director | 4 |
| Mr. A. Janakiraman | Member | Independent Director | 4 |
| Mr. T. Ramabadhran | Member | Independent Director | 4 |
| Mr. C.S. Ramesh | Member | Non - Independent Director | 4 |

The Remuneration Policy of your Company is available on the website of the company in the link www.chemfabalkalis.com. There are no pecuniary relationships or transactions between the Company and the Non – Executive Directors except Mr. Suresh Krishnamurthi Rao, who is a promoter.

NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES

Details of the sitting fees paid to the Non-Executive Directors and Commission paid to them with the approval of the shareholders during the year are given below:

| Sl. No | Name of the Director | Sitting Fees | Commission | Total(Rs. In Lakhs) |
|---------------|-----------------------------|---------------------|-------------------|----------------------------|
| 01. | Suresh Krishnamurthi Rao | - | 1.00 | 1.00 |
| 02. | C. S. Ramesh | 1.88 | 3.00 | 4.88 |
| 03. | R. Mahendran | 0.95 | 3.00 | 3.95 |
| 04. | Sujatha Jayarajan | 1.43 | 3.00 | 4.43 |
| 05. | Drushti Desai | 1.80 | 3.00 | 4.80 |
| 06. | A. Janakiraman | 1.65 | 3.00 | 4.65 |
| 07. | T. Ramabadran | 1.88 | 3.00 | 4.88 |
| 08. | Nitin S. Cowlagi | 1.35 | 3.00 | 4.35 |

DISCLOSURE OF REMUNERATION

| | | |
|---|--|-----|
| A | All elements of remuneration package of individual Directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc | NIL |
| B | Details of a fixed component and performance-linked incentives along with the performance Criteria | NIL |
| C | Service contracts, notice period, severance fees. | NIL |
| D | Stock Option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable | NIL |

Performance evaluation criteria for Independent Directors: Performance of Independent Directors are assessed, based on their Attendance, preparedness, and active participation in the discussions at the Meetings, valuable suggestions provided by them for improvement of business decisions and Statutory Compliances, visit the Factory, attending Seminars and in-house programs on familiarization, etc.,

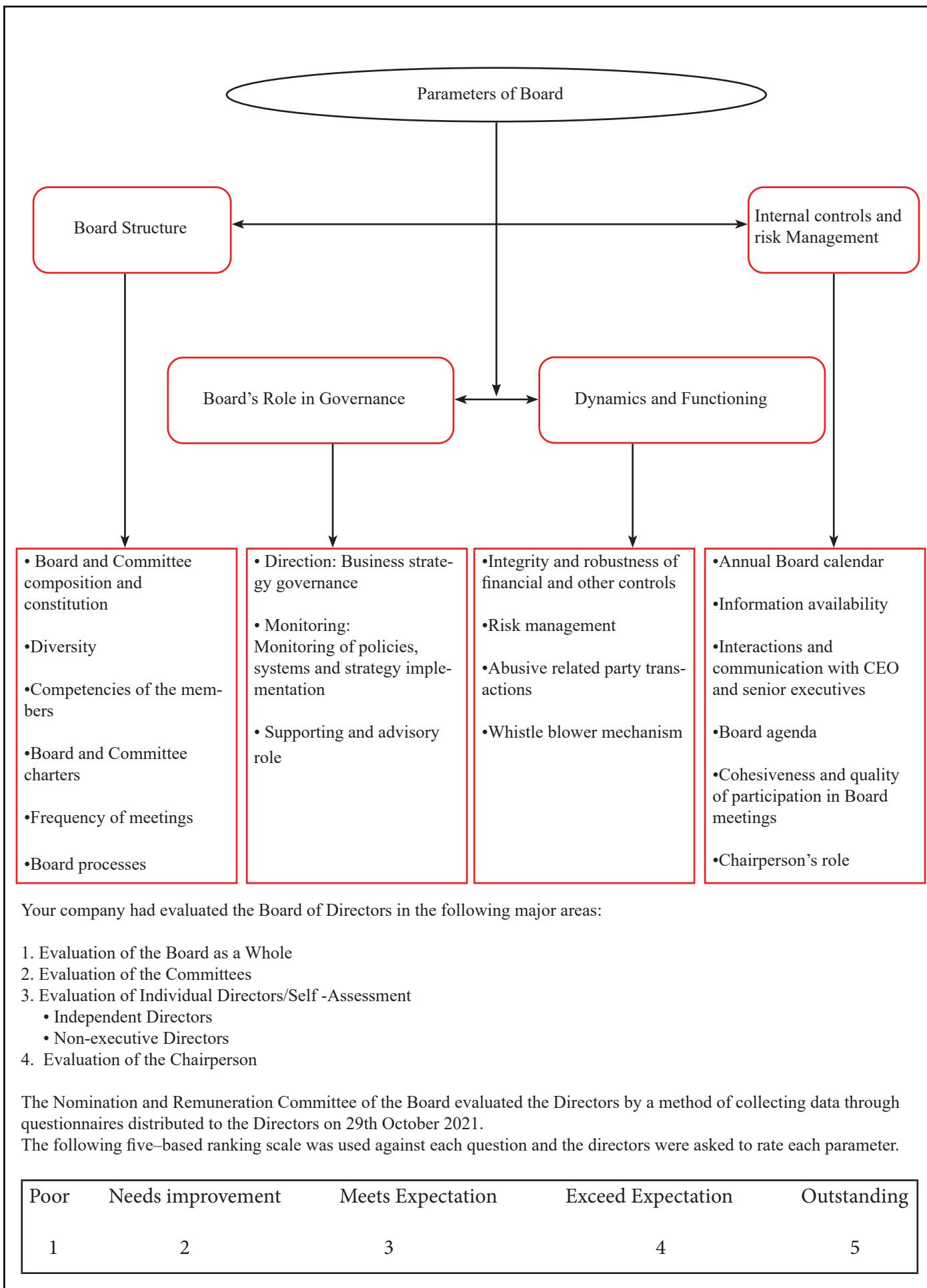
Criteria for making payments to Non-Executive Directors: Payments are made based on the performance and contributions of the Non-Executive Directors as per the details provided under the Nomination & Remuneration Policy of the Company.

Overall Board Evaluation

The Board evaluation is a process of evaluating the entire Board on its performance and it also provides an independent assessment of the strengths and capabilities of the Board, its committees, and directors.

Thus, an evaluation will:

- assess the balance of skills within the Board
- identify attributes required for new appointments
- review practices and procedures to improve efficiency and effectiveness
- review practices and procedures of the Board's decision-making processes and recognize the Board's outputs and achievements.



The questionnaire broadly covered the following areas:

| Evaluation of the Board as a Whole | Evaluation of the Board Committees | Evaluation of Individual Directors/ Self-Assessment | Non-Executive Director And Independent Director | Evaluation of the Chairperson |
|--|---|---|--|---|
| <ul style="list-style-type: none"> • Structure of the Board and the quality • Board Meetings and Procedures • Board Development • Board Strategy and Risk Management • Governance and Compliance • Board and Management Relations • Succession Planning • Stakeholder value and responsibility | <ul style="list-style-type: none"> • Functions and Duties • Managing Relationship • Committee Meeting and Procedures | <ul style="list-style-type: none"> • Knowledgeable • Diligence & Participation • Leadership Team | <ul style="list-style-type: none"> • Participation at the Board/committee meeting • Managing Relationship • Knowledge and skill • Personal attribute | <ul style="list-style-type: none"> • Managing Relationship • Leadership |

The committee obtained responses from the individual directors, collated them, and reported the same to the Chairperson to analyze the results. The outcome of the evaluation was discussed at the meeting held on 31th January 2022.

This method of the evaluation helped the Board to understand the effectiveness of the Board, individual director's contribution in strategic decision making, participation in Board and Committee meetings, communication and interpersonal skills of the directors, ethical issues and dilemmas faced by the director, and relationship of the director with the senior management.

The Board also evaluated the performance of the following committees.

1. Audit Committee
2. Corporate Social Responsibility Committee
3. Nomination and Remuneration Committee and
4. Stakeholders Relationship Committee

Thus, your company has in system in place for the formal evaluation by the Board of its performance and that of its committees and individual directors.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was duly constituted and comprises of Mrs. Drushti Desai as Chairman and Mr. C.S. Ramesh, Mr. T. Ramabadhran and Mr. Suresh Krishnamurthi Rao, as Members.

The Stakeholders Relationship Committee was duly reconstituted to give effect to the changes in the composition of the Board of Directors of the Company.

The composition and terms of reference of Stakeholders Relationship Committee are in compliance with the provisions of Section 178 of the Act, Listing Regulations and other applicable laws.

The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee. Mr. B. Vignesh Ram is the Company Secretary and Compliance Officer of the Company.

The terms of reference of the Committee, inter alia, includes the following:

- a. To review all matters connected with the transfer of the Company's securities (physical and/or demat), non-receipt of annual report, non-receipt of declared dividend, etc;
- b. To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends.
- c. Monitor redressal of investors' / shareholders' / security holders' grievances and review any other related matter, which the Committee may deem fit in the circumstances of the case, including the following:
 - i. Change of name(s) of the Members on share certificates
 - ii. Consolidate share certificates
 - iii. Delete name(s) of guardian(s)
 - iv. Delete name(s) from share certificates
 - v. Dematerialise shares
 - vi. Issue duplicate share certificates
 - vii. Rematerialise shares
 - viii. Replace shares
 - ix. Split-up shares
 - x. Transfer of shares
 - xi. Transmit shares
 - xii. Transpose shares
- d. Oversee the performance of the Company's Registrars and Transfer Agents
- e. Recommend methods to upgrade the standard of services to investors
- f. Monitor implementation of the Company's Code of Conduct for Prohibition of Insider Trading;
- g. Carry out any other function as referred by the Board from time to time or enforced by any statutory notification / amendment or modification, as may be applicable.

The attendances of the members are as follows:

| Name of the Member | Status | Directors' Category | No. of meetings attended |
|------------------------------|-------------|----------------------------|--------------------------|
| Mrs. Drushti Desai | Chairperson | Independent Director | 4 |
| Mr. C.S. Ramesh | Member | Non - Independent Director | 4 |
| Mr. T. Ramabadhran | Member | Independent Director | 4 |
| Mr. Suresh Krishnamurthi Rao | Member | Non - Independent Director | 4 |

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

| S. No | Name of the Member | Designation |
|-------|------------------------|-----------------------------------|
| 1 | Mr. C.S. Ramesh | Chairman,Non-Independent Director |
| 2 | Mr. R. Mahendran | Member,Non-Independent Director |
| 3 | Mr. Nitin S Cowlagi | Member,Non-Independent Director |
| 4. | Mr. A. Janakiraman | Member, Independent Director |
| 5. | Mrs. Sujatha Jayarajan | Member, Independent Director |
| 6 | Mr. T. Ramabadhran | Member, Independent Director |

During the Financial Year 2021-22, the Committee met two times on

| Sl No. | Date of Meeting |
|--------|-----------------|
| 1. | 21-May-21 |
| 2 | 29-Oct-21 |

The attendance of the members is as follows:

| S. No | Name of the Member | Status | Directors' Category | No. of meetings attended |
|-------|------------------------|----------|----------------------------|--------------------------|
| 1 | Mr. C.S. Ramesh | Chairman | Non- Independent Director | 2 |
| 2 | Mr. R. Mahendran | Member | Non – Independent Director | 2 |
| 3 | Mr.A. Janakiraman | Member | Independent Director | 2 |
| 4. | Mrs. Sujatha Jayarajan | Member | Independent Director | 2 |
| 5. | Mr. T. Ramabadhran | Member | Independent Director | 2 |
| 6 | Mr.Nitin S Cowlagi | Member | Non – Independent Director | 2 |

7. RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company has constituted a Risk Management Committee on 26th April 2017 pursuant to the amalgamation of erstwhile Chemfab Alkalies Limited, though the constitution of such Committee applies only to the top 1000 listed companies in terms of market capitalization.

The Composition of the Members of the Risk Management Committee is as follows:

The terms of reference of the Committee are as under:

a. To formulate a detailed risk management policy this shall include:

Risk review and monitor the Company's future risk strategy and its risk appetite, in particular, in relation to capital, liquidity and operational risk, and to make recommendations on risk appetite to the Board.

b. To review the appropriateness of the Company's investment risk strategy including asset liability matching.

c. To review and approve the Company's credit limit framework.

d. To review and approve the risk policies and any material changes made to these; to review and recommend to the Board any relevant Company business standards which require Board ownership or which support the board in meeting its responsibilities; and monitor compliance with these and Management's actions to remedy any breaches.

e. To review significant breaches, or potential breaches, of prudential regulation and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed.

f. To review the adequacy and quality of the Group's Compliance and Risk functions.

g. To assist the Audit Committee in its review of the adequacy and effectiveness of the Company's system of internal controls, including financial reporting and financial controls.

| SI No. | Name of the Member | Status | Directors' Category |
|--------|--------------------|----------|----------------------------|
| 1 | Mr. A. Janakiraman | Chairman | Independent Director |
| 2 | Mr. C S Ramesh | Member | Independent Director |
| 3 | Mrs. Drushti Desai | Member | Independent Director |
| 4 | Mr. R. Mahendran | Member | Non - Independent Director |
| 5 | Mr. V M Srinivasan | Member | Chief Executive Officer |

8. ANNUAL GENERAL MEETINGS:

i. The details of the last three Annual General Meetings of the Company held are given below:

| Year | Location | Date | Time | Number of Special Resolutions passed |
|-----------|---|------------|-----------|--------------------------------------|
| 2018-19 | Kalyan Homotel – A Sarovar Hotel, No. 247, GST Road, Vandalur, Chennai – 600048 | 27.06.2019 | 09.30 A.M | Three |
| 2019-20 | Through VC/OVAM | 29.07.2020 | 10.00 A.M | Four |
| 2020-2021 | Through VC/OVAM | 04.08.2021 | 10.00 A.M | one |

MEANS OF COMMUNICATION

| | |
|---|---|
| Quarterly Results | Publish in the Stock Exchanges website, as well as Newspaper having wide circulation and Company's website |
| Newspapers wherein results normally published | 1. Business Standard 2. Makkal Kural |
| Website, where displayed | www.chemfabalkalis.com |
| Whether it also displays official news releases and | Yes |
| Presentations made to institutional investors or the analysts | No such presentation made in the reporting period |

9. GENERAL SHAREHOLDERS INFORMATION:

| | | | | | | | | | | |
|---|--|--|-----------------|----------------|-----------------|-------------------|-----------------|-------------------|-----------------------------|---------------|
| REGISTERED OFFICE | Team House, GST Salai Vandalur, Chennai – 600 048 Phone: +91-44-22750323/324 Fax: +91-44-22750860 Email: cosecy@drroaholdings.com website: www.chemfabalkalis.com | | | | | | | | | |
| ANNUAL GENERAL MEETING, DATE OF BOOK CLOSURE & DIVIDEND PAYMENT DATE | E- Annual General Meeting has been fixed on 15th September 2022, Book Closure starts from 09th September 2022 to 15th September 2022 (both days inclusive). The dividend will be paid within 7 days from the date of the E- Annual General Meeting. | | | | | | | | | |
| FINANCIAL CALENDAR (TENTATIVE) Covering the period from 01st April 2022 to 31st March 2023 | <table border="1"> <tbody> <tr> <td>1st QTR Results</td> <td>30th July 2022</td> </tr> <tr> <td>2nd QTR Results</td> <td>30th October 2022</td> </tr> <tr> <td>3rd QTR Results</td> <td>31st January 2023</td> </tr> <tr> <td>4th QTR (Annual Results)</td> <td>30th May 2023</td> </tr> </tbody> </table> | | 1st QTR Results | 30th July 2022 | 2nd QTR Results | 30th October 2022 | 3rd QTR Results | 31st January 2023 | 4th QTR (Annual Results) | 30th May 2023 |
| 1st QTR Results | 30th July 2022 | | | | | | | | | |
| 2nd QTR Results | 30th October 2022 | | | | | | | | | |
| 3rd QTR Results | 31st January 2023 | | | | | | | | | |
| 4th QTR (Annual Results) | 30th May 2023 | | | | | | | | | |

LISTING EQUITY SHARES ON THE STOCK EXCHANGES:

| STOCK EXCHANGE WHERE SHARES ARE LISTED | | SCRIP CODE / No.'s |
|---|--|--|
| DEMAT ISIN IN NSDL AND CDSL FOR EQUITY SHARES | | INE783X01023 |
| BSE LTD (BSE) | | 541269 / Shares |
| NATIONAL STOCK EXCHANGE OF INDIA LIMITED(NSE) | | CHEMFAB / Shares |
| REGISTRAR AND SHARE TRANSFER AGENT | | Cameo Corporate Services Ltd, Subramanian Building, 1 Club House Road, Chennai - 600 002. Phone No.044 2846 0390 / 2846 0395 Fax: 044 2846 0129 Email: cameo@cameoindia.com Website: www.cameoonline.net |

| Month | BSE | | NSE | | BSE Sensex | | NSE –Nifty 50 | |
|----------------|-------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | High Price (Rs.) | Low Price (Rs.) | High Price(Rs.) | Low Price(Rs.) | High Price(Rs) | Low Price(Rs.) | High Price(Rs.) | Low Price(Rs.) |
| April 2021 | 174.7 | 122.1 | 174 | 123.4 | 50375.77 | 47204.5 | 15044.35 | 14151.4 |
| May 2021 | 175 | 136.2 | 178 | 142.65 | 52013.22 | 48028.07 | 15606.35 | 14416.25 |
| June 2021 | 159.1 | 142.1 | 159.5 | 137.8 | 53126.73 | 51450.58 | 15915.65 | 15450.9 |
| July 2021 | 194 | 146.2 | 194.4 | 146.15 | 53290.81 | 51802.73 | 15962.25 | 15513.45 |
| August 2021 | 195 | 144.5 | 186.25 | 146.2 | 57625.26 | 52804.08 | 17153.5 | 15834.65 |
| September 2021 | 187 | 150 | 190 | 149.7 | 60412.32 | 57263.9 | 17947.65 | 17055.05 |
| October 2021 | 220 | 175.05 | 218.2 | 176 | 62245.43 | 58551.14 | 18604.45 | 17452.9 |
| November 2021 | 177.45 | 145.55 | 177.05 | 145.05 | 61036.56 | 56382.93 | 18210.15 | 16782.4 |
| December2021 | 159.95 | 135.3 | 161.95 | 131.45 | 59203.37 | 55132.68 | 17639.5 | 16410.2 |
| January 2022 | 201 | 155.2 | 201 | 155 | 61475.15 | 56409.63 | 18350.95 | 16836.8 |
| February 2022 | 251.15 | 168.1 | 239 | 168 | 59618.51 | 54383.2 | 17794.6 | 16203.25 |
| March 2022 | 264.7 | 166 | 264.8 | 165.1 | 58890.92 | 52260.82 | 17559.8 | 15671.45 |

Performance In Comparison with BSE Sensex and with NSE Nifty

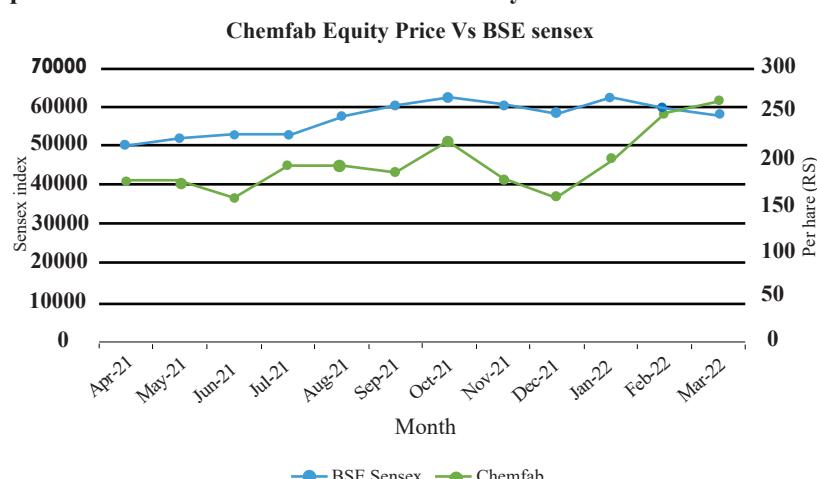


Chart 1: Performance of CHEMFAB share price in comparison with BSE Sensex

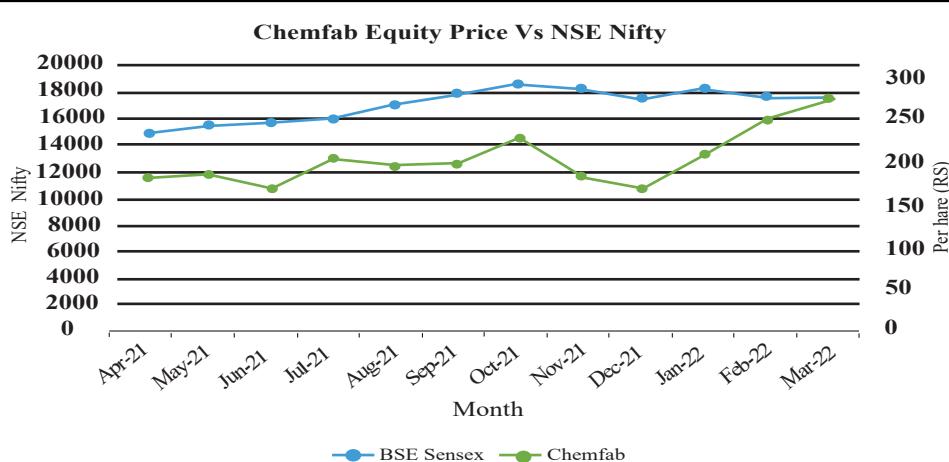


Chart 2: Performance of CHEMFAB share Price in comparison with NSE Nifty

DISTRIBUTION OF SHAREHOLDING - DISTRIBUTION OF HOLDINGS - AS ON 31.3.2022

| Category | No. of Shareholders | % | Shares holding | % | Amount(in Rs.) |
|--------------------|---------------------|---------------|-----------------|---------------|------------------|
| 1 - 5000 | 6665 | 86.5921 | 739842 | 5.2345 | 7398420 |
| 5001 - 10000 | 513 | 6.6649 | 391748 | 2.7717 | 3917480 |
| 10001 - 20000 | 273 | 3.5468 | 404486 | 2.8618 | 4044860 |
| 20001 - 30000 | 99 | 1.2862 | 254838 | 1.803 | 2548380 |
| 30001 - 40000 | 32 | 0.4157 | 111335 | 0.7877 | 1113350 |
| 40001 - 50000 | 30 | 0.3897 | 137893 | 0.9756 | 1378930 |
| 50001 - 100000 | 48 | 0.6236 | 354012 | 2.5047 | 3540120 |
| 100001 - And Above | 37 | 0.4807 | 11739648 | 83.0607 | 117396480 |
| Total : | 7697 | 100.00 | 14133802 | 100.00 | 141338020 |

SHARE TRANSFER SYSTEM

A Committee of the Board has authorized the Company Secretary for approval of Share Transfer/ transmission in the physical form and the same is reported to the Committee at its Meeting held every quarter.

10. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

As per the SEBI Circular dated November 15, 2018 read with Clauses 9(n) & 9(g) of Part C to Schedule V of the Listing Regulation, disclosure regarding exposure of the Company to various commodities for the financial year ended on March 31, 2022, is as under:

- a. Total exposure of the Company to commodities: **NIL**
- b. Exposure of the Company to various commodities: **NIL**
- c. Commodity risks faced by the listed entity during the year: **NIL**

11. DETAILS OF UNCLAIMED SHARES

The erstwhile Listed Company Chemfab Alkalies Limited which was amalgamated with the Company had sent the reminders to vide letters to all the Shareholders whose Share Certificates were returned undelivered. The Company transferred the Shares comprised in the Share Certificates, which were remaining undelivered into one Folio in the name of Chemfab Alkalies Limited Unclaimed Suspense Account.

Further, the Company opened an account viz., Chemfab Alkalies Limited Unclaimed Suspense Account (Demat account) and dematerialized the shares to that account. The details of unclaimed shares are given below:

- (a) the aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year - 22 shareholders having 8923 Equity Shares.

- (b) the number of shareholders who approached the listed entity for transfer of shares from suspense account during the year – Nil.
- (c) number of shareholders to whom shares were transferred from suspense account during the year – Nil
- (d) the aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 22 shareholders having 8923 Equity Shares

The voting rights on these Unclaimed shares shall remain frozen till the rightful owners of such shares claim the shares.

12. DETAILS OF UNCLAIMED DIVIDEND AND THE SHARES TRANSFERRED TO IEPF

Pursuant to the provisions of Sec. 124(5) of the Companies Act 2013, the unclaimed dividends pertaining to the dividend paid for the financial year 2014-2015, which remains as unpaid or unclaimed for seven years from the date of such transfer in “Unpaid-Unclaimed Dividend Account” will be credited to the Fund established under sub-section (1) of section 125 (i.e., Investor Education and Protection Fund).

Further, in pursuant to provisions of Sec.124 (6) of the Companies Act 2013, 8314 shares in respect of which dividend has not been paid or claimed for seven consecutive years, will also be transferred to Investor Education and Protection Fund.

DEMATERIALISATION OF SHARES:

The Company has appointed M/s Cameo Corporate Services Ltd., as the Registrars of the Company for establishing connectivity with NSDL and CDSL to facilitate dematerialization of the shares held by the Members.

As of 31.03.2022, 97.49 % of Equity Shares have been dematerialized.

OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

The Company has not issued any of the securities mentioned above.

PLANT LOCATION

| | |
|------------------------------|---|
| CHLOR ALKALI PLANT | ‘Gnanananda Place’, Kalapet, Puducherry 605 014 |
| PVC-O PLANT | 650, Chigurupalem Road, Sri City, Andhra Pradesh 517 646 |
| SALT FIELD | 1.Kanthadu Village, Marakanam Post, Villupuram District, Tamil Nadu 2.Mariyur Salai, Sayalkudi, Ramnad District, Tamil Nadu |
| SODIUM CHLORATE PLANT | Plot No.558 & 559, APIIC Growth Centre, Gundlapalli (Village) Maddipadu (Mandal), Prakasam (District), Andhra Pradesh 523 211 |

CREDIT RATING DISCLOSURES

| CARE | 2021-2022 | 2020 – 2021 |
|-----------------------------------|------------------|--------------------|
| Long term Bank Facilities | CARE A - Stable | CARE A - Stable |
| Short term Bank Facilities | CARE A2+ | CARE A2+ |

13. OTHER DISCLOSURES:

- a. Related party transactions during the year have been disclosed as required under IND AS 24. The transactions are not prejudicial to the interests of the Company.

Please refer to the Weblink

<https://chemfabalkalis.com/wp-content/uploads/2019/04/policies-Policy-for-Materiality-of-Related-Parties-Transaction.pdf> of the Company.

b. **No strictures/penalties** have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to the capital market during the last three years.

c. Quarterly Compliance report:

The Company has submitted its Corporate Governance report as the prescribed format to the BSE Ltd and National Stock Exchange within 15 days from the end of each quarter.

d. Sexual Harassment Policy

The Company has in place a Sexual Harassment Policy in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaint Committee (ICC) has been set up to redress the complaints received in connection with sexual harassment in any form.

All employees (permanent, contractual, temporary, trainees) are covered under this policy.

- a. Number of complaints filed during the financial year - NIL
- b. Number of complaints disposed of during the financial year – NIL
- c. Number of complaints pending as of the end of the financial year – NIL

e. Details of non – compliance of the company, penalties, and stricture imposed on the listed entity by the stock exchange(s) of SEBI or any statutory authority, or any matter related to capital markets, during the last three years.

There is any such incidence occurred to the company were the penalties, stricter non – compliance imposed to the company by SEBI or any statutory authority.

f. The Company has established a vigil mechanism, also called the Whistle Blower Policy which is adopted for Directors and Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct or Ethics Policy. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee till now.

g. Accounting Treatment

In the preparation of the financial statements, IND AS and corresponding principles and policies were followed. The Company has followed the applicable mandatory Indian Accounting Standards prescribed under the Companies Act, 2013 in the preparation of the Annual Standalone and Consolidated Financial Statements.

h. Board Disclosures - Risk Management

The main objective of Risk Management is risk reduction and avoidance as also to help the Company identify the risks faced by the business and optimize the risk management strategies. The Company has a defined risk management framework.

i. Code of Conduct

The Company has adopted a Code of Conduct for the Members of the Board of Directors and the Senior Management Personnel of the Company. The said Code of Conduct is available in the below Weblink <https://chemfabalkalis.com/wp-content/uploads/2019/04/policies-Code-of-Conduct-for-Directors-and-Senior-Management.pdf>

The Company is Board-managed and there is no Managing/Whole-time Director/Manager. The Board of Directors has authorized the CEO, to make a declaration on compliance with the Code of Conduct by all the Board Members and the Senior Management Personnel.

A Compliance Report on the Code of Conduct given by the CEO, authorized on this behalf by the Board, is given at the end of this Report.

The Company has adopted the discretionary requirements as per Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by adopting some of the requirements viz., separate posts of Chairperson and CEO and reporting of Internal Auditor directly to the Audit Committee under part - E of Schedule II.

The Company has not adopted non-mandatory requirements as per the Regulations of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

j. Disclosure of material transactions to the Board by the Senior Management

The senior management personnel gives disclosure on annual basis to the Board for all material financial and commercial transactions, where they have personal interests that may have a potential conflict with the interest of the Company at large. As per the disclosures received, no such transactions have taken place during the financial year 2021 – 2022.

k. Recommendation of the Committee

There are no such incidents or events where the board had not accepted any recommendation of any committee of the board, which is mandatorily required, in the reporting financial year.

l. Details of Auditor's Remuneration

| | Particulars | Standalone Rs. in lakhs | Consolidated Rs. in lakhs |
|----|------------------------|--------------------------------|----------------------------------|
| 1. | Statutory Audit Fees | 19.50 | 24.50 |
| 2. | Limited Review Fees | 4.50 | 4.50 |
| 3. | Other Certificates | 1.75 | 1.75 |
| 4. | Out of Pocket Expenses | 0.75 | 0.83 |
| | Total | 26.50 | 31.58 |

m. Subsidiary details

Your Company had incorporated, a wholly-owned subsidiary namely ‘Chemfab Alkalies Karaikal Limited’ on 19th December 2019 to manufacture all types of chemicals, chemical compounds, and chemical products including, but not limited to alkali, acids, Acids, Bases, Solvents, Alcohols, Gases, Ethers, Aliphatics, Aromatics, Aldehydes Ketones, Amines, Alkaloids, caustic soda, Potassium Chlorate, Sodium Chlorate, Perchlorate, other chemicals and their by-products or derivatives in all forms and kinds.

Further, in accordance with the SEBI (LODR) Regulation 2015, the said subsidiary is not falling under the definition of “material subsidiary”

n. Commodity price risks and commodity hedging activities

The Company does not have any exposure to commodity price risks.

o. Disclosure by listed entity and its subsidiaries of ‘Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

The Company and its subsidiaries have not provided loans and advances in the nature of loans to firms/companies in which directors are interested.

p. CEO/CFO CERTIFICATION

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial and other matters in accordance with Regulation 17(8) read with Part-B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ADDRESS FOR CORRESPONDENCE

| | |
|--|---|
| Mr. B.Vignesh Ram Company Secretary and Compliance Officer Chemfab Alkalies Limited Team House, GST Salai, Vandalur, Chennai – 600 048 Phone: +91-44-22750323 Email: cosecy@drroaholdings.com website: www.chemfabalkalis.com | Mr. S Prasath Chief Financial Officer Chemfab Alkalies Limited ‘Gnanananda Place’ Puducherry – 605014 Email: prasath@drroaholdings.com website: www.chemfabalkalis.com |
|--|---|

For and on behalf of the Board of Directors of
CHEMFAB ALKALIS LIMITED

Date: 11th August 2022
Place: Chennai

Suresh Krishnamurthi Rao,
Chairman
DIN: 00127809

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that:

The company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March 2022.

Date: 11th August 2022
Place: Chennai

V.M. Srinivasan
Chief Executive Officer

Annexure – H

Form MR 3

Secretarial Audit Report

For the financial year ended March 31, 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 and Regulation 24A (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015])

To

The Members,
CHEMFAB ALKALIS LIMITED
(CIN: L24290TN2009PLC071563)
Team House, GST Salai, Vandalur,
Chennai - 600048.

I, Kalaiyarasi Janakiraman, Partner of M Damodaran & Associates LLP, Practicing Company Secretaries have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CHEMFAB ALKALIS LIMITED (hereinafter called ‘the Company’). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of 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 during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 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 herein

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 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'); including amendment/ re-enactment made thereto;

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015:

I have also examined compliance with the applicable Regulations/Clauses of the following:

- i. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
- ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) – for General Meeting issued by the Institute of Company Secretaries of India.

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

- a. The Company has complied second proviso to regulation 33 (3) (d) of SEBI (LODR), 2015 with minor deviation.
- b. The Company has complied the provisions of the regulation 30 of SEBI (LODR), 2015 with some deviations

I further report that the Board of Directors of the Company is constituted with Non-executive Directors and Independent Directors and there were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board & Committee 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. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

I further report that during the audit period the Company has;

a. passed a Special Resolution pursuant to the provisions of section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 at the Annual General Meeting held on 04th August, 2021 to sell the fixed assets including land, building, plant & machinery & other assets at Ongole Plant, located at Plot No.558 & 559, APIIC Growth Centre, Gundlapalli (Village), Maddipadu (Mandal), Prakasam (District), Andhra Pradesh – Pincode-523211.

For M DAMODARAN & ASSOCIATES LLP

Date: 27th June 2022

Place: Chennai

KALAIYARASI JANAKIRAMAN

Partner

Membership No.: 29861

COP. No.: 19385

FRN: L2019TN006000

PR 1374/2021

ICSI UDIN: A029861D000532000

(This report is to be read with my letter of even date which is annexed as annexure 1 and forms an integral part of this report)

Annexure

To

The Members,
CHEMFAB ALKALIS LIMITED
(CIN: L24290TN2009PLC071563)
Team House, GST Salai, Vandalur,
Chennai - 600048.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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. My 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 efficacy or effectiveness with which the management has conducted the affairs of the company.
7. I have conducted online verification & examination of records, as facilitated by the Company, due to Covid19 and subsequent lockdown situation for the purpose of issuing this Report.

For M DAMODARAN & ASSOCIATES LLP

Place: Chennai
Date: 27.06.2022

KALAIYARASI JANAKIRAMAN
Partner
Membership No.: 29861
COP. No.: 19385
FRN: L2019TN006000
PR 1374/2021
ICSI UDIN: A029861D000532000

ANNEXURE - I

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

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

To,

The Members of CHEMFAB ALKALIS LIMITED
 Team House, Gst Salai Vandalur
 Chennai TN600048 IN

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of CHEMFAB ALKALIS LIMITED having CIN - L24290TN2009PLC071563 and having registered office at Team House, GST Salai Vandalur, Chennai 600048 Tamil Nadu (hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 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 Director | DIN | Date of appointment in Company |
|---------|----------------------------------|----------|--------------------------------|
| 1 | Mr. Cittur Sundar Rao Ramesh | 00019178 | 26/04/2017 |
| 2 | Mr. Suresh Krishnamurthi Rao | 00127809 | 26/04/2017 |
| 3 | Mr. Drushti Rahul Desai | 00294249 | 26/04/2017 |
| 4 | Mr. Sujatha Jayarajan | 00633989 | 26/04/2017 |
| 5 | Mr. Tyagarajan Ramabadhran | 00701503 | 27/06/2019 |
| 6 | Mr. Ananthanarayanan Janakiraman | 01831854 | 26/04/2017 |
| 7 | Mr. Nitin Cowlagi Seshgiri | 06703283 | 04/06/2020 |
| 8 | Mr. Mahendran | 07451058 | 14/03/2016 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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

Date: 03rd June 2022

Place: Chennai

KALAIYARASI JANAKIRAMAN
 Partner
 Membership No.: 29861
 COP. No.: 19385
 FRN: L2019TN006000
 PR 1374/2021
ICSI UDIN: A029861D000456091

ANNEXURE - J

**INDEPENDENT AUDITOR'S CERTIFICATE ON
CORPORATE GOVERNANCE**

To The Members on Chemfab Alkalies Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 12 October 2021.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Chemfab Alkalies Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March 2022.

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

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P Usha Parvathy
(Partner)
(Membership No.207704)

Place: Chennai
Date: 11th August 2022
Unique Document Identification Number:
22207704AOVVOC9516

ANNEXURE - K

COMPLIANCE CERTIFICATE ON ESOP SCHEME

[Pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,
The Members,
Chemfab Alkalies Limited.

I, Kalaiyarni Janakiraman, Partner of M Damodaran & Associates LLP, Secretarial Auditor of M/s. Chemfab Alkalies Limited (CIN - L24290TN2009PLC071563) ("the Company") having its Registered Office at Team House, GST Salai Vandlur, Chennai - 600048 have been requested by the Company to issue certificate under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "the Regulations") for the year ended 31st March 2022.

Management Responsibility:

It is the responsibility of the Management of the Company to implement Chemfab Alkalies Employees' Stock Option Scheme 2015 and Chemfab Alkalies Employees' Stock Option Scheme 2020 (hereinafter referred to as the "Schemes") including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Verification:

The Company has implemented the Schemes;
i. in accordance with the Regulations and the Special Resolutions as passed by the members at the General Meetings of the Company held on 4th September, 2017 for Chemfab Alkalies Employees' Stock Option Scheme 2015.
ii. in accordance with the Regulations and the Special Resolutions as passed by the members at the General Meeting of the Company held on 29th July, 2020 for Chemfab Alkalies Employees' Stock Option Scheme 2020

For the purpose of verifying the compliance of the Regulations, the following documents were placed before me for examination:

1. The Schemes;
2. Articles of Association of the Company;
3. Resolutions passed at the meeting of the Board of Directors;
4. Shareholders resolutions passed at the General Meetings;
5. Minutes of the meetings of the Nomination and Remuneration Committee
6. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder;
7. Such other information and documents which I considered necessary for the purpose of issuing this certificate

Certification:

In my opinion and to the best of my knowledge and according to the verifications as considered necessary and explanations furnished to me by the Company and its Officers, I certify that the Company has implemented the Schemes in accordance with the applicable provisions of the Regulations and in accordance with the resolutions of the Company passed in the General Meetings.

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. My responsibility is to give certificate based upon my examination of relevant documents and information. It is neither an audit nor an investigation.
3. 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.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

For M DAMODARAN & ASSOCIATES LLP

KALAIYARASI JANAKIRAMAN
Partner
Membership No.: 29861
COP. No.: 19385
FRN: L2019TN006000
PR 1374/2021
ICSI UDIN: A029861D000712829

Date: 30th July 2022

Place: Chennai

**INDEPENDENT AUDITOR'S REPORT
 To the Members of Chemfab Alkalies Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **CHEMFAB ALKALIS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 31st March 2022, its profit, total comprehensive income, its cash flows and the changes in equity 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 specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Key Audit Matters

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

| Key Audit Matter | Auditor's Response |
|---|---|
| <p>Classification and Valuation of assets held for sale</p> <p>The Board of Directors in their meeting held on 31st March 2021 approved the disposal of Ongole plant (comprising of land, building, machinery and other assets situated at the said plant) owing to the suspension of operations since July 2018. The Board had also directed the CEO to assess the market value of the assets and identify prospective buyers to sell the assets at the Ongole Plant based on the approved plan. The Company has in March 2022 entered into a sale contract for disposal of machinery at the said location on an as is where is basis; to be removed from the plant within a certain time period as per the contract. The Company continues to actively market the other assets at the said location and has considered the sale to be highly probable.</p> <p>Based on the management's assessment of the assets held for sale, the net realisable value is higher than the net carrying value of the assets at Ongole Plant as at 31st March 2022. (Refer Note 17 of the Standalone Financial Statements for the year ended 31st March 2022).</p> <p>Due to the multitude of factors, assumptions and significant judgments involved in classification of these assets as held for sale and estimating the net realizable value, any adverse changes to these assumptions could result into a change in classification and such net realisable value becoming lower than the carrying amount.</p> | <p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> - We have performed the following procedures: - Read the minutes of the meetings of the Board of Directors and understood the plan for disposal of the assets at the Ongole plant - Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls in relation to the classification and of the assessment of net realisable value of assets held at Ongole plant. - Obtained the sale order entered into by the Company for sale of machinery, reviewed the terms and conditions for sale of machinery and assessed the impact on the carrying amount. Further, tested the receipt of a portion of the sale consideration and corresponding removal of some portion of machinery subsequent to the year end. - Corroborated the value of Ongole land considered by the management independently with the publicly available information, where applicable. - Tested the management assessment whether the carrying values of disposal group are at least equal or lower to their estimated net realisable value; - Assessed the management representation regarding the likelihood of disposal i.e. Ongole Plant being available for immediate sale in its current state, plans to locate a buyer and whether it is highly probable that the sale will take place; - Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in accordance with the applicable accounting standards. |

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including the Annexures to the Board Report and Corporate Governance but does not include Standalone financial statements and our auditor's report thereon. The Management Discussion and Analysis, Board's report including the Annexures to the Board Report and Corporate Governance are expected to be made available to us after the date of this auditor's report.
- Our opinion on the Standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the Standalone financial statements, our responsibility is to read the other information identified above when it becomes available 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.
- When we read the information included in the Management Discussion and Analysis, Board's report including the Annexures to the Board Report and Corporate Governance, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Standalone financial statements,

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

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

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

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

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

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

Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, 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 or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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 it's knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

(c)Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. As stated in note 51 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P Usha Parvathy
(Partner)
(Membership No. 207704)
Place: Chennai
Date: 25 May 2022
Unique Document Identification Number:
22207704AJPAQJ4635

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **CHEMFAB ALKALIS LIMITED** ("the Company") as of 31st March 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. 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.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material

weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P Usha Parvathy
(Partner)
(Membership No. 207704)

Place: Chennai
Date: 25th May 2022
Unique Document Identification Number:
22207704AJPAQJ4635

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i)(a) A The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital work in progress.
- (i)(a) B The Company has maintained proper records showing full particulars of intangible assets.
- (i)(b) The Company has a program of verification of property, plant and equipment and capital work in progress, so as to cover all the items once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were due for verification and were physically verified during the year by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (i)(c) According to the information and explanations given to us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds of all the immovable properties disclosed in the financial statements included in property, plant and equipment and capital work-in progress, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement. Immovable properties of land and buildings whose title deeds have been pledged as security for loans etc. are held in the name of the Company based on the confirmations directly received by us from lenders.
- (i)(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
- (i)(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act,1988 (as amended in 2016) and rules made thereunder.
- (ii)(a) The inventories except for goods in transit were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more

in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(ii)(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii)(a) The Company has provided loans or advances in the nature of loans during the year and details of which are given below:

| Particulars | Advances in nature of loans (Rs. in Lakhs) |
|--|---|
| A. Aggregate amount granted / provided during the year: | |
| Others - Vendor advances | 225.00 |
| B. Balance outstanding as at balance sheet date in respect of above cases: | |
| Others - Vendor advances | 324.15 |

(iii)(b) The investments made and the terms and conditions of the grant of all the above-mentioned advances in the nature of loans provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(iii)(c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments of principal amounts and payment of interest. (Refer reporting under clause (iii)(f) below)

(iii)(d) According to information and explanations given to us and based on the audit procedures performed, in respect of advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(iii)(e) None of the advances in the nature of loans granted by the Company have fallen due during the year.

(iii)(f) The Company has granted advances in the nature of loans without specifying any terms or period of

repayment, details of which are given below

| Particulars | All Parties | Promoters | Related Parties |
|--|-------------|-----------|-----------------|
| Aggregate of advances in nature of loans - Repayable on demand (A) - Agreement does not specify any terms or period of repayment (B) | - 324.15 | - - | - - |
| Total (A+B) | 324.15 | - | - |
| Percentage of loans/advances in nature of loans to the total loans | 100% | - | - |

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits during the year. There are no unclaimed deposits outstanding anytime during the year. Hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) Undisputed statutory dues including Goods and Services Tax, Provident fund, Employees' state insurance, Income tax, cess and other material statutory dues applicable to the have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (vii)(b) Details of statutory dues referred to in sub-clause (a) which have not been deposited as on March 31, 2022 on account of disputes are given below:

| Name of the Statute | Nature of Dues (Including interest) | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved (Rs. In lakhs) | Amount Unpaid (Rs. In lakhs) |
|--|-------------------------------------|---|------------------------------------|--------------------------------|------------------------------|
| The Finance Act, 1994 | Service Tax | Commissioner (Appeals), Chennai | January 2005 to March 2013 | 8.70 | 6.73 |
| The Central Excise Act, 1944 | Excise Duty | Commissioner of Central Excise, Puducherry | October 2011 to June 2012 | 1.97 | 1.97 |
| The Customs Act, 1962 | Customs Duty | The Customs Excise and Service Tax Appellate Tribunal | FY 2013-2014 | 75.26 | 71.46 |
| Income Tax Act, 1961 | Income tax | The High court of Madras | FY 2002-03 | 115.78 | 93.54 |
| The Central Goods and Services Tax Act, 2017 | Goods and Service Tax | Commissioner Appeals | July 2017 to March 2020 | 12.98 | 12.98 |

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix)(a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix)(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (ix)(d) The Company has not raised any funds on short term basis and hence, reporting under clause (ix)(d) of the Order is not applicable.
- (ix)(e) We report that the Company has neither taken any funds from any entity or person during the year nor it had any unutilised funds as at the beginning of the year of the funds raised through issue of shares or borrowings in the previous year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (ix)(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.
- (x)(a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (x)(b) During the year the Company has not made any

| | |
|--|---|
| <p>preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x) (b) of the Order is not applicable to the Company.</p> | <p>auditors of the Company during the year.</p> |
| <p>(xi)(a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.</p> | <p>On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating 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.</p> |
| <p>(xi)(b) To the best of our knowledge, 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 Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.</p> | <p>The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the CARO 2020 Order is not applicable for the year.</p> |
| <p>(ix)(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.</p> | <p>For DELOITTE HASKINS & SELLS LLP Chartered Accountants (Firm's Registration No. 117366W/W-100018)</p> |
| <p>(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.</p> | <p>P Usha Parvathy (Partner) (Membership No. 207704) Place: Chennai Date: 25 May 2022 Unique Document Identification Number: 22207704AJPAQJ4635</p> |
| <p>(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.</p> | |
| <p>(xiv)(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.</p> | |
| <p>(xiv)(b) We have considered the internal audit reports of the Company issued till date for the period under audit.</p> | |
| <p>(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.</p> | |
| <p>(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi) (a),(b) and (c) of the Order is not applicable.</p> | |
| <p>(xvi)(d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.</p> | |
| <p>(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.</p> | |
| <p>(xviii) There has been no resignation of the statutory</p> | |

| Standalone Balance Sheet as at 31 March 2022 | | | |
|--|---------|-------------------------------------|-------------------------------------|
| Particulars | Note No | As at 31 March 2022 Rs. In Lakhs | As at 31 March 2021 Rs. In Lakhs |
| I. ASSETS | | | |
| (1) Non - Current Assets | | | |
| (a) Property, Plant and Equipment | 2 | 18,731.68 | 19,747.50 |
| (b) Right of Use Assets | 3 | 658.91 | 458.17 |
| (c) Capital Work-In-Progress | 4 | 731.56 | 332.27 |
| (d) Other Intangible Assets | 2 | 9.34 | 15.31 |
| (e) Financial Assets | | | |
| (i) Investments | | | |
| - Subsidiary | 5 | 1,115.00 | 800.00 |
| - Other Investments | 6 | 4.53 | 3.26 |
| (ii) Other Financial Assets | 7 | 138.36 | 237.17 |
| (f) Tax Assets (Net) | 8 | 64.82 | 38.75 |
| (g) Deferred Tax Assets (Net) | 9 | 3,973.70 | 4,278.37 |
| (h) Other Non - Current Assets | 10 | 530.21 | 83.14 |
| Total Non - Current Assets | | 25,958.11 | 25,993.94 |
| (2) Current Assets | | | |
| (a) Inventories | 11 | 1,183.92 | 928.86 |
| (b) Financial Assets | | | |
| (i) Other Investments | 12 | 3,054.91 | 2,342.71 |
| (ii) Trade Receivables | 13 | 2,143.99 | 1,516.33 |
| (iii) Cash and Cash Equivalents | 14A | 220.70 | 1.49 |
| (iv) Bank Balances other than (iii) above | 14B | 537.12 | 268.43 |
| (v) Other Financial Assets | 15 | 93.49 | 437.69 |
| (c) Other Current Assets | 16 | 995.76 | 907.18 |
| Asset Held for Sale | 17 | 8,229.89 990.28 | 6,402.69 1,112.11 |
| Total Current Assets | | 9,220.17 | 7,514.80 |
| TOTAL ASSETS | | 35,178.28 | 33,508.74 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share Capital | 18 | 1,413.38 | 1,406.05 |
| (b) Other Equity | 19 | 28,419.49 | 25,350.00 |
| Total Equity | | 29,832.87 | 26,756.05 |
| (2) Liabilities | | | |
| Non- current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | - | 2,337.52 |
| (ii) Lease Liabilities | | 151.52 | 43.91 |
| (iii) Other Financial Liabilities | 21 | 60.21 | 61.34 |
| (b) Provisions | 22 | 19.97 | 56.71 |
| (c) Other Non - Current Liabilities | 23 | 115.00 | 115.00 |
| Total Non- current Liabilities | | 346.70 | 2,614.48 |

| Standalone Balance Sheet as at 31 March 2022 | | | |
|--|----------------|---|---|
| Particulars | Note No | As at 31 March 2022 Rs. In Lakhs | As at 31 March 2021 Rs. In Lakhs |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 24 | 685.10 | 744.31 |
| (ii) Lease Liabilities | | | |
| (iii) Trade Payables | 25 | 28.04 | 28.84 |
| - Total Outstanding dues of micro enterprises and small enterprises | | 33.72 | 16.74 |
| - Total Outstanding dues of creditors other than micro enterprises and small enterprises | | 1,982.12 | 1,792.84 |
| (iv) Other Financial Liabilities | 26 | 571.85 | 552.67 |
| (b) Provisions | 27 | 310.83 | 255.83 |
| (c) Current Tax Liabilities (Net) | 28 | 146.02 | 99.71 |
| (d) Other Current Liabilities | 29 | 1,241.03 | 647.27 |
| Total Current Liabilities | | 4,998.71 | 4,138.21 |
| Total Liabilities | | 5,345.41 | 6,752.69 |
| TOTAL EQUITY AND LIABILITIES | | 35,178.28 | 33,508.74 |

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP
Chartered Accountants**

For and on behalf of the Board of Directors

**P Usha Parvathy
Partner**

Place : Chennai
Date : 25 May 2022

**Suresh Krishnamurthi Rao
Chairman**
DIN: 00127809
Place : Chennai

**V M Srinivasan
Chief Executive Officer**
Place : Chennai

**B Vignesh Ram
Company Secretary**
Place : Chennai

**S Prasath
Chief Financial Officer**
Place : Chennai

Date : 25 May 2022

| Statement of Standalone Profit and Loss for the year ended 31 March 2022 | | | |
|---|----------------|--|--|
| Particulars | Note No | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
| I Revenue from Operations | 30 | 27,158.95 | 18,081.13 |
| II Other Income | 31 | 569.24 | 138.35 |
| III Total Income (I+II) | | 27,728.19 | 18,219.48 |
| IV Expenses | | | |
| Cost of Materials Consumed | 32A | 4,885.47 | 2,534.59 |
| Purchases of Stock - in - Trade | 32B | 3,249.27 | 1,814.41 |
| Changes in Inventories of Finished Goods and Work-in-Progress | 33 | (95.88) | (44.48) |
| Other Direct Manufacturing Expenses | 34 | 8,921.25 | 7,307.29 |
| Employee Benefits Expense | 35 | 1,968.44 | 1,834.55 |
| Finance Costs | 36 | 101.30 | 245.17 |
| Depreciation and Amortisation Expense | 2 & 3 | 2,222.13 | 2,022.02 |
| Other Expenses | 37 | 2,557.60 | 2,294.23 |
| Total Expenses (IV) | | 23,809.58 | 18,007.78 |
| V Profit before tax (III - IV) | | 3,918.61 | 211.70 |
| VI Tax expense | 9 | | |
| - Current Tax | | | |
| Current Year | | 748.35 | 128.42 |
| - Deferred Tax | 9B | 286.42 | 887.23 |
| | | 1,034.77 | 1,015.65 |
| VII (Loss) / Profit for the Year (V - VI) | | 2,883.84 | (803.95) |
| VIII Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| - Remeasurement of net defined benefit liability | | 62.67 | 73.34 |
| - Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI | | 1.27 | 1.68 |
| - Income tax relating to items that will not be reclassified to profit or loss | 9 | (18.25) | (21.36) |
| Total Other Comprehensive Income | | 45.69 | 53.66 |
| IX Total Comprehensive (Loss) / Income for the Year (VII + VIII) | | 2,929.53 | (750.29) |
| X Earnings per Equity Share (Face Value of Rs 10 each) | 40 | | |
| -Basic | | 20.42 | (5.74) |
| -Diluted | | 20.27 | (5.74) |
| See accompanying notes forming part of the standalone financial statements | | | |
| In terms of our report attached | | | |
| For Deloitte Haskins & Sells LLP Chartered Accountants | | For and on behalf of the Board of Directors | |
| P Usha Parvathy | | Suresh Krishnamurthi Rao | V M Srinivasan |
| Partner | | Chairman | Chief Executive Officer |
| Place : Chennai | | DIN: 00127809 | Place : Chennai |
| Date : 25 May 2022 | | Place : Chennai | |
| B Vignesh Ram | | S Prasath | |
| Company Secretary | | Chief Financial Officer | |
| Place : Chennai | | Place : Chennai | |
| Date : 25 May 2022 | | | |

| Standalone Cash Flow Statement for the year ended 31 March 2022 | | | |
|--|---------------------|---|---|
| Particulars | Note No | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
| A. Cash flow from Operating Activities | | | |
| Profit / (Loss) for the year | | 2,883.84 | (803.95) |
| Adjustment for: | | | |
| Income Tax Expense | 9 | 1,034.77 | 1,015.65 |
| Impairment loss on property, plant and equipment | 2.3 | - | - |
| Depreciation of property, plant and equipment | 2 & 3 | 2,222.13 | 2,022.02 |
| Gain on redemption of investments | 31(b) | (57.53) | (20.47) |
| Equity settled share-based payment expense | 35 & 47 | 84.19 | 51.36 |
| Interest Income on fixed deposits with banks | 31(a) | (25.07) | (21.98) |
| Interest Income on Income Tax Refund | 31(a) | (118.64) | (19.96) |
| Finance Costs | 36 | 101.30 | 245.17 |
| Gain on disposal of property, plant and equipment | 31(b) | (18.20) | (0.90) |
| Bad Receivables written off | 37 | 8.78 | 2.20 |
| Provision for impairment on assets held for sale | 37 | 121.84 | - |
| Provision for Expected credit loss (Net) | 37 | 114.54 | 469.63 |
| Liabilities no longer required written back | 31(b) | (12.46) | (21.56) |
| Unrealised Exchange Variation (Net) | | (15.48) | 43.53 |
| Operating cash flows before movements in working capital | | 6,324.01 | 2,960.74 |
| (Increase) / Decrease in Trade Receivables | 13 | (750.54) | (564.16) |
| (Increase) / Decrease in Other Non Current and Current Financial assets and Non current and Current assets | 7,10,15,16 | (0.12) | 654.46 |
| (Increase) / Decrease in Inventories | 11 | (255.06) | (78.60) |
| Increase / (Decrease) in Trade Payables Other Current liabilities and Non-Current Liabilities and Provisions | 20-23, 25-27 &29 | 804.84 | 744.95 |
| Changes in Working Capital and Other changes | | (200.88) | 756.65 |
| Cash generated by operations | | 6,123.13 | 3,717.39 |
| Income Taxes (Paid) / Refund and Interest Income Received | 9 | (604.99) | 837.85 |
| Net cash from Operating Activities (A) | | 5,518.14 | 4,555.24 |
| B. Cash flow from Investing Activities | | | |
| Purchase of Property, Plant and Equipment | 2 | (1,687.07) | (726.28) |
| Proceeds from Sale of Property, Plant and Equipment and Investment Property | | 62.28 | 18.02 |
| Net movement in Bank balances not considered as Cash and cash equivalents | 7&14B | (271.32) | 13.59 |
| Dividend Received from Non-current and Current Investments | 31(b) | - | - |
| Interest Income | 15&31 | 81.70 | 40.83 |
| Investment in Equity Shares of Subsidiary Company | 5 | - | - |
| Investment in Preference Shares of Subsidiary Company | 5 | (315.00) | - |
| Net Cash from / (used in) Investing Activities (B) | | (2,129.41) | (653.84) |
| C. Cash flow from Financing Activities | | | |
| Dividend Paid, including movement from unpaid dividend account | 14B & 19(f) | (1.76) | (172.48) |
| Issue of Equity Shares | 18 & 19 | 62.90 | 58.20 |

| Standalone Cash Flow Statement for the year ended 31 March 2022 | | | | |
|---|--|---|---|--|
| Particulars | Note No | For the Year Ended 31 March 2022 Rs. In Lakhs | "For the Year Ended 31 March 2021 Rs. In Lakhs" | |
| Money received towards allotment of equity shares | 19(a) | 0.20 | 4.72 | |
| Payment of lease liabilities | 3 | (30.31) | (25.40) | |
| Finance Cost on Lease Liabilities | 36 | (6.13) | (7.97) | |
| Repayment of Term Loan made during the year | 20 | (2,185.99) | (624.00) | |
| Short term Borrowings (repaid)/taken (net) | 20 & 24 | (210.50) | (535.76) | |
| Finance Costs paid on Borrowings | 26 & 36 | (85.74) | (256.37) | |
| Net Cash from/(used in) Financing Activities (C) | | (2,457.33) | (1,559.06) | |
| D. Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C) | | 931.40 | 2,342.34 | |
| E. Cash and Cash Equivalents (Opening) | 14A | 2,344.20 | 1.86 | |
| F. Cash and Cash Equivalents (Closing) | | 3,275.61 | 2,344.20 | |
| Notes: | | | | |
| (i) Reconciliation of Cash and cash equivalents | | | | |
| Cash and Cash Equivalents as per Balance Sheet | 14A | 220.70 | 1.49 | |
| "Add: Current investments considered as part of Cash and cash equivalents (as defined in INDAS 7 Cash Flow Statements)" | 12 | 3,054.91 | 2,342.71 | |
| Cash and cash equivalents at the end of the Year | | 3,275.61 | 2,344.20 | |
| (ii) Changes in liabilities arising from financing activities | | Amount Rs. In Lakhs | | |
| Particulars | As at 01 April 2021 | Cash Flows | Others | As at 31 March 2022 |
| Current Borrowings (Note 24) | 744.31 | (210.50) | 151.29 | 685.10 |
| Non Current Borrowings (Note 20) | 2,337.52 | (2,185.99) | (151.53) | - |
| Lease Liabilities | 72.75 | (30.31) | 137.12 | 179.56 |
| Accrued Interest (Note 26) | 2.19 | (2.19) | 10.43 | 10.43 |
| | | Amount Rs. In Lakhs | | |
| Particulars | As at 01 April 2020 | Cash Flows | Others | As at 31 March 2021 |
| Current Borrowings (Note 24) | 2,042.98 | (535.76) | (762.91) | 744.31 |
| Non Current Borrowings (Note 20) | 2,178.03 | (624.00) | 783.49 | 2,337.52 |
| Lease Liabilities | 58.90 | (25.40) | 39.25 | 72.75 |
| Accrued Interest (Note 26) | 24.19 | (24.19) | 2.19 | 2.19 |
| See accompanying notes forming part of the standalone financial statements | | | | |
| In terms of our report attached For Deloitte Haskins & Sells LLP Chartered Accountants | For and on behalf of the Board of Directors | | | |
| P Usha Parvathy Partner | Suresh Krishnamurthi Rao Chairman DIN: 00127809 | | | V M Srinivasan Chief Executive Officer |
| Place : Chennai Date : 25 May 2022 | Place : Chennai | | | Place : Chennai |
| | B Vignesh Ram Company Secretary Place : Chennai | | | S Prasath Chief Financial Officer Place : Chennai |
| | Date : 25 May 2022 | | | |

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

Amount Rs. In lakhs

A. Equity Share Capital

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|
| Balance as at beginning of the Year | 1,406.05 | 1,393.45 |
| Changes in equity share capital due to prior period errors | - | 1,393.45 |
| Restated Balance as at the beginning of the current reporting period | 1,406.05 | - |
| Changes in equity share capital during the year | 7.33 | 12.60 |
| Issue of equity shares under share option plan (Refer Note 47) | | |
| Closing Balance | 1,413.38 | 1,406.05 |

B. Other Equity

| Particulars | Share Application Money Pending Allotment | Capital Reserve | Capital Redemption Reserve | Securities Premium Account | Share Based Payment Reserve | Retained Earnings | Other Comprehensive Income | Total Other Equity |
|--|---|-----------------|----------------------------|----------------------------|-----------------------------|--------------------|----------------------------|--------------------|
| Balance at 1 April 2020 | 7.86 | 15.67 | 960.00 | 34,663.76 | 29.62 | (9,504.70) | 1.25 | 26,173.46 |
| (Loss) / Profit for the year | | | | | | (803.95) | | (803.95) |
| Recognition of Employee stock based compensation | | | | | | 51.36 | | 51.36 |
| Share Application Money Received | | | | | | (28.31) | | 62.92 |
| Shares Allotted | 62.92 (66.06) | | | 81.77 | | | | (94.37) |
| Securities Premium on issue of Equity Shares | | | | | | (174.85) | | 81.77 |
| Payment of Dividend on equity shares | | | | | | 51.98 | | (174.85) |
| Equity Instruments through Other Comprehensive Income (net of taxes) | | | | | | | 1.68 | 1.68 |
| Remeasurement of Defined Benefit Plans (net of taxes) | | | | | | | 51.98 | 51.98 |
| Balance at 31 March 2021 | 4.72 | 15.67 | 960.00 | 34,745.53 | 52.67 | (10,431.52) | 2.93 | 25,350.00 |
| Profit / (Loss) for the year | | | | | | | | 2,883.84 |
| Recognition of Employee stock based compensation | | | | | | | | 84.19 |
| Share Application Money Received | | | | | | | | 63.10 |
| Shares Allotted | 63.10 (67.62) | | | | | | | (110.47) |
| Securities Premium on issue of Equity Shares | | | | 103.14 | | | | 103.14 |
| Equity Instruments through Other Comprehensive Income (net of taxes) | | | | | | | 1.27 | 1.27 |
| Remeasurement of Defined Benefit Plans (net of taxes) | | | | | | 44.42 | | 44.42 |
| Balance at 31 March 2022 | 0.20 | 15.67 | 960.00 | 34,848.67 | 94.01 | (7,503.26) | 4.20 | 28,419.49 |

See accompanying notes forming part of the standalone financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

P Usha Parvathy
Partner
Place : Chennai
Date : 25 May 2022

For and on behalf of Board of Directors

Suresh Krishnamurthi Rao
Chairman
DIN: 00127809
Place : Chennai

V M Srinivasan
Chief Executive Officer
Place : Chennai

S Prasath
Chief Financial Officer
Place : Chennai

Date : 25 May 2022

1 General Information

Chemfab Alkalies Limited (hereinafter referred to as “the Company”) was incorporated on 06 May 2009 and is in the business of manufacturing of basic inorganic chemicals. The name of the Company was changed from Teamec Chlorates Limited to Chemfab Alkalies Limited on July 21, 2017, vide revised certificate of incorporation issued by the Registrar of Companies pursuant to the scheme of amalgamation ('scheme') approved by the National Company Law Tribunal (NCLT) Chennai vide its order dated 30 March 2017. Erstwhile Chemfab Alkalies Limited a listed entity, had merged with the Company pursuant to the scheme and consequently the Company's equity shares have been listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with effect from 25 April 2018.

Significant Accounting Policies

Impact of the initial application of new and amended Ind ASs that are effective for the current year:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under 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 has evaluated the effect of this amendment and concluded that the amendment did not have any material impact on the financial statements of the Company.

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 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.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these 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.

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.

1.1 Basis Of Accounting

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant

provisions of the 2013 Act.

These Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a 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.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.2 Basis of preparation of financial statements

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

1.3 Use of Estimates:

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Revisions to accounting estimates are recognized prospectively in the year in which the estimate is revised and / or in future years, as applicable.

1.4 Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 Revenue recognition

(I) Sale of Goods/Services:

The Company derives revenues primarily from sale of manufacturing of inorganic chemicals viz Caustic Soda Lye, Chlorine, Hydrogen, Hydrochloric acid, Sodium Hypo and Sodium Chlorate and also from PVC-O pipes. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Accordingly, the revenue is recognised on point in time basis.

a) Sale of products:

Revenues and costs relating to sale of products are recognized as the related goods are delivered, and titles have passed at which time all the following conditions are satisfied:-

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company ; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.

b) Income from service activities is accounted for on rendering the service in accordance with the contractual terms and when there is no uncertainty in receiving the same.

(II) Other Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend Income is accounted when the right to receive is established.

1.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition and is net of taxes where applicable. The methods of determination of cost of various categories of inventory are as follows:

- Raw Materials, Fuel and Stores and Spares – On weighted average basis.
- Finished goods and Work in Progress at lower of Cost, which includes appropriate production overheads and Net Realizable Value, the cost being determined on weighted averagebasis.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, where ever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

1.7 Cash and Cash Equivalent (For the purpose of Cash Flow Statement)

Cash comprises of cash on hand and demand deposits with banks. Cash Equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Bank balances other than the balance included in cash and cash equivalents represents balance on account of unpaid dividend and margin money deposit with banks.

1.8 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.9 Property, Plant and Equipment (PPE) and Depreciation on Property Plant and Equipment

Property, Plant and Equipment (PPE's) are recorded at cost less accumulated depreciation and accumulated impairment loss (if any). The Company capitalizes all costs relating to acquisition and installation of Property, Plant and Equipment. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, Plant and Equipment up to the date the Property, Plant and Equipment is ready for its intended use.

Cost of spares relating to specific item of Property, Plant and Equipment is capitalized. Cost of modifications that enhance the operating performance or extend the useful life of Property, Plant and Equipment are also capitalized, where there is a certainty of deriving future economic benefits from the use of such assets.

Any part or components of Property, Plant and Equipment which are separately identifiable and expected to have a useful

life which is different from that of the main assets are capitalized separately, based on the technical assessment of the Management.

Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each balance sheet date are disclosed as "Capital Advances" under Other Non Current Assets and cost of Property, Plant and Equipment not ready to use before such date are disclosed under "Capital Work- in- Progress".

Depreciation:

Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Continuous Process Plant, in whose case the life of the assets has been assessed as 18 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation is also accelerated on Property, Plant & Equipment, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.

Intangible Assets:

Intangible fixed assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses (If any). Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern.

Research and Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Derecognition of Property, Plant and Equipment:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

1.10 Borrowing Cost

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.11 Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with

the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits, if any, are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are accounted in Reserves and Surplus in Other Equity. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

1.12 Foreign Currency Transactions

Initial Recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition:

As at the reporting date, non monetary assets and liabilities which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevalent at the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate prevalent at the date of the balance sheet.

Treatment of Exchange Differences:

Foreign exchange gains and losses resulting from the settlement/restatement of monetary assets and liabilities of the Company are recognised as income or expense in the statement of profit and loss.

1.13 Employee Benefits

Retirement benefit costs and termination benefits:

i) Defined Benefit Plans:

Employee defined benefit plans include gratuity.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability)

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The Company makes contribution to a scheme administered by the insurer to discharge gratuity liabilities to the employees.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

ii) Defined Contribution Plans

Employee defined contribution plans include Provident Fund, Employee state insurance and Super Annuation Fund.

Provident Fund and Employee State Insurance :

All employees of the Company receive benefits from Provident Fund and Employee's State Insurance (where applicable), which are defined contribution plans. Both, the employee and the Company make monthly contributions to the plan, each equalling to a specified percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributes to the Employee Provident Fund and Employee's State Insurance (where applicable) scheme maintained by the Central Government of India and the contribution thereof is charged to the Statement of Profit and Loss in the year in which the services are rendered by the employees.

Super Annuation Fund:

The Company makes contribution to a scheme administered by the insurer to discharge its liabilities towards super annuation to the eligible employees. The Company has no other liability other than its annual contribution.”

1.14 Employee Share Based Payments

“Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

1.15 Taxation

Income taxes comprise Current and deferred tax. Income tax expense/credit is recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity, respectively.

Current Tax and Prior Period Tax:

Current income tax liability/ (asset) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

Deferred Tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognized on deductible and taxable temporary differences between the carrying amounts of assets and liabilities in the Ind AS financial statements and the corresponding tax bases of such assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid as current tax expense in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as tax credit and recognised as deferred tax asset when there is reasonable certainty that the Company will pay normal income tax in the future years and future economic benefit associated with it will flow to the Company. The carrying amount is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1.16 Segment Reporting

Operating segments reflect the Company's management structure and the way the financial information is regularly reviewed by the Company's Chief operating decision maker (CODM). The CEO of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments.

The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue, where applicable, is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

1.17 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 period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

1.18 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds

receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.19 Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the balance sheet date and measured using the present value of cash flows estimated to settle the present obligations (when the effect of time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

1.20 Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

1.21 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

1.22 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

1.23 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below). All other financial assets are subsequently measured at fair value.

(i) Amortised cost and effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'Other income' line item.

(ii) Debt instruments classified as at FVTOCI:

The debt instruments are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses

(see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated in a separate component of equity. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI:

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading:

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in a separate component of equity. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with Ind AS 109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘Other income’ line item in profit or loss.

The Company designates all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking;

(iv) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other income’ line item.

Foreign exchange gains and losses:

- The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:
- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other income’ line item ;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the ‘other income’ line item.

As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in a separate component of equity;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other income’ line item as part of the fair value gain or loss; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in a separate component of equity.

Impairment of financial assets:

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, financial guarantee contracts, and certain other financial assets measured at amortised cost such as deferred consideration receivable on disposal of subsidiaries. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

For trade receivables, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient method as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

De-recognition of financial assets:

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in a separate component of equity is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in a separate component of equity is not reclassified to profit or loss, but is transferred to retained earnings.

1.24 Financial liabilities and equity instruments

Classification as debt or equity:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking;

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis;

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are recognised in retained earnings. Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other income' line item in profit or loss for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and

translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within 'other income'.

1.25 Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.26 Investment in subsidiary

Investment in subsidiary is measured at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

1.27 Dividend

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends

are recorded as a liability on the date of declaration by the Board of Directors of the Company. The Company declares and pays dividends in Indian rupees and are subject to applicable taxes.

1.28 Asset held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

1.29 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of assets or liabilities affected in future periods.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in Financial Statements is included in the following notes:

- (i) Useful lives of Property, Plant and Equipment.
- (ii) Carrying values of Property, Plant and Equipment
- (iii) Employee Benefits
- (iv) Employee Share Based Payments
- (v) Taxation
- (vi) Asset held for sale

Determination of functional currency:

Currency of the primary economic environment in which the Company operates (“the functional currency”) is Indian Rupee (INR) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).

Notes forming part of the Standalone financial statements for the year ended 31 March 2022

2. Property Plant and Equipment and Other Intangible Assets

I - Current year ended 31 March 2022

(Amount Rs. In Lakhs)

| Particulars | Gross Block | | | Accumulated Depreciation / Amortisation/Impairment | | | Net Block | |
|--|---------------------|---------------------------|---------------------------------------|--|---------------------|-----------------|---------------------------|---------------------|
| | As at 01 April 2021 | Additions during the year | Deletions/ Adjustment during the year | As at 31 March 2022 | As at 01 April 2021 | For the year | Deletions during the year | As at 31 March 2022 |
| A. Property Plant and Equipment | | | | | | | | |
| Land - Freehold (Refer Note 20) | 2,162.07 | - | - | 2,162.07 | - | - | - | 2,162.07 |
| Buildings (Refer Note 20) | 2,151.32 | 32.02 | - | 2,183.34 | 414.78 | 93.13 | - | 1,675.43 |
| Plant and Equipment (Refer Note 20) | 22,043.24 | 1,160.48 | 1,161.95 | 22,041.77 | 6,400.90 | 2,045.28 | 1,125.52 | 7,320.66 |
| Furniture and Fixtures | 61.99 | 1.98 | - | 63.97 | 24.98 | 5.48 | - | 30.46 |
| Vehicles | 111.97 | 0.67 | 10.40 | 102.24 | 25.12 | 13.42 | 2.75 | 35.79 |
| Office Equipments | 187.89 | 14.27 | 0.61 | 201.55 | 105.20 | 23.85 | 0.61 | 128.44 |
| TOTAL (A) | 26,718.48 | 1,209.42 | 1,172.96 | 26,754.94 | 6,970.98 | 2,181.16 | 1,128.88 | 8,023.26 |
| B. Other Intangible Assets | | | | | | | | |
| Computer Software | 171.78 | 1.38 | - | 173.16 | 156.47 | 7.35 | - | 163.82 |
| TOTAL (B) | 171.78 | 1.38 | - | 173.16 | 156.47 | 7.35 | - | 163.82 |
| TOTAL (A + B) | 26,890.26 | 1,210.80 | 1,172.96 | 26,928.10 | 7,127.45 | 2,188.51 | 1,128.88 | 8,187.08 |
| | | | | | | | | 18,741.02 |

Notes forming part of the Standalone financial statements for the Year ended 31 March 2022

2. Property Plant and Equipment and Other Intangible Assets

II - Previous year ended 31 March 2021

(Amount Rs. In Lakh\$)

| Particulars | Gross Block | | | Accumulated Depreciation / Amortisation /Impairment | | | | Net Block | | | |
|--|---------------------------|---------------------------------|---|--|---------------------------|---------------------------|-----------------|---------------------------------|---|---------------------------|------------------------|
| | As at 01 April 2020 | Additions during the year | Deletions/ Adjustment during the year | Reclassified as held for sale (Refer Note 17) | As at 31 March 2021 | As at 01 April 2020 | For the year | Deletions during the year | Reclassified as held for sale (Refer Note 17) | As at 31 March 2021 | As at 31 March 2021 |
| A. Property Plant and Equipment | | | | | | | | | | | |
| Land - Freehold (Refer Note 20) | 2,544.94 | 9.24 | 55.20 | 336.91 | 2,162.07 | - | - | - | - | - | 2,162.07 |
| Buildings (Refer Note 20) | 3,411.73 | 32.15 | - | 1292.56 | 2,151.32 | 1,555.52 | 114.81 | - | 1255.54 | 414.78 | 1,736.54 |
| Plant and Equipment (Refer Note 20) | 21,694.66 | 3763.59 | 20.87 | 3,394.14 | 22,043.24 | 7,257.71 | 1,833.01 | 10.09 | 2679.74 | 6400.9 | 15,642.34 |
| Furniture and Fixtures | 72.45 | 9.67 | - | 20.13 | 61.99 | 43.04 | 2.07 | - | 20.13 | 24.98 | 37.01 |
| Vehicles | 109.54 | 22.58 | 20.15 | - | 111.97 | 24.70 | 14.23 | 13.81 | - | 25.12 | 86.85 |
| Office Equipments | 149.33 | 47.47 | 1.81 | 7.10 | 187.89 | 100.11 | 14.00 | 1.81 | 7.1 | 105.2 | 82.69 |
| TOTAL(A) | 27,982.65 | 3,884.70 | 98.03 | 5,050.84 | 26,718.48 | 8,981.08 | 1,978.12 | 25.71 | 3,962.51 | 6,970.98 | 19,747.50 |
| B. Other Intangible Assets | | | | | | | | | | | |
| Computer Software | 170.20 | 1.58 | - | - | 171.78 | 143.24 | 13.23 | - | - | 156.47 | 15.31 |
| TOTAL(B) | 170.20 | 1.58 | - | - | 171.78 | 143.24 | 13.23 | - | - | 156.47 | 15.31 |
| TOTAL (A + B) | 28,152.85 | 3,886.28 | 98.03 | 5,050.84 | 26,890.26 | 9,124.32 | 1,991.35 | 25.71 | 3,962.51 | 7,127.45 | 19,762.81 |

3 Leases

Right of Use Assets :

| Particulars | Land (Refer Note 20) Amount Rs. In lakhs | Equipment Amount Rs. In lakhs |
|---------------------------------|---|--|
| Cost | | |
| As at 01 April 2020 | 434.56 | 35.16 |
| Additions | 38.83 | - |
| As at 31 March 2021 | 473.39 | 35.16 |
| Add: Additions | 121.00 | 113.36 |
| As at 31 March 2022 | 594.39 | 148.52 |
| Accumulated Amortisation | | |
| As at 01 April 2020 | 9.42 | 10.29 |
| Charge for the Year | 20.38 | 10.29 |
| As at 31 March 2021 | 29.80 | 20.58 |
| Charge for the Year | 23.25 | 10.37 |
| As at 31 March 2022 | 53.05 | 30.95 |
| Carrying Amount | | |
| As at 31 March 2021 | 443.59 | 14.58 |
| As at 31 March 2022 | 541.34 | 117.57 |

The Company has considered the OCC interest rate at the time of adoption of lease for the purpose of determination of discount rate for leases. The Company has leases for Land and certain equipment. The leases have remaining lease terms of 1 year upto 25 years with option to terminate or extend the lease.

| Particulars | For the Year Ended 31 March 2022 Amount Rs. In lakhs | For the Year Ended 31 March 2021 Amount Rs. In lakhs |
|--|---|---|
| Amounts recognised in Statement of Profit and Loss were as follows: | | |
| Amortisation Expense on right-of-use assets | 33.62 | 30.67 |
| Interest Expense on lease Liabilities | 6.13 | 7.97 |
| Expense relating to short-term lease | 3.30 | 7.51 |
| Expense relating to variable lease payments not included in the measurement of the lease liability | - | - |
| Supplemental cash flow information related to leases was as follows: | | |
| Total cash outflow for leases | (30.31) | (25.40) |
| Additions to right of use assets | 234.36 | 38.83 |
| Maturities of Lease Liabilities were as follows | | |
| Undiscounted Lease Payments to be made | 291.21 | 112.03 |
| Not later than 1 year | 41.54 | 34.43 |
| Later than 1 year and not later than 5 years | 80.28 | 31.17 |
| Later than 5 years | 169.39 | 46.43 |

| Particulars | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs | | | |
|--|--|--|------------------|--------------------------|--------------|
| 4 Capital Work-In-Progress | Total | 731.56 | | | |
| a) CWIP Ageing Schedule | | 332.27 | | | |
| | As at 31 March 2022 (Amount Rs. In Lakhs) | | | | |
| CWIP Ageing schedule | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | 692.01 | 20.11 | 9.23 | 10.21 | 731.56 |
| Projects temporarily suspended | - | - | - | - | - |
| | | | | | |
| | As at 31 March 2021 (Amount Rs. In Lakhs) | | | | |
| CWIP Ageing schedule | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | 215.88 | 77.24 | 34.62 | 4.53 | 332.27 |
| Projects temporarily suspended | - | - | - | - | - |
| | | | | | |
| b) CWIP whose completion is overdue or exceed its cost | | | | | |
| | As at 31 March 2022 (Amount Rs. In Lakhs) | | | | |
| CWIP Ageing schedule | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | | | | | |
| Salt Division 2 field development work | - | 169.09 | - | - | 169.09 |
| Projects temporarily suspended | - | - | - | - | - |
| | - | 169.09 | - | - | 169.09 |
| | | | | | |
| 5 Investments - Non Current (Refer Note 39) | | | | | |
| Unquoted - Fully paid-up | | | | | |
| Investment in Equity Shares of wholly-owned subsidiary, at Cost | | | | | |
| 53,20,000 Equity Shares of Rs.10/- each of Chemfab Alkalies Karaikal Limited | 532.00 | 532.00 | | | |
| Investment in Preference Shares of wholly-owned subsidiary, at Cost | | | | | |
| 26,80,000 0.01% Convertible Preference Shares of Chemfab Alkalies Karaikal Limited | 268.00 | 268.00 | | | |
| Share application money pending allotment for 31,50,000 0.01% Convertible Preference Shares of Chemfab Alkalies Karaikal Limited | 315.00 | - | | | |
| Total | 1,115.00 | 800.00 | | | |
| 6 Other Investments - Non Current | | | | | |
| Investment carried at fair value through Other Comprehensive Income | | | | | |
| Quoted Investments (fully paid) | | | | | |
| Investment in Equity Instruments of Other entities | | | | | |
| 281 (P.Y. 281) Equity Shares of Rs.10/- each of Summit Securities Limited | 1.67 | 1.52 | | | |
| 500 (P.Y. 500) Equity Shares of Rs.10/- each of De Nora India Limited | 2.00 | 1.26 | | | |
| 300 (P.Y. 300) Equity Shares of Rs.10/- each of TGV SRAAC Limited (formerly known as Sree Rayalaseema Alkalies & Allied Chemicals Limited) | 0.24 | 0.07 | | | |
| 450 (P.Y. 450) Equity Shares of Rs.5/- each of Kanoria Chemicals Limited | 0.62 | 0.41 | | | |
| Total | 4.53 | 3.26 | | | |
| Aggregate Book value of Quoted Investment | 4.53 | 3.26 | | | |
| Aggregate Market value of Quoted Investment | 4.53 | 3.26 | | | |
| Financial Assets carried at Fair value through Other Comprehensive Income (FVTOCI) | 4.53 | 3.26 | | | |

| Particulars | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs |
|---|--|--|
| 7 Other Financial Assets - Non Current | | |
| Deposits with others | 93.51 | 194.95 |
| Receivable from Government | - | 695.70 |
| Balances held as margin money (Refer Note 7.1 below) | 44.85 | 42.22 |
| Total (Gross) | 138.36 | 932.87 |
| Less: Provision for Expected Credit Loss | - | (695.70) |
| Total (Net) | 138.36 | 237.17 |
| Note : | | |
| 7.1 Represents balances with banks that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date. | | |
| 8 Tax Assets (Net) - Non Current | | |
| Income Tax paid / TDS Receivable | 64.82 | 38.75 |
| (Net of provision for tax of Rs. 2,986.50 Lakhs (PY Rs. 2,986.50 Lakhs)) | | |
| Total | 64.82 | 38.75 |
| 10 Other Non-Current Assets | | |
| Capital Advances | 304.53 | 78.42 |
| Balance with Government Authorities | 3.98 | 3.98 |
| Prepaid Rent | 0.35 | 0.74 |
| Advances to Vendors | 221.35 | - |
| Total | 530.21 | 83.14 |
| 11 Inventories (at lower of cost and net realisable value) | | |
| (a) Raw Materials (including Goods in Transit amounting to Rs. Nil (PY - Rs.1.76 Lakhs)) | 358.09 | 237.77 |
| (b) Work in Progress | 121.36 | 113.15 |
| (c) Finished Goods (other than those acquired for trading) | 422.47 | 334.80 |
| (d) Fuel (including Goods in Transit amounting to Rs. Nil (PY - Rs. 5.80 Lakhs)) | 21.49 | 13.69 |
| (e) Stores and Spares | 167.76 | 139.90 |
| (f) Traded Goods | 92.75 | 89.55 |
| Total | 1,183.92 | 928.86 |
| Notes: | | |
| 1 The cost of inventories recognised as an expenses during the year | 8,479.53 | 4,705.25 |
| 2 The cost of inventories recognised as an expense in respect of write downs of inventory to net realisable value. | 36.87 | 15.78 |
| 3 The method of valuation of inventories has been stated in Note 1.6 | | |
| 12 Other Investments - Current | | |
| Investments carried at Fair Value through Profit & Loss | | |
| Investments in Mutual Funds (quoted) | | |
| LIC Liquid Fund - 75496.909 units of Rs. 3866.8023 each (P.Y. 59199.257 units of Rs. 3736.8776 each) | 2,919.32 | 2,212.20 |
| LIC BPSU Fund - 451438.425 units of Rs.30.0342 each (P.Y. 451438.425 units of Rs.28.9096 each) | 135.59 | 130.51 |
| Total | 3,054.91 | 2,342.71 |
| 13 Trade Receivables | | |
| (a) Considered good, Secured (Refer Note 13.01) | 523.75 | 725.93 |
| (b) Considered good, Unsecured | 1,620.24 | 790.40 |
| (c) Receivables which have significant increase in credit risk | 194.56 | 80.02 |
| Less: Provision for Expected Credit Loss (Refer Note 13.05) | 2,338.55 | 1,596.35 |
| | (194.56) | (80.02) |
| Total | 2,143.99 | 1,516.33 |
| Notes: | | |
| 13.01 Secured Trade Receivables are secured by way of irrevocable Letter of Credits and Bank Guarantees | | |
| 13.02 Trade Receivables includes receivables outstanding from customers constituting individually 5% or more of the total trade receivables as at 31 March 2022 of Rs. 861.06 lakhs (PY : Rs. 776.77 lakhs) | | |
| 13.03 The Company has used a practical expedient by computing the expected loss allowance for trade receivables based on provision matrix. The provision matrix takes into account the historical credit loss experience and adjustments for forward looking information. Trade receivables | | |

| Particulars | As at 31 March 2022 Amount Rs. In lakhs | | | | As at 31 March 2021 Amount Rs. In lakhs | | | | | | | | | |
|--|--|-------------------|--------------|--------------|--|-------------------------------------|-----------------|--|--|--|--|--|--|--|
| are non-interest bearing and are generally on terms of upto 90 days. | | | | | | | | | | | | | | |
| 13.04 Trade Receivables ageing schedule - Outstanding for following periods from due date of payment | | | | | | | | | | | | | | |
| As at 31 March 2022 (Amount Rs. In Lakhs) | | | | | | | | | | | | | | |
| Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | 557.24 | 4.11 | - | - | - | 1,503.45 | 2,064.80 | | | | | | | |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | 122.81 | 35.39 | 154.4 | 0.93 | 6.41 | 13.58 | 194.56 | | | | | | | |
| (iii) Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - | | | | | | | |
| (iv) Disputed Trade Receivables - considered good | 79.19 | - | - | - | - | - | 79.19 | | | | | | | |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | | | | | | | |
| (vi) Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - | | | | | | | |
| | 759.24 | 39.50 | 15.44 | 0.93 | 6.41 | 1,517.03 | 2,338.55 | | | | | | | |
| As at 31 March 2021 (Amount Rs. In Lakhs) | | | | | | | | | | | | | | |
| Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total | | | | | | | |
| (i) Undisputed Trade Receivables - considered good | 555.12 | - | - | - | - | 961.21 | 1,516.33 | | | | | | | |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | 48.18 | 242 | 448 | 14.33 | 1.55 | 9.06 | 80.02 | | | | | | | |
| (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 | - | - | - | - | - | - | - | | | | | | | |
| | 603.30 | 2.42 | 4.48 | 14.33 | 1.55 | 970.27 | 1,596.35 | | | | | | | |
| 13.05 Movement in Expected credit loss | | | | | | | | | | | | | | |
| | | | | | Year ended 31 March 2022 | Year ended 31 March 2021 | | | | | | | | |
| | | | | | Amount Rs. In lakhs | Amount Rs. In lakhs | | | | | | | | |
| Balance at the beginning of the year | | | | | 80.02 | 79.60 | | | | | | | | |
| Movement in expected credit loss allowance on trade receivable | | | | | 114.54 | 0.42 | | | | | | | | |
| Balance at the end of the year | | | | | 194.56 | 80.02 | | | | | | | | |
| Cash and Cash Equivalents | | | | | | | | | | | | | | |
| Balance with Banks - Current Accounts | | | | | 220.14 | 1.09 | | | | | | | | |
| Cash on hand | | | | | 0.56 | 0.40 | | | | | | | | |
| Total | | | | | 220.70 | 1.49 | | | | | | | | |
| 14B Bank balances other than Cash and Cash Equivalents | | | | | | | | | | | | | | |
| In Earmarked accounts | | | | | | | | | | | | | | |
| - Margin Money Accounts for bank guarantees and letters of credit | | | | | 521.72 | 251.27 | | | | | | | | |
| - Unpaid Dividend Accounts (Refer Note 26 (i)) | | | | | 15.40 | 17.16 | | | | | | | | |
| Total | | | | | 537.12 | 268.43 | | | | | | | | |
| 15 Other Financial Assets - Current | | | | | | | | | | | | | | |
| Deposits | | | | | 22.90 | 19.23 | | | | | | | | |
| Advance to employees | | | | | 0.64 | 0.41 | | | | | | | | |
| Interest accrued on Deposits | | | | | 12.54 | 11.64 | | | | | | | | |
| Receivables against sale of raw materials | | | | | 57.41 | - | | | | | | | | |
| Other Receivables | | | | | - | 406.41 | | | | | | | | |
| Total | | | | | 93.49 | 437.69 | | | | | | | | |

| Movement in Expected credit loss | Year ended 31 March 2022 Amount Rs. In lakhs | Year ended 31 March 2021 Amount Rs. In lakhs |
|---|--|--|
| 16 Other Current Assets | | |
| Advances to Vendors | 338.27 | 210.36 |
| Advances to Related Parties (Refer Note 39) | 3.93 | 6.91 |
| Balance with Government Authorities | 443.32 | 503.64 |
| Prepaid expenses | 205.62 | 184.00 |
| Other Receivables | 4.62 | 2.27 |
| Total | 995.76 | 907.18 |

9 Current Taxes and Deferred Taxes

(Amount Rs. In lakhs)

| | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|------------|---|---|---|
| A.1 (i) | Income Tax recognised in Statement of Profit and Loss Current Tax: - in respect of current year Total (A) | 748.35 | 12842 |
| (ii) | Deferred Tax: - in respect of current year Total (B) | 748.35 28642 28642 | 12842 887.23 887.23 |
| | Total income tax expense recognised in Statement of Profit and Loss (A+B) | 1,034.77 | 1,015.65 |
| A.2 | Income tax recognised in other Comprehensive income Deferred tax related to items recognised in other comprehensive income during the year: - Remeasurement of defined benefit obligations & Others Total Classification of income tax recognised in other comprehensive income - Income taxes related to items that will not be reclassified to profit or loss Total | (18.25) (18.25) | (21.36) (21.36) |
| A.3 | Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate: Profit before tax Income Tax using the Company's domestic Tax rate Tax Effect of: - Effect of expenses that are non-deductible in determining taxable profit - Deductible allowances - Changes in recognised temporary differences - Changes on account of change in tax laws (Refer note C below) - Others Income Tax expense recognised in Statement of Profit or Loss | 3,918.61 1,141.10 23.46 (112.30) (17.49) 1,034.77 | 211.70 61.65 27.65 (88.82) (112.87) 1,153.54 (25.50) 1,015.65 |

The tax rate used for the year ended March 31, 2022 and March 31, 2021 reconciliations above is the corporate tax rate of 29.12% payable by corporate entities in India on taxable profits under Indian Income Tax Laws. The above amount excludes tax expense / (reversal) relating to prior years.

| B1 | Movement in Deferred Tax Balances | (Amount Rs. In lakhs) | | | |
|----|---|----------------------------|---|----------------------|----------------------------|
| | | As at March 31, 2021 | Recognised in profit and loss account | Recognised in OCI | As at March 31, 2022 |
| | Tax effect of items constituting (deferred tax liabilities)/deferred tax assets | | | | |
| | Property, Plant and Equipment and Other Intangible Assets (Refer note D below) | (2,596.99) | 90.48 | - | (2,687.47) |
| | Financial assets at amortised cost | 205.81 | 0.39 | - | 205.42 |
| | Employee Benefits | 64.26 | (26.84) | - | 91.10 |
| | Provisions for Expenses, impairment and Doubtful trade receivables | 800.79 | (77.17) | - | 877.96 |
| | Remeasurement of defined benefit obligations | 46.56 | 29.66 | (18.25) | (1.35) |
| | Carryforward of Tax Loss | 2,774.67 | 1,001.93 | - | 1,772.74 |
| | Others | 1.95 | 16.32 | - | (14.37) |
| | | 1,297.05 | 1,034.77 | (18.25) | 244.03 |
| | MAT | 2,981.32 | 748.35 | - | 3,729.67 |
| | Net Tax Asset /(Liabilities) | 4,278.37 | 286.42 | (18.25) | 3,973.70 |

| B2 | Particulars | (Amount Rs. In lakhs) | | | |
|---|-----------------|----------------------------|---|----------------------|----------------------------|
| | | As at March 31, 2020 | Recognised in profit and loss account | Recognised in OCI | As at March 31, 2021 |
| Tax effect of items constituting (deferred tax liabilities)/deferred tax assets | (1,273.75) | 1,323.24 | - | (2,596.99) | |
| Property, Plant and Equipment and Other Intangible Assets | 66.21 | (139.60) | - | 205.81 | |
| Financial assets at amortised cost | 51.37 | (12.89) | - | 64.26 | |
| Employee Benefits | 800.67 | (0.12) | - | 800.79 | |
| Provisions for Expenses, impairment and Doubtful trade receivables | 36.02 | (31.90) | (21.36) | 46.56 | |
| Remeasurement of defined benefit obligations | 2,649.62 | (125.05) | - | 2,774.67 | |
| Carryforward of Tax Loss | 3.92 | 1.97 | - | 1.95 | |
| Others | 2,334.06 | 1,015.65 | (21.36) | 1,297.05 | |
| MAT | 2,852.90 | 128.42 | - | 2,981.32 | |
| Net Tax Asset /(Liabilities) | 5,186.96 | 887.23 | (21.36) | 4,278.37 | |

C The Company has carried out necessary adjustments to the deferred tax balances as at 31 March 2022 based on applicable tax laws.

D Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The provision for taxation for the current year has been determined by the Management based on the tax position to be considered for tax filing and its assessment of the probability of acceptance of the same by the taxation authorities.

17 Asset Held for Sale

(Also refer accounting policy in note 1.28 and 1.29)

| Particulars | As at 31 March 2022 | As at 31 March 2021 | Rs. In lakhs |
|------------------------------|---------------------|---------------------|--------------|
| Property Plant and Equipment | 966.50 | 1,088.33 | |
| Stores and Spares | 23.78 | 23.78 | |
| Assets held for sale | 990.28 | 1,112.11 | |

During the current year, the Company has awarded contract based on bids for value Rs. 450 Lakhs (Book value of Rs. 571.84 Lakhs) towards sale of machineries on “as is where is basis” and collected an advance of Rs. 45 Lakhs as on 31 March 2022. Since the delivery is expected to happen in portions and is fully expected to be completed in the next financial year, the company has not recorded any transactions for sale of machinery as at 31 March 2022. The company has recorded provision for impairment for Rs. 121.83 Lakhs on the assets held for sale during the current year. Refer note 37

The Company is active on the sale of the remaining assets (land, building and other assets). The Company has assessed and concluded that no further adjustments are required to the carrying value of assets held for sale.

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---------------------|---------------------|---------------------|---------------------|
| 18 Share Capital | Number of shares | Amount Rs. In lakhs | Number of shares | Amount Rs. In lakhs |
| (a) Authorised Share Capital | | | | |
| Equity shares of Rs. 10 each (with voting rights) | 2,85,00,000 | 2,850.00 | 2,85,00,000 | 2,850.00 |
| 11% Redeemable Cumulative Preference shares of Rs. 100 each | 2,64,000 | 264.00 | 2,64,000 | 264.00 |
| 12% Redeemable Cumulative Preference shares of Rs. 100 each | 8,00,000 | 800.00 | 8,00,000 | 800.00 |
| | | 3,914.00 | | 3,914.00 |
| (b) Issued, Subscribed and Paid up [refer (a) to (e) below] | | 1,413.38 | | 1,406.05 |
| Equity shares of Rs. 10 each (with voting rights) fully paid up | | | | |
| | | Total | 1,413.38 | 1,406.05 |

(a) Reconciliation of the number of equity shares issued and amount outstanding at the beginning and at the end of the reporting year:

| Particulars | Equity Share Capital | | | |
|--|----------------------|---------------------|--------------------|---------------------|
| | Number of shares | Amount Rs. In lakhs | Number of shares | Amount Rs. In lakhs |
| Issued, Subscribed and Paid up equity shares | | | | |
| Shares and Share Capital outstanding at the beginning of the year | 1,40,60,502 | 1,406.05 | 1,39,34,504 | 1,393.45 |
| Add: Shares and Share Capital issued during the year (Refer Note 47) | 73,300 | 7.33 | 1,25,998 | 12.60 |
| Shares and Share Capital outstanding at the end of the year | 1,41,33,802 | 1,413.38 | 1,40,60,502 | 1,406.05 |

(b) Rights, preferences and restrictions attached to the equity shareholders

The Company has one class of equity shares having par value of Rs. 10 per share. Each shareholder is eligible for one vote per equity share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) The details of equity shareholders holding more than 5 % of the aggregate equity Shares:

| Particulars | Equity Share Capital | | Equity Share Capital | |
|--|----------------------|--------|----------------------|--------|
| | As at 31 March 2022 | | As at 31 March 2021 | |
| | Number of shares | % held | Number of shares | % held |
| Dr. Rao Holdings Pte Ltd | 67,61,068 | 47.84% | 67,61,068 | 48.09% |
| Titanium Equipment and Anode Manufacturing Company Private Limited | 10,72,182 | 7.59% | 10,72,182 | 7.63% |
| K.M. Padma | 11,10,712 | 7.86% | 11,10,712 | 7.90% |
| Suresh Krishnamurthi Rao | 14,24,423 | 10.08% | 14,24,423 | 10.13% |

(d) Number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash:

| Particulars | Equity Share Capital | | | |
|---|---|------------------|----------|--------|
| | Year | Number of shares | Amount | % |
| Shares allotted pursuant to the scheme of amalgamations during last 5 years | 31 March 2022 31 March 2021 31 March 2020 31 March 2019 31 March 2018 | | | |
| | | 1,31,02,424 | 1,310.24 | 94.74% |

(e) Refer Note 47 for details regarding employee stock option scheme.

(f) Shares held by Promoter at the end of the year

| Promoter Name | No. of shares | | % of total shares | | % Change during the Year |
|---|---------------|---------------|-------------------|------------------|--------------------------------|
| | Current year | Previous year | Current year | Previous year | |
| Suresh Krishnamurthi Rao | 14,24,423 | 14,24,423 | 10.08% | 10.13% | 0.00% |
| Padma KM | 11,10,712 | 11,10,712 | 7.86% | 7.90% | 0.00% |
| Ramachandran N | 192 | 192 | 0.00% | 0.00% | 0.00% |
| Titanium Equipment and Anode Manufacturing Company Private Limited | 10,72,182 | 10,72,182 | 7.59% | 7.63% | 0.00% |
| Dr. Rao Holdings Pte Ltd | 67,61,068 | 67,61,068 | 47.84% | 48.09% | 0.00% |

(g) Pursuant to section 126(2) of the Companies Act 2013, the Company had transferred 76,100 Equity Shares to Investor Education and Protection Fund during the year ended 31 March 2022.

| Particulars | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs |
|--|--|--|
| 19 Other Equity | | |
| (a) Share Application Money Pending Allotment (Refer Note 1 below) | | |
| Opening Balance | 4.72 | 7.86 |
| Share Application Money Received | 63.10 | 62.92 |
| Less: Shares Allotted during the year | (67.62) | (66.06) |
| Closing balance | 0.20 | 4.72 |
| (b) Capital Reserve (Refer Note 2 below) | 15.67 | 15.67 |
| (c) Capital Redemption Reserve (Refer Note 3 below) | | |
| Opening Balance | 960.00 | 960.00 |
| Add: On account of Redemption of Preference Shares | - | - |
| Closing balance | 960.00 | 960.00 |
| (d) Securities Premium Reserve (Refer Note 4 below) | | |
| Opening Balance | 34,745.53 | 34,663.76 |
| Add: Securities Premium on issue of Equity Shares | 103.14 | 81.77 |
| Closing balance | 34,848.67 | 34,745.53 |
| (e) Share Based Payment Reserve (Refer Note 5 below) | | |
| Opening Balance | 52.67 | 29.62 |
| Add: Employee compensation expense for the year | 84.19 | 51.36 |
| Less: Transfer to Securities Premium for the shares allotted during the year | (42.85) | (28.31) |
| Closing balance | 94.01 | 52.67 |
| (f) Retained Earnings (Refer Note 6 below) | | |
| Opening Balance | (10,431.52) | (9,504.70) |
| Add: Profit/(Loss) for the year | 2,883.84 | (803.95) |
| Add: Other Comprehensive income for the year (Remeasurement of the defined benefit plans, net of taxes) | 44.42 | 51.98 |
| | (7,503.26) | (10,256.67) |
| Less: Appropriations - Dividend on Equity Shares | - | 174.85 |
| - Tax on Equity Dividend | - | - |
| Closing Balance | (7,503.26) | (10,431.52) |
| (g) Other Comprehensive Income (Refer Note 7 below) | | |
| Opening Balance | 2.93 | 1.25 |
| Add/(Less): Current Year | 1.27 | 1.68 |
| Closing Balance | 4.20 | 2.93 |
| Total | 28,419.49 | 25,350.00 |

Notes:

1. This represents Share Application Money received from employees under the ESOP scheme titled “CAESOS 2015” [Chemfab Alkalies Employees Stock Option Scheme 2015]. Also Refer Note 47.

2. Capital reserve represents reserve recognised on amalgamation being the difference between consideration amount and net assets of the transferor company and profit on reissue of shares.

3. Capital redemption reserve has been created pursuant to Section 55 of the Companies Act, 2013 on account of redemption of preference shares out of the profits of the Company.

4. Securities premium reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act, 2013

5. Shares based payment reserve relates to the share options granted by the company to its employees under its share option plan. Refer Note 47 for further details.

6. Retained earnings refer to net earnings not paid out as dividends, but retained by the company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.

7. Other comprehensive income represents the cumulative gain and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of taxes.

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--|------------------------|-----------------|------------------------|-----------------|
| | Amount | Rs. In lakhs | Amount | Rs. In lakhs |
| 20 Borrowings | | | | |
| (i) Secured - at amortised cost | | | | |
| - Term Loan from Bank (Refer Note (i) and (ii) below) | - | | 1,478.87 | |
| (ii) Secured - at amortised cost - Buyer's Credit (Note (iii) below) | - | | 858.65 | |
| | Total | - | 2,337.52 | |

Note:

Details in respect of Borrowings are as under :-

(i) Term Loan carrying an interest rate of 8.25% as at 31 March 2021 was availed for PVCO plant from Axis Bank Limited which was repaid during the current year ended 31 March 2022. The borrowings are secured by way of Equitable Mortgage over

(a) leasehold land (taken under 99 years lease by the Company) comprising of 5 acres located in Domestic Tariff Zone (DTZ) situated in Irugulam Village, Satyavedu Mandal, Chittor District, Andhra Pradesh - Exclusive Charge.

(b) fixed assets (Building, Plant and Machineries with estimated cost of Rs. 5,000 lakhs), created out of the proposed term loan of Rs. 3,500 lakhs - Exclusive Charge.

(c) fixed assets (Plant and Machineries / civil structures with estimated cost of Rs. 2,500 lakhs), created out of the proposed term loan of Rs. 1,500 lakhs - Exclusive Charge.

(d) collateral common for all bank sanction facilities including equitable mortgage over land and building comprising of 9.56 acres, 2.79 acres and 19.87 acres belonging to the company situated at East Coast road, Gnanananda Place, Kalapet, Pondicherry.

(ii) Repayment Summary

Company has prepaid entire term loan and there is no loan payable as on 31 March 2022

(iii) Buyers Credit :

Buyer's credit, relating to acquisition of Plant and Equipment, is secured by way of Standby Letter of Credit (SBLC) attributable to non fund based credit limits with an option to convert to fund based Term Loan at the time of maturity. During the previous year, the buyer's credit has been further extended to a period of 2 years upto December 2022. Collateral are common as given above [Refer Note (i)]. Buyers credit carry an interest rate of 0.01% per annum in Euros.

(iv) quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts

| Particulars | As at 31 March 2022 Amount Rs. In Lakhs | As at 31 March 2021 Amount Rs. In Lakhs |
|---|---|---|
| 21 Other Financial Liabilities - Non Current | | |
| Trade/security deposits received | 60.21 | 61.34 |
| Total | 60.21 | 61.34 |
| 22 Provisions - Non Current | | |
| Provision for Gratuity (Refer Note 41) | 19.97 | 56.71 |
| Total | 19.97 | 56.71 |

| Particulars | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs |
|--|--|--|
| 23 Other Non - Current Liabilities | | |
| Advance from Customers | 115.00 | 115.00 |
| | Total | 115.00 |
| | | |
| 24 Borrowings - Current | | |
| From Banks | | |
| - Cash Credit - Secured (Note (i) and (ii) below) | - | 42.31 |
| - Current maturities of long-term debt (Refer Note 20(ii)) | - | 702.00 |
| - Buyer's Credit (Note 20(iii)) | 685.10 | - |
| | Total | 685.10 |
| | | |
| | | 744.31 |

Note:

Details in respect of Current Borrowings are as under :-

(i) Cash Credit facilities are secured by way of first charge over the entire current assets of the Company. The cash credits are repayable on demand.

(ii) The Cash Credit facilities are sanctioned by HDFC Bank upto Rs. 1,000 Lakhs (PY 1,000 Lakhs) and by Axis Bank upto Rs. 1,000 Lakhs (PY Rs. 1,500 Lakhs).

25 Trade Payables - Current (Refer Note 39 and 42)

| | | |
|--|--------------|-----------------|
| Total Outstanding dues of micro enterprises and small enterprises | 33.72 | 16.74 |
| Total Outstanding dues of creditors other than micro enterprises and small enterprises | 1,982.12 | 1792.84 |
| | Total | 2,015.84 |
| | | 1,809.58 |

Trade payables are non-interest bearing and are normally settled on upto 90 days terms as per terms of the contract.

As at 31 March 2022 Amount Rs. In Lakhs

| The age of the Trade Payables is as under: | Outstanding for the following periods from the due date of payment | | | | | |
|--|--|-------------|-------------|-------------------|---------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total |
| (i) MSME | - | - | - | - | 21.06 | 21.06 |
| (ii) Others | 127.02 | 345 | 4.35 | 878 | 342.91 | 486.51 |
| (iii) Disputed dues - MSME | 12.31 | 0.07 | 0.26 | 0.02 | - | 12.66 |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| | 139.33 | 3.52 | 4.61 | 8.80 | 363.97 | 520.23 |

The above is excluding unbilled dues of Rs. 1495.61 Lakhs

As at 31 March 2021 Amount Rs. In Lakhs

| The age of the Trade Payables is as under: | Outstanding for the following periods from the due date of payment | | | | | |
|--|--|-------------|---------------|-------------------|---------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total |
| (i) MSME | - | - | - | - | 1042 | 1042 |
| (ii) Others | 42.27 | 4.62 | 327.17 | 4.67 | 278.97 | 65770 |
| (iii) Disputed dues - MSME | 6.11 | 0.18 | 0.02 | - | - | 6.31 |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| | 48.38 | 4.80 | 327.19 | 4.67 | 289.39 | 674.43 |

The above is excluding unbilled dues of Rs. 1135.15 Lakhs

| Particulars | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs |
|--|--|--|
| 26 Other Financial Liabilities - Current | | |
| Creditors for Capital Goods | 546.02 | 533.32 |
| Unpaid Dividends (Refer Note (i) and (ii) below) | 15.40 | 17.16 |
| Interest accrued but not due | 10.43 | 2.19 |
| Total | 571.85 | 552.67 |
| Note: | | |
| (i) Amounts remitted to Investor Education and Protection Fund during the year | 1.63 | |
| (ii) The Company had transferred the underlying shares, relevant to the amounts transferred, to the Investor Education and Protection Fund during the previous year. | | |
| 27 Provisions - Current | | |
| Provision for compensated absences | 244.12 | 205.66 |
| Provision for Warranty (Refer Note 1.20 and Note below) | 28.62 | 20.34 |
| Provision for Gratuity (Refer Note 41) | 38.09 | 29.83 |
| Total | 310.83 | 255.83 |
| Note : | | |
| The Company carries a provision for warranty, the details of which are as under : | | |
| Opening Balance | 20.34 | 13.11 |
| Provision made during the year | 8.28 | 7.23 |
| Amounts Utilised / Paid during the year | - | - |
| Closing Balance | 28.62 | 20.34 |
| 28 Current tax liabilities (Net) | | |
| Provision for Tax (Net of Income Tax paid / TDS of Rs. 707.60 lakhs) (As at 31 March 2021 of Rs. 10.04 lakhs) | 146.02 | 99.71 |
| Total | 146.02 | 99.71 |
| 29 Other Current Liabilities | | |
| Statutory liabilities | 296.06 | 255.85 |
| Advance received for Assets held for sale | 45.00 | - |
| Advance from Customers | 899.97 | 391.42 |
| Total | 1,241.03 | 647.27 |

30 Revenue from operations

| Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|---|--|--|
| a Sales of Products (Refer note below) | 27,126.92 | 18,058.23 |
| b Other operating revenues - Testing charges | 32.03 | 22.90 |
| Total | 27,158.95 | 18,081.13 |

Note:

Revenue for sale of products is net of rebates/incentives/discounts for the year ended 31 March 2022 amounting to Rs. 52.43 Lakhs (previous year Rs. 61.56 Lakhs).

30.1 Disaggregation of the revenue Information

The table below presents disaggregated revenues from contracts with customers by geography, offerings and contract-type for each of our business segments.

As per the management, the below disaggregation best depicts the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

| Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|--|--|--|
| Revenue by Geography | | |
| India | 27,033.95 | 18,016.32 |
| Outside India | 125.00 | 64.81 |
| Total revenue from contracts with customers | 27,158.95 | 18,081.13 |
| Revenue by offerings | | |
| <u>Manufactured goods</u> | | |
| <u>Chemicals & Related Products / Services</u> | | |
| - Caustic Soda Lye | 14,517.95 | 8,288.42 |
| - Caustic Soda Flakes | 1,239.35 | 931.16 |
| - Chlorine | 1,651.38 | 1,297.15 |
| - Hydrogen | 917.02 | 766.29 |
| - Others | 2,272.21 | 2,105.81 |
| <u>PVCO-Pipes</u> | | |
| - PVC-O Pipes | 3,082.78 | 2,582.33 |
| - Others | 88.41 | 116.43 |
| <u>Traded Goods</u> | | |
| <u>Chemicals & Related Products / Services</u> | | |
| - Caustic Soda Lye | 1,944.94 | - |
| <u>PVCO-Pipes</u> | | |
| - PVC-O Pipes | 908.79 | 1,330.79 |
| - Resin | 504.09 | 639.85 |
| <u>Other Operating Income</u> | | |
| <u>Chemicals & Related Products / Services</u> | | |
| - Testing Charges | 32.03 | 22.90 |
| Total revenue from contracts with customers | 27,158.95 | 18,081.13 |

| Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|--|---|---|
| Timing of recognition | | |
| Goods & Services transferred at a point in time | 27,158.95 | 18,081.13 |
| Total revenue from contracts with customers | 27,158.95 | 18,081.13 |

30.2 Trade Receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognized as and when the related goods are delivered to the customer. Trade receivable are presented net of impairment in the Balance Sheet.

Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract.

30.3 Transaction price allocated to the remaining performance obligations

| | Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|--|--|---|---|
| | Contract Balances | | |
| | Gross Trade Receivables Advance received from customers | 2,338.55 1,014.97 | 1,596.35 506.42 |

The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date.

30.4 Information about major customers

The Company is a manufacturer of caustic soda lye, flakes, liquid chlorine, hydrogen gas, pvc pipes and other products.

Revenues arising from direct sales above includes revenues of approximately Rs. 4,512.71 lakhs which arose from sales to the company's single large customer (Previous Year Rs. 1,899.95 Lakhs). No other single customers contributed 10% or more to the Company's revenue during the financial year 2021-2022 and 2020-21.

| Particulars | For the Year ended 31 March 2022 | For the Year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| | Amount Rs. In Lakhs | Amount Rs. In Lakhs |
| 31 Other Income | | |
| (a) Interest Income: | | |
| - Interest on fixed deposits with banks | 25.07 | 21.98 |
| - Interest income on Income Tax refund | 118.64 | 19.96 |
| - Other Interest income | 28.32 | 0.68 |
| (b) Other Non Operating Income: | | |
| - Other Financial Assets (at Fair Value through Profit & Loss) (Refer note (i) below) | 63.77 | 27.04 |
| - Profit on Sale of Property, Plant & Equipment (Net) | 18.20 | 0.90 |
| - Liabilities no longer required written back | 12.46 | 21.56 |
| - Miscellaneous Income | 302.78 | 46.23 |
| Total | 569.24 | 138.35 |
| (i) Note : | | |
| The amount represents a net gain on investments in Mutual Funds (Refer Note 12) comprising of an increase in fair value of Rs. 6.25 Lakhs (PY Rs. 6.57 Lakhs) and gain on redemption of investments of Rs. 57.53 Lakhs received during the year (PY Rs. 20.47 Lakhs). | | |
| 32A Cost of Materials Consumed | | |
| Opening Stock | 237.77 | 290.45 |
| Add: Purchases | 5,455.53 | 3,091.72 |
| | 5,693.30 | 3,382.17 |
| Less: Sale of Raw Materials | 449.74 | 609.81 |
| | 358.09 | 237.77 |
| Less: Closing Stock | | |
| Cost of Materials consumed | 4,885.47 | 2,534.59 |
| Materials Consumed Comprises of: | | |
| Salt | 2,580.38 | 1,141.03 |
| Soda Ash | 38.78 | 9.40 |
| PVC Resin | 1,891.77 | 1,219.22 |
| Others (Refer Note (i) below) | 374.54 | 164.94 |
| Total | 4,885.47 | 2,534.59 |
| Note: | | |
| (i) Others include raw materials none of which individually accounts for more than 10 % of the total consumption. | | |
| 32B Purchase of Stock in Trade | | |
| - Caustic Soda Lye | 1,928.76 | - |
| - PVCO-Pipes | 820.92 | 1,194.34 |
| - PVC Resin | 499.59 | 620.07 |
| | 3,249.27 | 1,814.41 |
| 33 Changes in Inventories of Finished Goods and Work in Progress | | |
| Opening Stock | | |
| Finished goods | 334.80 | 392.93 |
| Work-in-Progress | 113.15 | 10.54 |
| | 447.95 | 403.47 |
| Closing Stock | | |
| Finished goods | 422.47 | 334.80 |
| Work-in-Progress | 121.36 | 113.15 |
| | 543.83 | 447.95 |
| Net (Increase)/decrease | (95.88) | (44.48) |

| Particulars | For the Year ended 31 March 2022 | For the Year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| | Amount Rs. In Lakhs | Amount Rs. In Lakhs |
| 34 Other Direct Manufacturing Expenses | | |
| Power and Fuel | 8,719.45 | 7,140.64 |
| Labour Charges | 201.80 | 166.65 |
| Total | 8,921.25 | 7,307.29 |
| 35 Employee Benefits Expense | | |
| Salaries and Wages | 1,520.02 | 1,473.21 |
| Contribution to Provident and other Funds (Refer Note 41) | 228.37 | 220.41 |
| Expense on employee stock based compensation (Refer Note 47) | 84.19 | 51.36 |
| Staff Welfare Expenses | 135.86 | 89.57 |
| Total | 1,968.44 | 1,834.55 |
| 36 Finance Cost | | |
| Interest on Borrowings | 95.17 | 237.20 |
| Interest on Lease Liability (Refer Note 3) | 6.13 | 7.97 |
| Total | 101.30 | 245.17 |
| 37 Other Expenses | | |
| Stores and Spare parts consumed | 440.67 | 400.73 |
| Rent | 3.30 | 7.51 |
| Repairs and Maintenance - Plant and Equipment | 299.03 | 177.74 |
| - Buildings | 36.88 | 46.98 |
| Insurance | 140.10 | 121.01 |
| Rates and Taxes | 82.07 | 29.31 |
| Travelling Expenses | 129.82 | 82.07 |
| Auditor's Remuneration (net of GST input credit) | | |
| - Statutory Audit | 19.50 | 19.50 |
| - Limited Review | 4.50 | 4.50 |
| - Other Certificates | 1.75 | 1.75 |
| - Out of Pocket Expenses | 0.75 | 0.75 |
| Commission to Directors (Refer Note 39) | 420.00 | 22.00 |
| Sitting Fees (Refer Note 39) | 10.93 | 12.10 |
| Expenditure on Corporate Social Responsibility (Refer Note 43) | 56.06 | 78.58 |
| Legal and Professional Fees | 67.63 | 98.58 |
| Freight (Net) | 136.94 | 239.78 |
| Advertisement | 14.43 | 10.64 |
| Exchange variation (Net) | (4.21) | 45.18 |
| Bad receivables / Other Deposits written off | 8.78 | 2.20 |
| Provision for Impairment on Assets Held for sale (Refer Note 17) | 121.84 | - |
| Provision for Expected credit Loss on Other Financial assets | - | 469.21 |
| Provision for Expected credit Loss on Trade Receivables | 114.54 | 0.42 |
| Bank Charges | 10.90 | 31.80 |
| Miscellaneous Expenses | 441.39 | 391.89 |
| Total | 2,557.60 | 2,294.23 |
| Note: | | |
| (i) Miscellaneous Expenses includes: | | |
| - Donations | 24.50 | 16.35 |

| Particulars | Amount Rs. In lakhs | | | | |
|---|---|-------------------------------------|--|---------------------------|--|
| | As at 31 March 2022 | As at 31 March 2021 | | | |
| 38 a. Commitments (i) Estimated amount of contracts remaining to be executed and no provided for in these accounts (net of advances) in respect of purchase of : - Tangible assets | 710.10 | 595.56 | | | |
| b. Contingent liabilities in respect of (i) Claims against the Company not Acknowledged as debt (ii) Show cause Notices received under GST Act (iii) Sales tax, Excise, Service Tax, Customs Duty and other demands against which the Company has filed appeals and for which no provision is considered required as the Company is hopeful of successful outcome in the appeals. | - | 10.11 | | | |
| | - | 7.35 | | | |
| | 125.59 | 85.72 | | | |
| Sl No. | Name of the Statute | Nature of Dues (Including Interest) | Disputed Amount (Net of Provision) Rs. In lakhs | Period (F.Y) | Forum where dispute is pending |
| 1 | The Finance Act, 1994 | Service Tax | 6.73 (6.38) | June 2005 to January 2008 | Commissioner (Appeals), Chennai |
| 2 | The Central Excise Act, 1944 | Excise Duty | 1.97 (1.85) | October 2011 to June 2012 | Commissioner of Central Excise, Puducherry |
| 3 | Employees' State Insurance Act, 1948 | Employees' State Insurance | - (0.71) | "April 2010 to June 2010" | ESI Court, Puducherry |
| 4 | The Customs Act, 1962 | Customs Duty | 75.26 (68.46) | F.Y. 2013-14 | CESTAT |
| 5 | The Income Act, 1961 | Income Tax | 28.64 (8.32) | F.Y. 2002-03 | The High Court of Madras |
| 6 | The Central Goods and Service Tax Act, 2017 The State Goods and Service Tax Act, 2017 | GST | 12.99 - | July 2017 to March 2020 | Commissioner Appeals |
| (i) | Notes: The amounts shown above represent best possible estimate carried on the basis of the available information. The uncertainties and possible reimbursement are dependent on the outcome of the various case proceedings which have been initiated by the Company or the claimants, as the case may be, and therefore cannot be predicted accurately. | | | | |
| (ii) | Figures in bracket indicate previous year figures. | | | | |

39 Related party disclosures

a) List of Related parties and description of relationship

| | |
|--|--|
| (i) Individuals exercising Significant influence | Mr. Suresh Krishnamurthi Rao - Chairman |
| (ii) Relatives of above | Mrs. K.M. Padma (Mother of Mr. Suresh Krishnamurthi Rao) |
| (iii) Entities exercising significant influence over the Company | Dr Rao Holdings Pte Ltd |
| (iv) Entities in which persons listed in (i) and (ii) above exercise significant influence | Titanium Equipment and Anode Manufacturing Company Private Limited (TEAM) |
| (v) Wholly owned Subsidiary | Chemfab Alkalies Karaikal Limited |
| (vi) Key Management Personnel (KMP) | Mr. V.M. Srinivasan - Chief Executive Officer Mr. S Prasath - Chief Financial Officer Mr. Nitin S Cowlagi - Non Executive Director Mr. C.S.Ramesh - Non Executive Director Mrs. Drushti Desai - Non Executive Director Mr. Janakiraman A - Non Executive Director Mr. Mahendran R - Non Executive Director Mrs. Sujatha Jayarajan - Non Executive Director Mr. T.Ramabadran - Non Executive Director |
| (vii) Other related party | Chemfab Alkalies Limited Employee's Group Gratuity Trust |

Note 1: The list above includes only parties with transactions during the year.

b) Transactions with related parties :

| Nature of Transaction | Related Party | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
|---|---|--|--|
| 1. Transactions during the year | | | |
| a) Income | | | |
| Sale of Products | Titanium Equipment and Anode Manufacturing Company Private Limited | - | 1.06 |
| b) Expenditure | | | |
| Purchase of Goods and Services | Titanium Equipment and Anode Manufacturing Company Private Limited | 6.98 | - |
| Lease Rent | Titanium Equipment and Anode Manufacturing Company Private Limited | 10.83 | 6.44 |
| Salaries, Perquisites and post employment benefits | Mr. V.M. Srinivasan Mr. Nitin S Cowlagi Mr. S Prasath | 142.82 - 40.00 | 175.96 55.23 31.79 |
| c) Others | | | |
| Investment in Equity Share Capital | Chemfab Alkalies Karaikal Limited | - | - |
| Investment in Preference Share Capital | Chemfab Alkalies Karaikal Limited | 315.00 | - |
| Commission (paid out of the provision made during the previous year) | Mr. Suresh Krishnamurthi Rao | 1.00 | 210.00 |
| Commission (paid out of the provision made during the previous year) and Sitting Fees (accrued during the year) | Mr. C.S.Ramesh Mrs. Drushti Desai Mr. Janakiraman A Mr. Mahendran R Mrs. Sujatha Jayarajan Mr. T.Ramabadran Mr. Nitin S Cowlagi | 4.88 4.80 4.65 3.95 4.43 4.88 4.35 | 7.10 7.03 6.88 6.03 6.73 7.18 1.18 |
| Purchase of Property, Plant & Equipment | Titanium Equipment and Anode Manufacturing Company Private Limited | 239.30 | - |
| Contractually reimbursable expenses | Titanium Equipment and Anode Manufacturing Company Private Limited Chemfab Alkalies Karaikal Limited | 10.55 1.60 | 5.95 0.29 |

| Nature of Transaction | Related Party | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
|---|--|---|---|
| Contribution to employees post employment benefit plans | Chemfab Alkalies Limited Employee's Group Gratuity Trust | 10.00 | 10.00 |
| Dividend paid (Including TDS) | Mr. Suresh Krishnamurthi Rao Mrs. K.M. Padma Dr Rao Holdings Pte Ltd Titanium Equipment and Anode Manufacturing Company Private Limited Mr. V.M. Srinivasan Mr. Nitin S Cowlagi | - - - - - - | 17.81 13.88 84.51 13.40 1.02 0.70 |

Note:

- 1) Purchases, Sales and Services above are inclusive of taxes
- 2) The above excludes Provision for Commission to Directors of Rs.420 lakhs (PY - Rs. 22 lakhs) made during the year.

| Nature of Transaction | Related Party | As at 31 March 2022 Rs. In Lakhs | As at 31 March 2021 Rs. In Lakhs |
|---|--|-------------------------------------|-------------------------------------|
| II. Balances Outstanding at the end of the year | | | |
| Payables | Titanium Equipment and Anode Manufacturing Company Private Limited | 120.53 | 13.15 |
| Other Current Assets | Titanium Equipment and Anode Manufacturing Company Private Limited | 3.93 | 6.55 |
| Investment in Subsidiary - Equity Share Capital | Chemfab Alkalies Karaikal Limited | 532.00 | 532.00 |
| Investment in Subsidiary (Including share application money pending allotment) - Preference Share Capital | Chemfab Alkalies Karaikal Limited | 583.00 | 268.00 |
| Receivables - Other Current Assets | Chemfab Alkalies Karaikal Limited | - | 0.36 |
| Other employment benefits | Mr. V.M. Srinivasan Mr. Nitin S Cowlagi Mr. Prasath S | 49.10 - 10.02 | 49.36 - 7.60 |
| Contribution to employees post employment benefit plans | Chemfab Alkalies Limited Employee's Group Gratuity Trust | 373.88 | 402.09 |

| Benefits included in Compensation of key management personnel of the Company are as below: | | |
|--|---|--|
| Particulars | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs" |
| Mr. V.M. Srinivasan | | |
| Salary and perquisite | 112.34 | 111.58 |
| Share-based payment transactions perquisite | 22.98 | 54.59 |
| Post employment benefits | 7.50 | 9.79 |
| Total | 142.82 | 175.96 |
| Mr. Nitin S Cowlagi | | |
| Salary and perquisite | - | 40.13 |
| Share-based payment transactions perquisite | - | 15.03 |
| Post employment benefits | - | 0.07 |
| Total | - | 55.23 |
| Mr. Prasath S | | |
| Salary and perquisite | 27.91 | 25.85 |
| Share-based payment transactions perquisite | 5.60 | - |
| Post employment benefits | 6.49 | 5.94 |
| Total | 40.00 | 31.79 |

40 Earnings Per Share

Net Profit for the year has been used as the numerator and number of shares has been used as denominator for calculating the basic and diluted earnings per share.

| Particulars | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
|---|---|---|
| Face Value Per Share - Rs. | 10 | 10 |
| Net Profit / (Loss) attributable to the Equity shareholders (A) - Rs. In Lakhs | 2,883.84 | (803.95) |
| Weighted average Number of Shares (B) | 1,41,22,397 | 1,40,07,448 |
| Add: Effects of ESOP which are dilutive in nature | 1,08,086 | 96,335 |
| Weighted average Number of Shares for Diluted EPS (C) | 1,42,30,483 | 1,41,03,783 |
| Basic Earnings per Share (A/B) - Rs. | 20.42 | (5.74) |
| Diluted Earnings per Share CY (A/C), PY (A/B)- Rs. (Also Refer Note below) | 20.27 | (5.74) |

Note :

Since the Company has incurred loss during the previous year ended 31 March 2021, the potential equity shares have not been considered for the purpose of computation of diluted earnings per share as the same is anti-dilutive in the previous year.

41 Employee benefit plans

I Defined contribution plans

The Company makes Provident Fund, Superannuation Fund which are defined contribution plans, for qualifying employees. During the year, the Company has recognised the following amounts under Defined Contribution Plan in the Statement of Profit and Loss:

| Particulars | Amount Rs. In lakhs | |
|---|-------------------------------------|---------------|
| | For the Year Ended 31 March 2022 | 31 March 2021 |
| Employer's Contribution to Provident Fund/Pension Scheme | 112.32 | 100.87 |
| Employer's Contribution to Superannuation Fund | 21.71 | 23.47 |
| Employer's Contribution to Employee Deposit Linked Insurance scheme | 1.61 | 1.61 |
| | 135.64 | 125.95 |

II Defined benefit plans

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 and the benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India and Aditya Birla Sun Life Insurance Company Limited. Gratuity has been accrued based on actuarial valuation as at the balance sheet date, carried out by an independent actuary.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows :

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Recognised in Statement of Profit and Loss | | |
| Current service cost | 87.49 | 86.94 |
| Net interest expense | 5.24 | 7.52 |
| Components of defined benefit costs recognised in the Statement of Profit and Loss | 92.73 | 94.46 |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets (excluding amount included in net interest expense) | 2.00 | (3.00) |
| Actuarial gains and loss arising from changes in financial assumptions | (64.67) | (70.34) |
| Components of defined benefit costs recognised in Other Comprehensive Income | (62.67) | (73.34) |
| Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income | 30.06 | 21.12 |

- (i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"
- (ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------|---------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Net asset / (liability) recognised in the Balance Sheet | | |
| 1. Present value of defined benefit obligation | (495.62) | (488.63) |
| 2. Fair value of plan assets | 437.56 | 402.09 |
| Net asset / (liability) recognised in the Balance Sheet | (58.06) | (86.54) |
| Current portion of the liability included under Note 27 | 38.09 | 29.83 |
| Non-Current portion of the liability included under Note 22 | 19.97 | 56.71 |
| | 58.06 | 86.54 |

(c) Movement in the present value of the defined benefit obligation are as follows :

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Present value of defined benefit obligation at the beginning of the year | 488.63 | 497.56 |
| Expenses Recognised in Statement of Profit and Loss: | | |
| -Current service cost | 87.49 | 86.94 |
| -Interest cost | 32.71 | 32.07 |
| Recognised in Other Comprehensive Income: | | |
| Remeasurement gains / (losses): | | |
| -Actuarial gains and loss arising from changes in financial assumptions | (64.67) | (70.34) |
| Benefits paid | (48.54) | (57.60) |
| Present value of defined benefit obligation at the end of the year | 495.62 | 488.63 |

(d) Movement in fair value of plan assets are as follows :

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Change in fair value of assets during the year | | |
| Fair value of plan assets at the beginning of the year | 402.09 | 373.88 |
| Expenses Recognised in Statement of Profit and Loss: | | |
| Expected return on plan assets | 27.48 | 24.55 |
| Recognised in Other Comprehensive Income: | | |
| Return on plan assets (excluding amount included in net interest expense) | (2.00) | 3.00 |
| Contributions by employer | 58.53 | 58.26 |
| Benefits paid | (48.54) | (57.60) |
| Fair value of plan assets at the end of the year | 437.56 | 402.09 |

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------|---------------------|
| Investment Funds with Insurance Company | | |
| -Aditya Birla Sun Life Insurance Company Limited | 12.49% | 11.55% |
| -Life Insurance Corporation of India | 87.51% | 88.45% |

The plan assets comprise insurer managed funds. None of the assets carry a quoted market price in active market or represent the entity's own transferable financial instruments or property occupied by the entity

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|--------------------------------|---------------------------------|---------------------------------|
| Discount rate | 7.05% | 6.75% |
| Expected return on plan assets | 6.83% | 6.57% |
| Salary escalation | 7.00% | 8.00% |
| Attrition | 6.00% | 5.00% |
| Mortality tables | India Assured Life (2012-14) | India Assured Life (2012-14) |

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

| Impact on the Defined benefit Obligation | Increase | Increase |
|--|---------------------|---------------------|
| | As at 31 March 2022 | As at 31 March 2021 |
| Change in the discount rate by 50 basis point | 13.18 | 14.21 |
| Change in Attrition rate by 50 basis point | (0.13) | 0.79 |
| Change in Expected rate of salary increase by 50 basis point | (14.29) | (15.17) |
| Impact on the Defined benefit Obligation | Decrease | Decrease |
| | As at 31 March 2022 | As at 31 March 2021 |
| Change in the discount rate by 50 basis point | (13.88) | (15.02) |
| Change in Attrition rate by 50 basis point | 0.14 | (0.81) |
| Change in Expected rate of salary by 50 basis point | 13.70 | 14.49 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation 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.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.

(g) Effect of plan on Entity's future cash flows

(i) Funding arrangements and funding policy

The Company has a gratuity fund to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the company. The deficit in the assets in funded by the company

(ii) The Company expects to make a contribution of Rs. 10 Lakhs during the next financial year

(iii) The weighted average duration of the benefit obligation as at 31 March 2022 is 6.1 years (6.6 years as at 31 March 2021)

(iv) Maturity profile of defined benefit obligation:

| Expected cash flows (valued on undiscounted basis): | Amount Rs. In lakhs |
|---|---------------------|
| within 1 year | 38.09 |
| 2 to 5 years | 296.82 |
| 6 to 10 years | 247.96 |

(h) Experience adjustments

| Gratuity | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|-----------------------------|-----------------------------|
| Present value of DBO | 495.62 | 488.63 |
| Fair value of plan assets | 437.56 | 402.09 |
| Experience gain / (loss) adjustments on plan liabilities | 64.67 | 70.34 |
| Experience gain / (loss) adjustments on plan assets | (2.00) | 3.00 |

Details relating to the experience adjustments are provided to the extent information is available.

42 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | Amount Rs. In lakhs | |
|---|----------------------------|----------------------------|
| | As at 31 March 2022 | As at 31 March 2021 |
| a) Dues remaining unpaid - Principal - Interest | 33.72 - - | 16.74 - - |
| b) (i) Amounts paid to suppliers beyond the appointed day (ii) Interest paid in terms of Sec.16 of the Act | - - | - - |
| c) Interest due and payable for the period of delay in payments made beyond the appointed day during the year | - | - |
| d) Interest accrued and remaining unpaid | - | - |
| e) Interest due and payable even in the succeeding years until actually paid | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

43 Corporate Social Responsibility (CSR) Expenditure:

(i)

| Particulars | Amount Rs. In lakhs | |
|--|-------------------------------------|-------------------------------------|
| | Year ended 31 March 2022 | Year ended 31 March 2021 |
| (a) Amount required to be spent by the Company during the year | 56.06 | 78.01 |
| (b) Amount of expenditure incurred | 103.34 | 78.58 |
| (c) (Excess) / Shortfall at the end of the year | (47.28) | (0.57) |
| (d) Total of previous years shortfall | - | - |
| (e) Reason for shortfall | NA | NA |

(ii) Amount spent by the Company during the year on:

| Particulars for the year ended 31 March 2022 | Mode of Payment | Amount Rs. In lakhs | | |
|---|--|----------------------------|-----------------------|---------------|
| | | Amount Paid | Yet to be paid | Total |
| i) Construction / Acquisition of any asset | Cheque / Electronic Fund Transfer | 92.13 | - | 92.13 |
| | Cash | - | - | - |
| ii) On purposes other than (i) above | Cheque / Electronic Fund Transfer/ Transfer of goods | 10.44 | 0.77 | 11.21 |
| | Cash | - | - | - |
| Total | | 102.57 | 0.77 | 103.34 |

| Particulars for the year ended 31 March 2021 | Mode of Payment | Amount Paid | Yet to be paid | Total |
|--|--|--------------|----------------|--------------|
| i) Construction / Acquisition of any asset | Cheque / Electronic Fund Transfer | 5.80 | 0.09 | 5.89 |
| | Cash | 0.01 | - | 0.01 |
| ii) On purposes other than (i) above | Cheque / Electronic Fund Transfer/ Transfer of goods | 69.16 | 3.48 | 72.64 |
| | Cash | 0.04 | - | 0.04 |
| Total | | 75.01 | 3.57 | 78.58 |

(iii) Nature of CSR activities

| CSR Activities Classification for the year ended 31 March 2022 | Sector in which the activity is covered in Schedule VII | Amount accrued as expense in current year | Amount Paid | Amount remaining unpaid |
|--|---|---|---------------|-------------------------|
| COVID 19 Disaster Relief Management | Schedule VII (xii) | 95.30 | 95.30 | - |
| Ensuring Environment Sustainability | Schedule VII (iv) | 3.84 | 3.62 | 0.22 |
| Education and Training | Schedule VII (ii) | 4.20 | 3.65 | 0.55 |
| | | | | |
| Total | | 103.34 | 102.57 | 0.77 |

| CSR Activities Classification for the year ended 31 March 2021 | Sector in which the activity is covered in Schedule VII | Amount accrued as expense in current year | Amount Paid | Amount remaining unpaid |
|--|---|---|--------------|-------------------------|
| Cyclone Disaster Relief Management | Schedule VII (xii) | 4.33 | 4.33 | - |
| Education and Training | Schedule VII (ii) | 6.00 | 6.00 | - |
| Employment enhancing vocational skills | Schedule VII (ii) | 0.53 | 0.53 | - |
| Ensuring Environment Sustainability | Schedule VII (iv) | 5.37 | 5.35 | 0.02 |
| Healthcare | Schedule VII (i) | 0.11 | 0.11 | - |
| Safe Drinking Water | Schedule VII (i) | 3.41 | 3.32 | 0.09 |
| COVID 19 Disaster Relief Management | Schedule VII (xii) | 58.83 | 55.39 | 3.46 |
| Total | | 78.58 | 75.03 | 3.57 |

44 Financial Instruments

(I) Capital Management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure. For the purpose of the Company's capital management, capital includes equity share Capital and Other Equity and Debt includes Borrowings and Current Maturities of Long term Debt net of Cash and bank balances and short term investments. The Company monitors capital on the basis of the following gearing ratio. There is no change in the overall capital risk management strategy of the Company compared to last year.

Gearing Ratio :

| | (Amount Rs. In Lakhs) | |
|---------------------------------------|------------------------|------------------------|
| Particulars | As at 31 March 2022 | As at 31 March 2021 |
| Borrowings | 685.10 | 3,081.83 |
| Short Term Investments | (3,054.91) | (2,342.71) |
| Cash and Bank Balances | (757.82) | (269.92) |
| Net Debt (A) | (3,127.63) | 469.20 |
| | | |
| Total Equity (B) | 29,832.87 | 26,756.05 |
| Net Debt to equity ratio (A/B) | (0.10) | 0.02 |

(II) Categories of Financial Instruments

(a) Financial Assets

| | (Amount Rs. In Lakhs) | |
|---|------------------------|------------------------|
| Particulars | As at 31 March 2022 | As at 31 March 2021 |
| Measured at fair value through Other Comprehensive Income (FVTOCI) | | |
| - Other Investments | 4.53 | 3.26 |
| Measured at fair value through P&L (FVTPL) | | |
| - Investments | 3,054.91 | 2,342.71 |
| Measured at amortised cost | | |
| - Investments in Subsidiaries | 1,115.00 | 800.00 |
| - Trade receivables | 2,143.99 | 1,516.33 |
| - Cash and Cash Equivalents | 220.70 | 1.49 |
| - Bank Balances other than above | 537.12 | 268.43 |
| - Other Financial Assets | 231.85 | 674.86 |
| Total | 7,308.10 | 5,607.08 |

(b) Financial Liabilities :

| | (Amount Rs. In Lakhs) | |
|-----------------------------------|------------------------|------------------------|
| Particulars | As at 31 March 2022 | As at 31 March 2021 |
| Measured at amortised cost | | |
| - Borrowings | 685.10 | 3,081.83 |
| - Trade Payables | 2,015.84 | 1,809.58 |
| - Lease Liabilities | 179.56 | 72.75 |
| - Other financial liabilities | 632.06 | 614.01 |
| Total | 3,512.56 | 5,578.17 |

(III) Financial Risk Management Framework

The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Foreign Currency Risk Management :

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arises. The Company has not entered into any derivative contracts during the year ended 31 March 2022 and there are no outstanding contracts as at 31 March 2022.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows :

| Particulars | Currency | As at 31 March 2022 | | As at 31 March 2021 | |
|-------------------|----------|----------------------------------|--------------------------|----------------------------------|--------------------------|
| | | Amount in Foreign Currency | Amount - Rs. In lakhs | Amount in Foreign Currency | Amount - Rs. In lakhs |
| Capital Creditors | EURO | 214,927.08 | 181.96 | 421,369.75 | 362.79 |
| Trade Receivables | USD | 40,096.49 | 27.86 | 24,201.41 | 17.11 |
| Borrowings | EURO | 816,054.90 | 685.10 | 1,016,054.90 | 858.65 |

All of the above exposures have not been hedged

(V) Foreign Currency sensitivity analysis:

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies. 5% is the rate used in order to determine the sensitivity analysis considering the past trends and expectation of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit / decrease in loss and increase in equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or loss and equity and balance below would be negative.

Impact on Profit and loss for the reporting period (Amount Rs. In Lakhs)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2022 | For the year ended 31 March 2021 | For the year ended 31 March 2021 |
|-------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| USD | 0.02 | (0.02) | 0.01 | (0.01) |
| EURO | (0.52) | 0.52 | (0.72) | 0.72 |

Impact on total equity as at the end of the reporting period (Amount Rs. In Lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2021 |
|-------------|---------------------|---------------------|---------------------|---------------------|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| USD | 0.02 | (0.02) | 0.01 | (0.01) |
| EURO | (0.52) | 0.52 | (0.72) | 0.72 |

Note :

This is mainly attributable to the exposure of receivable and payable outstanding in the above mentioned currencies to the Company at the end of the reporting period.

(VI) Forward foreign exchange contracts : There are no forward foreign exchange contracts outstanding as at 31 March 2022.

(VII) Liquidity Risk Management :

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching maturing profiles of financial assets and financial liabilities in accordance with the approved risk management policy of the Company.

Liquidity and Interest Risk Tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amount Rs. In Lakhs)

| Particulars | Upto 1 Year | 1-3 Years | 3-5 Years | 5 years and above | Total |
|-----------------------|-----------------|-----------------|---------------|-------------------|-----------------|
| March 31, 2022 | | | | | |
| Interest bearing | 723.57 | 27.90 | 12.47 | 111.15 | 875.09 |
| Non-interest bearing | 2,483.88 | 94.83 | 8.80 | 49.96 | 2,637.47 |
| Total | 3,207.45 | 122.73 | 21.27 | 161.11 | 3,512.56 |
| March 31, 2021 | | | | | |
| Interest bearing | 775.34 | 1,985.15 | 373.05 | 23.23 | 3,156.77 |
| Non-interest bearing | 2,360.06 | 11.39 | - | 49.95 | 2,421.40 |
| Total | 3,135.40 | 1,996.54 | 373.05 | 73.18 | 5,578.17 |

Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for term loan at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A change (decrease/increase) of 100 basis points in interest rates for term loan at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Impact on Profit and Loss for the reporting period

(Amount Rs. In Lakhs)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|-------------|---------------------|-------------|
| | Increase by | Decrease by | Increase by | Decrease by |
| | 100 bps | 100 bps | 100 bps | 100 bps |
| Impact on Profit and Loss for the reporting period | 0.00 | 0.00 | (23.21) | 23.21 |

Impact on Total Equity as at end of the reporting period

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|-------------|---------------------|-------------|
| | Increase by | Decrease by | Increase by | Decrease by |
| | 100 bps | 100 bps | 100 bps | 100 bps |
| Impact on Total Equity as at end of the reporting period | 0.00 | 0.00 | (23.21) | 23.21 |

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets with agreed repayment periods. The Company does not hold any derivative financial instrument.

(Amount Rs. In Lakhs)

| Particulars | Upto 1 Year | 1-3 Years | 3-5 Years | 5 years and above | Total |
|-----------------------|-----------------|--------------|--------------|-------------------|-----------------|
| March 31, 2022 | | | | | |
| Interest bearing | 3,604.57 | 53.10 | - | 85.26 | 3,742.93 |
| Non-interest bearing | 2,418.63 | 23.47 | 1.22 | 1,121.86 | 3,565.17 |
| Total | 6,023.20 | 76.57 | 1.22 | 1,207.12 | 7,308.10 |
| March 31, 2021 | | | | | |
| Interest bearing | 2,605.62 | 1.87 | 40.35 | 169.03 | 2,816.87 |
| Non-interest bearing | 1,961.03 | 7.00 | - | 822.18 | 2,790.21 |
| Total | 4,566.65 | 8.87 | 40.35 | 991.21 | 5,607.08 |

Non-interest rate bearing financial assets disclosed above includes Trade Receivable, Cash, Balances with banks held in current accounts and Other Financial Assets.

Fixed interest rate instruments disclosed above represents balances with banks held in deposit accounts and discounted financial assets.

(VIII) Credit Risk:

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The carrying amount of the financial assets recorded in these financial statements, grossed up for any allowance for losses, represents the maximum exposures to credit risk.

(IX) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The Management considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

(X) Offsetting of financial assets and financial liabilities

The Company has not offset financial assets and financial liabilities.

45 Fair Value Hierarchy

This note provides information about how the Company determines fair value of various financial assets and liabilities

(I) Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

(Amount Rs. In lakhs)

| Particulars | Fair Value as at | | Fair Value Hierarchy | Valuation techniques and key inputs |
|--|------------------|-----------------|----------------------|---------------------------------------|
| | 31 March 2022 | 31 March 2021 | | |
| Financial Assets | | | | |
| -Investment in quoted Equity Instruments at FVTOCI | 4.53 | 3.26 | Level 1 | Quoted bid prices in an active market |
| - Other Investments at FVTPL | 3,054.91 | 2,342.71 | Level 1 | Based on fund statement |
| Total | 3,059.44 | 2,345.97 | | |

(II) Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring) :

(Amount Rs. In lakhs)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets at amortised cost: | | | | |
| -Investments in Subsidiaries | 1,115.00 | 1,115.00 | 800.00 | 800.00 |
| - Trade receivables | 2,143.99 | 2,143.99 | 1,516.33 | 1,516.33 |
| - Cash and Cash Equivalents | 220.70 | 220.70 | 1.49 | 1.49 |
| - Bank Balances other than above | 537.12 | 537.12 | 268.43 | 268.43 |
| - Other financial assets | 231.85 | 231.85 | 674.86 | 674.86 |
| Total | 4,248.66 | 4,248.66 | 3,261.11 | 3,261.11 |
| Financial liabilities held at amortised cost : | | | | |
| - Borrowings | 685.10 | 685.10 | 3,081.83 | 3,081.83 |
| - Trade Payables | 2,015.84 | 2,015.84 | 1,809.58 | 1,809.58 |
| - Lease Liabilities | 179.56 | 179.56 | 72.75 | 72.75 |
| - Other financial liabilities | 632.06 | 632.06 | 614.01 | 614.01 |
| Total | 3,512.56 | 3,512.56 | 5,578.17 | 5,578.17 |

Fair value hierarchy as at 31 March 2022

(Amount Rs. In lakhs)

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|---------|-----------------|-----------------|
| Financial assets at amortised cost: | | | | |
| -Investments in Subsidiaries | | - | 1,115.00 | 1,115.00 |
| - Cash and Cash Equivalents | 220.70 | - | - | 220.70 |
| - Bank Balances other than above | 537.12 | - | - | 537.12 |
| - Trade receivables | - | - | 2,143.99 | 2,143.99 |
| - Other financial assets | 44.85 | | 187.00 | 231.85 |
| | 802.67 | - | 3,445.99 | 4,248.66 |
| Financial liabilities held at amortised cost : | | | | |
| - Borrowings | - | - | 685.10 | 685.10 |
| - Trade Payables | - | - | 2,015.84 | 2,015.84 |
| - Lease Liabilities | - | - | 179.56 | 179.56 |
| - Other financial liabilities | - | - | 632.06 | 632.06 |
| | - | - | 3,512.56 | 3,512.56 |

Fair value hierarchy as at 31 March 2021

(Amount Rs. In lakhs)

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|---------|-----------------|-----------------|
| Financial assets at amortised cost: | | | | |
| -Investments in Subsidiaries | | - | 800.00 | 800.00 |
| - Cash and Cash Equivalents | 1.49 | - | - | 1.49 |
| - Bank Balances other than above | 268.43 | - | - | 268.43 |
| - Trade receivables | - | - | 1,516.33 | 1,516.33 |
| - Other financial assets | 42.22 | | 632.64 | 674.86 |
| | 312.14 | - | 2,948.97 | 3,261.11 |
| Financial liabilities held at amortised cost : | | | | |
| - Borrowings | - | - | 3,081.83 | 3,081.83 |
| - Trade Payables | - | - | 1,809.58 | 1,809.58 |
| - Lease Liabilities | - | - | 72.75 | 72.75 |
| - Other financial liabilities | - | - | 614.01 | 614.01 |
| | - | - | 5,578.17 | 5,578.17 |

46 Segment Information

Description of segments and principal activities

The company identifies its operating segment based on the nature and class of product and services, nature of production process and assessment of differential risks and returns and financial reporting results reviewed by the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of performance. Operating segments have been identified on the basis of the nature of products/ services and have been identified as per the quantitative criteria specified in the Ind AS. For financial statements presentation purposes, individual operating segments have been aggregated into a single operating segment after taking into consideration the similar nature of the products, production processes and other risk factors.

Specifically, the Company's reportable segments under Ind AS are as follows:

- 1) Chemicals and related Products/Services
- 2) PVC-O Pipes

Geographical segments

The geographical segments considered for disclosure are based on markets, broadly as India and Others

Segment accounting policies

In addition to the significant accounting policies applicable to the business segment as set out in note 1.16, the accounting policies in relation to segment accounting are as under:

Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment. Inter segment sales are eliminated in consolidation

Other income earned and finance expense incurred are not allocated to individual segment and the same has been reflected at the Company level for segment reporting.

The total assets disclosed for each segment include all operating assets used by each segment, and primarily include receivables, property, plant and equipment, intangibles, inventories, operating cash and bank balances, inter-segment assets and exclude, deferred tax assets and income tax etc.

Segment liabilities comprise operating liabilities and exclude external borrowings, provision for taxes, deferred tax liabilities etc.

I. Segment revenues and results

(Amount Rs. In lakhs)

| Particulars | Business segments | | Total |
|--|---|-------------|-----------|
| | Chemicals and related Products/Services | PVC-O Pipes | |
| Revenue | | | |
| - Current Year | 22,574.88 | 4,584.07 | 27,158.95 |
| - Previous Year | 13,411.73 | 4,671.31 | 18,083.04 |
| Less: Inter-segment revenue | | | |
| - Current Year | - | - | - |
| - Previous Year | - | 1.91 | 1.91 |
| Total | | | |
| - Current Year | 22,574.88 | 4,584.07 | 27,158.95 |
| - Previous Year | 13,411.73 | 4,669.40 | 18,081.13 |
| Segment result before exceptional item | | | |
| - Current Year | 3,771.89 | (321.22) | 3,450.67 |
| - Previous Year | 5.51 | 313.01 | 318.52 |
| Less: Exceptional Item | | | |
| - Current Year | - | - | - |
| - Previous Year | - | - | - |
| Segment result after exceptional item | | | |
| - Current Year | 3,771.89 | (321.22) | 3,450.67 |
| - Previous Year | 5.51 | 313.01 | 318.52 |
| Finance Cost | | | |
| - Current Year | | | 101.30 |
| - Previous Year | | | 245.17 |

| Particulars | Business segments | | Total |
|------------------------------|---|-------------|----------|
| | Chemicals and related Products/Services | PVC-O Pipes | |
| Operating income | | | 3,349.37 |
| - Current Year | | | 73.35 |
| - Previous Year | | | |
| Other income | | | 569.24 |
| - Current Year | | | 138.35 |
| - Previous Year | | | |
| Profit before taxes | | | 3,918.61 |
| - Current Year | | | 211.70 |
| - Previous Year | | | |
| Tax expense | | | 1,034.77 |
| - Current Year | | | 1,015.65 |
| - Previous Year | | | |
| Profit / (Loss) for the year | | | 2,883.84 |
| - Current Year | | | (803.95) |
| - Previous Year | | | |

II. Segment Assets and Liabilities (Amount Rs. In lakhs)

| Particulars | Business segments | | Total |
|-------------------------------|---|-------------|-----------|
| | Chemicals and related Products/Services | PVC-O Pipes | |
| Segment assets | | | |
| - Current Year | 18,974.23 | 7,745.65 | 26,719.88 |
| - Previous Year | 17,872.84 | 8,138.85 | 26,011.69 |
| Unallocable assets | | | |
| - Current Year | | | 8,458.40 |
| - Previous Year | | | 7,497.05 |
| Total assets | | | |
| - Current Year | | | 35,178.28 |
| - Previous Year | | | 33,508.74 |
| Segment liabilities | | | |
| - Current Year | 3,368.79 | 1,119.67 | 4,488.46 |
| - Previous Year | 2,622.95 | 928.85 | 3,551.80 |
| Unallocable liabilities | | | |
| - Current Year | | | 856.95 |
| - Previous Year | | | 3,200.89 |
| Total liabilities | | | |
| - Current Year | | | 5,345.41 |
| - Previous Year | | | 6,752.69 |
| Other information | | | |
| Capital expenditure | | | |
| - Current Year | 1,435.77 | 251.30 | 1,687.07 |
| - Previous Year | 625.17 | 101.11 | 726.28 |
| Depreciation and amortisation | | | |
| - Current Year | 1,497.52 | 724.61 | 2,222.13 |
| - Previous Year | 1,517.76 | 504.26 | 2,022.02 |

Information on geographic segments:

(Amount Rs. In lakhs)

| Geographical Segment | Revenues for the year ended 31 March 2022 | Non - Current Assets as at 31 March 2022 (Refer Note 2 below) |
|----------------------|--|--|
| India | | |
| - Current Year | 27,033.95 | 21,919.59 |
| - Previous Year | 18,016.32 | 21,676.82 |
| Others | | |
| - Current Year | 125.00 | - |
| - Previous Year | 64.81 | - |

Note:

- 1) Also Refer Note 1.16
- 2) Non current assets excludes deferred tax assets and income tax assets.

47 Employee Stock Option Scheme

a) The details of the Employee stock option schemes approved by the shareholders are as below:

| Option Plan | Number | Grant Date | Exercise price in Rs. | Fair value on the date of grant in Rs. |
|---|----------|------------|-----------------------|--|
| "CAESOS 2015" [Chemfab Alkalies Employees Stock Option Scheme 2015] | 2,40,000 | 24-Mar-16 | 52.43 | 74.90 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 3,22,000 | 29-Oct-20 | 97.83 | 139.75 |

The options may be exercised within a period of 12 months from the date of vesting and the vesting plan of the stock option schemes are as below:

| CAESOS 2015 | CAESOS 2020 |
|--|--|
| 25% of the Options - Two years from the date of grant. | 25% of the Options - One year from the date of grant. |
| 25% of the Options - Three years from the date of grant. | 25% of the Options - Two years from the date of grant. |
| 50% of the Options - Four years from the date of grant. | 25% of the Options - Three years from the date of grant. |
| | 25% of the Options - Four years from the date of grant. |

b) Employee stock options details as on the balance sheet date are as follows:

| Particulars | For the year ended 31 March 2022 | | For the year ended 31 March 2021 | |
|---|-------------------------------------|--|-------------------------------------|---|
| | Options (Numbers) | Weighted average ex- ercise price per option (Rs.) | Options (Numbers) | Weighted average ex- ercise price per option (Rs.) |
| "CAESOS 2015" [Chemfab Alkalies Employees Stock Option Scheme 2015] | | | | |
| Option outstanding at the beginning of the year: | NA | NA | 1,20,000 | 52.43 |
| Add: Granted during the year: | NA | NA | - | - |
| Less: Exercised during the year: * | NA | NA | (1,19,998) | 52.43 |
| Less: Lapsed during the year: | NA | NA | (2) | - |
| Options outstanding at the end of the year: | NA | NA | - | - |
| The exercise price has been determined on the basis of the weighted average share price of erstwhile Chemfab Alkalies Limited as at the grant date. | NA | NA | NA | 52.43 |
| Weighted average remaining contractual life for options outstanding as at 31 March 2022 - NA (As at 31 March 2021 - Nil Years). | | | | |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | | | | |
| Option outstanding at the beginning of the year: | 3,22,000 | 97.83 | - | - |
| Add: Granted during the year: | - | - | 3,22,000 | 97.83 |
| Less: Exercised during the year: | (64,500) | 97.83 | - | - |
| Less: Lapsed during the year: | - | - | - | - |
| Options outstanding at the end of the year: | 2,57,500 | 97.83 | 3,22,000 | 97.83 |
| The exercise price has been determined on the basis of the weighted average share price of Chemfab Alkalies Limited as at the grant date. | NA | 97.83 | NA | NA |
| Weighted average remaining contractual life for options outstanding as at 31 March 2022 - 3 Years (As at 31 March 2021 - 4 Years) | | | | |

* Out of the above, shares relating to 200 options are pending allotment as at 31 March 2022 (PY 9,000)

47 Employee Stock Option Scheme (Cont..)

c) The assumptions used in this model for calculating fair value on date of grant are as below:

"CAESOS 2015" [Chemfab Alkalies Employees Stock Option Scheme 2015] (Using Black-Scholes model)

| Assumptions | 25 % options | 25 % options | 50 % options |
|--------------------------------------|--------------|--------------|--------------|
| Risk Free Interest Rate | 7.44% | 7.49% | 7.53% |
| Expected Life | 3.5 | 4 | 4.5 |
| Expected Annual Volatility of Shares | 45% | 44% | 44% |
| Expected Dividend Yield | 25% | 25% | 25% |

"CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] (Using Black-Scholes model)

| Assumptions | 25 % options | 25 % options | 25 % options | 25 % options |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Risk Free Interest Rate | 7.50% | 7.50% | 7.50% | 7.50% |
| Expected Life | 1 | 2 | 3 | 4 |
| Expected Annual Volatility of Shares | 64.78% | 55.79% | 57.14% | 55.92% |
| Expected Dividend Yield | 12.50% | 12.50% | 12.50% | 12.50% |

d) Stock Options exercised during the year

| Option Plan | Number Exercised | Exercise date | Exercise price in Rs. |
|---|------------------|---------------|-----------------------|
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 5,110 | 01-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,990 | 02-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 7,100 | 09-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 17-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 30-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 7,000 | 10-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 15-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,300 | 26-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,000 | 29-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 08-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 14-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 20-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 7,500 | 22-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 27-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 30-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,000 | 01-Dec-21 | 97.83 |

| Option Plan | Number Exercised | Exercise date | Exercise price in Rs. | |
|---|------------------|---------------|-----------------------|--|
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 07-Dec-21 | 97.83 | |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 13-Dec-21 | 97.83 | |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,000 | 18-Dec-21 | 97.83 | |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 5,000 | 27-Jan-22 | 97.83 | |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 200 | 24-Nov-21 | 97.83 | |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 100 | 21-Dec-21 | 97.83 | |

e) Total expense accounted for by the Parent Company on account of the above are given below:

(Amount Rs. In lakhs)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| ESOP cost accounted by the Company (Refer Note 34) | 84.19 | 51.36 |
| Total | 84.19 | 51.36 |

| 48 | RATIOS | Numerator | Denominator | 2021-22 | 2020-21 | Vari- ance % | Reason for Variance |
|-----------|---|---|---|----------------|----------------|-------------------------|---|
| (a) | Current Ratio (in times) | Total Current Assets | Total Current Liabilities | 1.84 | 1.82 | 2% | |
| (b) | Debt- equity Ratio (in times) | Debts consists of borrowings and lease liabilities | Total Equity | 0.03 | 0.12 | -75% | Reduction due to repayment of term loan |
| (c) | Debt Service Coverage Ratio (in times) | Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments | Debt service = Interest and lease payments + Principal repayments | 2.16 | 1.33 | 62% | Improved due to increase in profit and repayment of term loan |
| (d) | Return on Equity Ratio (in %) | Profit for the year less Preference dividend (if any) | Average total equity | 10% | -3% | 444% | Improved due to increase in profit |
| (e) | Inventory turnover ratio (in times) | Revenue from Operations | Average Inventory | 25.71 | 20.33 | 26% | Improved due to increase in sales |
| (f) | Trade Receivables turnover ratio (in times) | Revenue from Operations | Average Trade Receivables | 14.84 | 14.64 | 1% | |
| (g) | Trade payables turnover ratio (in times) | Total Expenses - Finance Cost - Depreciation and Amortisation Expenses | Average Trade Payables | 10.87 | 8.76 | 24% | |
| (h) | Net capital turnover ratio (in times) | Revenue from Operations | Average working capital (i.e. Total current assets less Total current liabilities) | 6.43 | 5.35 | 20% | |
| (i) | Net profit ratio (in %) | Profit for the Year | Revenue from Operations | 10.62% | -4.45% | 339% | Improved due to increase in profit |
| (j) | Return on Capital employed (in %) | Profit before tax and finance costs | Capital employed = Tangible Net Worth + Total Debt + Deferred Tax Liability- Deferred Tax Asset | 15.04% | 1.78% | 744% | Improved due to increase in profit |
| (k) | Return on investment (in %) | Income generated from Other investments under Current Financial Assets | Average of Other investments under Current Financial Assets | 2.36% | 2.31% | 2% | |

49 Details of Research & Development Expenditure Recognised as an expense (As identified by the management)

| Particulars | (Amount Rs. in lakhs) | |
|----------------------------------|-----------------------|--------------|
| | 2021-22 | 2020-21 |
| Employee Benefits expense | 26.68 | 41.95 |
| Professional fees | 2.51 | 3.06 |
| Consumption of Stores and spares | 8.19 | 9.51 |
| Travelling expenses | 0.01 | 0.10 |
| Depreciation | 2.96 | 8.57 |
| Total | 40.35 | 63.19 |

50 Relationship with struck off companies

| Name of the Struck off Company | Nature of transactions with struck off company | Balance outstanding (Amount Rs. In Lakhs) | Relationship with the struck off company, if any, to be disclosed |
|---|--|---|---|
| Year ended 31 March 2022 Nathanz Chemicals Pvt Ltd. | Receivables | 0.68 | NA |
| Year ended 31 March 2021 Nathanz Chemicals Pvt Ltd | Receivables | 0.00 | NA |

51 The Board of Directors have recommended a final dividend of 12.50% (Rs. 1.25 per Equity Share of Rs. 10 each) for the financial year 2021-22 which is subject to the approval of the shareholders in the forthcoming Annual General Meeting of the Company.

52 Additional Regulatory Information

- (i) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
- (ii) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act,1988 (as amended in 2016) and rules made thereunder
- (iii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (iv) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (v) The quarterly returns or statements comprising (stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.
- (vi) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (viii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (i) 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

- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (ix)** The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (i) 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
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (x)** The Company does not have any Scheme of Arrangements which have been approved by the Competent Authority in terms of sections 230 to 237 of the Act.
- (xi)** The Company has complied with the the number of layers prescribed under of Section 2(87) of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (xii)** The Company has utilised the borrowing amount taken from financial institutions for the purpose as stated in the sanction letter.

53 The Code on Wages, 2019 and Code of Social Security, 2020 (“the Codes”) relating to employee compensation and post employment benefits that received Presidential assent and the related rules thereof for quantifying the financial impact have not been notified. The Company will assess the impact of the Codes when the rules are notified and will record any related impact in the period the Codes become effective.

54 The Company has taken into account potential impacts of COVID-19 in the preparation of the standalone financial statements. Based on the information currently available, there is no material impact on carrying amounts of inventories, trade and other receivables, investments and other financial assets though management continues to monitor changes in future economic conditions.

55 The Board of Directors of the Company has reviewed the realisable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these standalone financial statements in its meeting held on 25 May 2022.

For and on behalf of Board of Directors

Suresh Krishnamurthi Rao
Chairman
DIN: 00127809
Place : Chennai

V M Srinivasan
Chief Executive Officer
Place : Chennai

B Vignesh Ram
Company Secretary
Place : Chennai

S Prasath
Chief Financial Officer
Place : Chennai

Date : 25 May 2022

**INDEPENDENT AUDITOR'S REPORT
 To the Members of Chemfab Alkalies Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of CHEMFAB ALKALIS LIMITED ("the Parent Company") and its subsidiary, (the Parent Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2022, their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity 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 specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our

opinion thereon, and we do not provide a separate opinion on these matters. we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | Auditor's Response |
|--|---|
| <p>Classification and Valuation of assets held for sale (relating to the Parent Company)</p> <p>The Board of Directors in their meeting held on 31st March 2021 approved the disposal of Ongole plant (comprising of land, building, machinery and other assets situated at the said plant) owing to the suspension of operations since July 2018. The Board had also directed the CEO to assess the market value of the assets and identify prospective buyers to sell the assets at the Ongole Plant based on the approved plan. The Company has in March 2022 entered into a sale contract for disposal of machinery at the said location on an as is where is basis; to be removed from the plant within a certain time period as per the contract. The Company continues to actively market the other assets at the said location and has considered the sale to be highly probable.</p> <p>Based on the management's assessment of the assets held for sale, the net realisable value is higher than the net carrying value of the assets at Ongole Plant as at 31 March 2022. (Refer Note 17 of the Standalone Financial Statements for the year ended 31st March 2022).</p> <p>Due to the multitude of factors, assumptions and significant judgments involved in classification of these assets as held for sale and estimating the net realizable value, any adverse changes to these assumptions could result into a change in classification and such net realisable value becoming lower than the carrying amount.</p> | <p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> - We have performed the following procedures: - Read the minutes of the meetings of the Board of Directors and understood the plan for disposal of the assets at the Ongole plant - Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls in relation to the classification and of the assessment of net realisable value of assets held at Ongole plant. - Obtained the sale order entered into by the Company for sale of machinery, reviewed the terms and conditions for sale of machinery and assessed the impact on the carrying amount. Further, tested the receipt of a portion of the sale consideration and corresponding removal of some portion of machinery subsequent to the year end. - Corroborated the value of Ongole land considered by the management independently with the publicly available information, where applicable. - Tested the management assessment whether the carrying values of disposal group are at least equal or lower to their estimated net realisable value; - Assessed the management representation regarding the likelihood of disposal i.e. Ongole Plant being available for immediate sale in its current state, plans to locate a buyer and whether it is highly probable that the sale will take place; - Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in accordance with the applicable accounting standards. |

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

- The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including the Annexures to the Board Report and Corporate Governance but does not include the Consolidated financial statements, Standalone financial statements and our auditor's report thereon. The Management Discussion and Analysis, Board's report including the Annexures to the Board Report and Corporate Governance are expected to be made available to us after the date of this auditor's report.
- Our opinion on the Consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the information included in the Management Discussion and Analysis, Board's report including the Annexures to the Board Report and Corporate Governance, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Parent Company, as aforesaid.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors.

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

We communicate with those charged with governance of the Parent 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 significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or

when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our report, we report, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the 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 Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Parent Company as on 31st March 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of the subsidiary company incorporated in India, none of the directors of the Parent and Subsidiary company incorporated in India is disqualified as on 31st March 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company and the subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The respective Managements of the Parent Company and its subsidiary, have represented to us that, to the best of their knowledge and belief, 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 Parent Company or subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company or subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The respective Managements of the Parent Company and its subsidiary, have represented to us that, to the best of their knowledge and belief, no funds have been received by the Parent Company or subsidiary from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company or subsidiary shall, 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.
 - (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. As stated in note 49 to the financial statements, the Board of Directors of the Parent Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent Company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P Usha Parvathy
(Partner)
(Membership No. 207704)

Place: Chennai
Date: 25th May 2022
Unique Document Identification Number:
22207704AJPAVO7091

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended 31st March 2022, we have audited the internal financial controls over financial reporting of CHEMFAB ALKALIS LIMITED (hereinafter referred to as the Parent Company) and its subsidiary company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 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.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent Company/ Parent and its subsidiary company, which are companies incorporated in India.

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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent Company, its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial

controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on the criteria for internal financial control over financial reporting established by the respective companies 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 **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P Usha Parvathy

(Partner)

(Membership No. 207704)

Place: Chennai

Date: 25th May 2022

Unique Document Identification Number:

22207704AJPAVO7091

Consolidated Balance Sheet as at 31 March 2022

| Particulars | Note No | As at 31 March 2022 Rs. In Lakhs | As at 31 March 2021 Rs. In Lakhs |
|---|---------|-------------------------------------|-------------------------------------|
| ASSETS | | | |
| (1) Non - Current Assets | | | |
| (a) Property, Plant and Equipment | 2 | 18,738.61 | 19,747.70 |
| (b) Right of Use Assets | 3 | 658.91 | 458.17 |
| (c) Capital Work-In-Progress | 4 | 818.69 | 339.58 |
| (e) Other Intangible Assets | 2 | 9.34 | 15.31 |
| (f) Financial Assets | | | |
| (i) Investments | 5 | 4.53 | 3.26 |
| (ii) Other Financial Assets | 6 | 143.98 | 237.62 |
| (g) Tax Assets (Net) | 7 | 64.82 | 38.75 |
| (h) Deferred Tax Assets (Net) | 8 | 3,973.90 | 4,278.37 |
| (i) Other Non - Current Assets | 9 | 1,584.50 | 807.68 |
| Total Non - Current Assets | | 25,990.15 | 25,926.24 |
| (2) Current Assets | | | |
| (a) Inventories | 10 | 1,183.92 | 928.86 |
| (b) Financial Assets | | | |
| (i) Other Investments | 11 | 3,062.93 | 2,394.21 |
| (ii) Trade Receivables | 12 | 2,143.99 | 1,516.33 |
| (iii) Cash and Cash Equivalents | 13A | 220.73 | 1.78 |
| (iv) Bank Balances other than (iii) above | 13B | 537.12 | 268.43 |
| (v) Other Financial Assets | 14 | 93.49 | 437.69 |
| (c) Other Current Assets | 15 | 995.76 | 906.82 |
| Asset Held for Sale | 16 | 8,237.94 | 6,454.12 |
| | | 990.28 | 1,112.11 |
| Total Current Assets | | 9,228.22 | 7,566.23 |
| Total Assets | | 35,218.37 | 33,492.47 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share Capital | 17 | 1,413.38 | 1,406.05 |
| (b) Other Equity | 18 | 28,386.80 | 25,326.47 |
| Equity attributable to Shareholders of the Company | | 29,800.18 | 26,732.52 |
| Non-controlling interests | | | |
| Total Equity | | 29,800.18 | 26,732.52 |

| Consolidated Balance Sheet as at 31 March 2022 | | | |
|--|------|-------------------------------------|-------------------------------------|
| Particulars | Note | As at 31 March 2022 Rs. In Lakhs | As at 31 March 2021 Rs. In Lakhs |
| (2) Liabilities | | | |
| Non- current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | - | 2,337.52 |
| (ii) Lease Liabilities | | 151.52 | 43.91 |
| (iii) Other Financial Liabilities | 20 | 60.21 | 61.34 |
| (b) Provisions | 21 | 19.97 | 56.71 |
| (c) Other Non - Current Liabilities | 22 | 115.00 | 115.00 |
| Total Non- current Liabilities | | 346.70 | 2614.48 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 23 | 685.10 | 744.31 |
| (ii) Lease Liabilities | | 28.04 | 28.84 |
| (iii) Trade Payables | 24 | 33.72 | 16.74 |
| - Total Outstanding dues of micro enterprise and small enterprises | | | |
| - Total Outstanding dues of creditors other than micro enterprises and small enterprises | | 1,986.74 | 1,799.57 |
| (iv) Other Financial Liabilities | 25 | 633.20 | 552.67 |
| (b) Provisions | 26 | 310.83 | 255.83 |
| (c) Current Tax Liabilities (Net) | 27 | 146.84 | 99.79 |
| (d) Other Current Liabilities | 28 | 1,247.02 | 647.72 |
| Total Current Liabilities | | 5,071.49 | 4,145.47 |
| Total Liabilities | | 5,418.19 | 6759.95 |
| TOTAL EQUITY AND LIABILITIES | | 35,218.37 | 33,492.47 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

P Usha Parvathy

Partner

Place : Chennai

Date : 25 May 2022

For and on behalf of the Board of Directors

Suresh Krishnamurthi Rao

Chairman

DIN: 00127809

Place : Chennai

B Vignesh Ram

Company Secretary

Place : Chennai

V M Srinivasan

Chief Executive Officer

Place : Chennai

S Prasath

Chief Financial Officer

Place : Chennai

Date : 25 May 2022

Statement of Consolidated Profit and Loss for the year ended 31 March 2022

| Particulars | Note No | For the Year Ended 31 March 2022 (Rs. In Lakhs) | For the Year Ended 31 March 2021 (Rs. In Lakhs) |
|--|----------------|--|--|
| I Revenue from Operations | 29 | 27,158.95 | 18,081.13 |
| II Other Income | 30 | 570.24 | 141.54 |
| III Total Income (I+II) | | 27,729.19 | 18,222.67 |
| IV Expenses | 31A | 4,885.47 | 2,534.59 |
| Cost of Materials Consumed | 31B | 3,249.27 | 1,814.41 |
| Purchases of Stock - in - Trade | 32 | (95.88) | (44.48) |
| Changes in Inventories of Finished Goods and Work-in-Progress | 33 | 8,921.25 | 7,307.29 |
| Other Direct Manufacturing Expenses | 34 | 1,968.44 | 1,834.55 |
| Employee Benefits Expense | 35 | 101.30 | 245.17 |
| Finance Costs | 2 & 3 | 2,222.13 | 2,022.02 |
| Depreciation and Amortisation Expense | 36 | 2,567.02 | 2,306.54 |
| Other Expenses | | | |
| Total Expenses (IV) | | 23,819.00 | 18,020.09 |
| V Profit before tax (III - IV) | | 3,910.19 | 202.58 |
| VI Tax expense | 8 | | |
| - Current Tax | | | |
| Current Year | | 749.09 | 128.50 |
| - Deferred Tax | | 286.42 | 887.23 |
| | | 1,035.51 | 1,015.73 |
| VII (Loss) / Profit for the Year (V - VI) | | 2,874.68 | 813.15 |
| VIII Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| -Remeasurement of net defined benefit liability | | 62.67 | 73.34 |
| -Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI | | 1.27 | 1.68 |
| -Income tax relating to items that will not be reclassified to profit or loss | | (18.25) | (21.36) |
| Total Other Comprehensive Income | | 45.69 | 53.66 |
| IX Total Comprehensive (Loss) / Income for the Year (VII + VIII) | | 2,920.37 | (759.49) |
| Profit/(Loss) for the year Attributable to: | | | |
| Owners of the Company | | 2,874.68 | (813.15) |
| Non-Controlling Interests | | - | - |
| Other Comprehensive Income for the year Attributable to: | | 45.69 | 53.66 |
| Owners of the Company | | - | - |
| Non-Controlling Interests | | - | - |
| Total Compehensive (Loss) / Income for the year Attributable to: | | 2,920.37 | (759.49) |
| Owners of the Company | | - | - |
| Non-Controlling Interests | | - | - |

| Statement of Consolidated Profit and Loss for the year ended 31 March 2022 | | | |
|---|-------------|--|---|
| Particulars | Note | For the Year Ended 31 March 2022 (Rs. In Lakhs) | For the Year Ended 31 March 2021(Rs. In Lakhs) |
| X Earnings per Equity Share (Face Value of Rs 10 each) | 39 | | |
| -Basic | | 20.36 | (5.81) |
| -Diluted | | 20.20 | (5.81) |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP
Chartered Accountants**

P Usha Parvathy
Partner

Place : Chennai
Date : 25 May 2022

Suresh Krishnamurthi Rao
Chairman

DIN: 00127809
Place : Chennai

V M Srinivasan
Chief Executive Officer

Place : Chennai

B Vignesh Ram
Company Secretary
Place : Chennai

Date : 25 May 2022

S Prasath
Chief Financial Officer
Place : Chennai

Consolidated Cash Flow Statement for the year ended as at 31 March 2022

| Particulars | Note | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
|--|--------------------|---|---|
| A. Cash flow from Operating Activities | | | |
| Profit / (Loss) for the year | | 2,874.68 | (813.15) |
| Adjustment for: | | | |
| Income Tax Expense | 8 | 1,035.51 | 1,015.73 |
| Impairment loss on property, plant and equipment | 2.3 | - | - |
| Depreciation of property, plant and equipment | 2 & 3 | 2,222.13 | 2,022.02 |
| Gain on redemption of investments | 30(b) | (58.53) | (22.65) |
| Equity settled share-based payment expense | 34 & 44 | 84.19 | 51.36 |
| Interest Income on fixed deposits with banks | 30(a) | (25.07) | (21.98) |
| Interest Income on Income Tax Refund | 30(a) | (118.64) | (19.96) |
| Finance Costs | 35 | 101.30 | 245.17 |
| Gain on Sale of Investment Property | 0 | - | - |
| Gain on disposal of property, plant and equipment | 30(b) | (18.20) | (0.90) |
| Bad Receivables written off | 36 | 8.78 | 2.20 |
| Provision for impairment on assets held for sale | 36 | 121.84 | - |
| Provision for Expected credit loss (Net) | 36 | 114.54 | 469.63 |
| Liabilities no longer required written back | 30(b) | (12.46) | (21.56) |
| Unrealised Exchange Variation (Net) | | (15.48) | 43.53 |
| Operating cash flows before movements in working capital | | 6,314.59 | 2,949.44 |
| (Increase) / Decrease in Trade Receivables | 12 | (750.54) | (564.16) |
| (Increase) / Decrease in Other Non Current and Current Financial assets and Non current and Current assets | 6,9,14,15 | (21.26) | 652.87 |
| (Increase) / Decrease in Inventories | 10 | (255.06) | (78.60) |
| Increase / (Decrease) in Trade Payables Other Current liabilities and Non-Current Liabilities and Provisions | 19-22 , 24-26 & 28 | 808.28 | 745.81 |
| Changes in Working Capital and Other changes | | (218.58) | 755.92 |
| Cash generated by operations | | 6,096.01 | 3,705.36 |
| Income Taxes (Paid) / Refund and Interest Income Received | 8 | (604.99) | 837.85 |
| Net cash from Operating Activities (A) | | 5,491.02 | 4,543.21 |

Consolidated Cash Flow Statement for the year ended as at 31 March 2022

| Particulars | Note | As at 31 March 2022 Rs. In Lakhs | As at 31 March 2021 Rs. In Lakhs |
|---|-------------|---|---|
| B Cash flow from Investing Activities | | | |
| Purchase of Property, Plant and Equipment | 2 | (2,019.67) | (733.59) |
| Proceeds from Sale of Property, Plant and Equipment and Investment Property | | 62.28 | 18.02 |
| Redemption/(Investment) in Mutual Funds (Net) | | 44.48 | 17.90 |
| Net movement in Bank balances not considered as Cash and cash equivalents | 6&13B | (271.32) | 13.59 |
| Dividend Received from Non-current and Current Investments | 30(b) | - | - |
| Interest Income | 14&30 | 81.69 | 40.83 |
| Net Cash (used in) Investing Activities (B) | | (2,102.54) | (643.25) |
| C Cash flow from Financing Activities | | | |
| Dividend Paid, including movement from unpaid dividend account | 13B & 18(f) | (1.76) | (172.48) |
| Issue of Equity Shares | 17 & 18 | 62.90 | 58.20 |
| Money received towards allotment of equity shares | 18(a) | 0.20 | 4.72 |
| Payment of lease liabilities | 3 | (30.31) | (25.40) |
| Finance Cost on Lease Liabilities | 35 | (6.13) | (7.97) |
| Repayment of Term Loan made during the year | 19 | (2,185.99) | (624.00) |
| Short term Borrowings (repaid)/taken (net) | 19 & 23 | (210.50) | (535.76) |
| Finance Costs paid on Borrowings | 25 & 35 | (85.74) | (256.37) |
| Net Cash from/(used in) Financing Activities (C) | | (2,457.33) | (1,559.06) |
| D Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C) | | 931.15 | 2,340.90 |
| E Cash and Cash Equivalents (Opening) | 13A | 2,344.49 | 3.59 |
| F Cash and Cash Equivalents (Closing) | | 3,275.64 | 2,344.49 |
| Notes: | | | |
| (i) <u>Reconciliation of Cash and cash equivalents</u> | | | |
| Cash and Cash Equivalents as per Balance Sheet | 13A | 220.73 | 1.78 |
| Add:Current investments considered as part of Cash and cash equivalents (as defined in INDAS 7 Cash Flow Statements) | 11 | 3,054.91 | 2,342.71 |
| Cash and cash equivalents at the end of the Year | | 3,275.64 | 2,344.49 |

Consolidated Cash Flow Statement for the year ended as at 31 March 2022

| (ii) Changes in liabilities arising from financing activities | | Amount Rs. In Lakhs | | |
|---|---------------------|---------------------|----------|---------------------|
| Particulars | As at 01 April 2021 | Cash Flows | Others | As at 31 March 2022 |
| Current Borrowings (Note 24) | 744.31 | (210.50) | 151.29 | 685.10 |
| Non Current Borrowings (Note 20) | 2,337.52 | (2,185.99) | (151.53) | - |
| Lease Liabilities | 72.75 | (30.31) | 137.12 | 179.56 |
| Accrued Interest (Note 26) | 2.19 | (2.19) | 10.43 | 10.43 |

| Amount Rs. In Lakhs | | | | |
|----------------------------------|---------------------|------------|----------|---------------------|
| Particulars | As at 01 April 2020 | Cash Flows | Others | As at 31 March 2021 |
| Current Borrowings (Note 24) | 2,042.98 | (535.76) | (762.91) | 744.31 |
| Non Current Borrowings (Note 20) | 2,178.03 | (624.00) | 783.49 | 2,337.52 |
| Lease Liabilities | 58.90 | (25.40) | 39.25 | 72.75 |
| Accrued Interest (Note 26) | 24.19 | (24.19) | 2.19 | 2.19 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

P Usha Parvathy
Partner

Place : Chennai
Date : 25 May 2022

Suresh Krishnamurthi Rao
Chairman
DIN: 00127809

Place : Chennai

V M Srinivasan
Chief Executive Officer

Place : Chennai

B Vignesh Ram
Company Secretary
Place : Chennai

S Prasath
Chief Financial Officer
Place : Chennai

Date : 25 May 2022

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

A. Equity Share Capital

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|
| Balance as at beginning of the Year | 1,406.05 | 1,393.45 |
| Changes in equity share capital due to prior period errors | - | - |
| Restated Balance as at the beginning of the current reporting period | 1,406.05 | 1,393.45 |
| Changes in equity share capital during the year | 7.33 | 12.60 |
| Issue of equity shares under share option plan (Refer Note 44) | | |
| Closing Balance | 1,413.38 | 1,406.05 |

B. Other Equity

| Particulars | Share Application Money Pending Allotment | Capital Reserve | Capital Redemption Reserve | Securities Premium Account | Share Based Payment Reserve | Retained Earnings | Other Comprehensive Income | Total Other Equity |
|--|---|-----------------|----------------------------|----------------------------|-----------------------------|--------------------|----------------------------|--------------------|
| Balance at 1 April 2020 | 7.86 | 15.67 | 960.00 | 34,663.76 | 29.62 | (9,519.03) | 1.25 | 26,159.13 |
| (Loss) / Profit for the year | | | | | | (813.15) | | (813.15) |
| Recognition of Employee stock based compensation | | | | | | 51.36 | | 51.36 |
| Share Application Money Received | | | | | | (28.31) | | 62.92 |
| Shares Allotted | 62.92 (66.06) | | | | | | | (94.37) |
| Securities Premium on issue of Equity Shares | | | | | | 81.77 | | 81.77 |
| Payment of Dividend on equity shares | | | | | | | | (174.85) |
| Equity Instruments through Other Comprehensive Income (net of taxes) | | | | | | | 1.68 | (174.85) |
| Remeasurement of Defined Benefit Plans (net of taxes) | | | | | | 51.98 | 1.68 | 51.98 |
| Balance at 31 March 2021 | 4.72 | 15.67 | 960.00 | 34,745.53 | 52.67 | (10,455.05) | 2.93 | 25,326.47 |
| Profit / (Loss) for the year | | | | | | | | 2,874.68 |
| Recognition of Employee stock based compensation | | | | | | | | 84.19 |
| Share Application Money Received | | | | | | | | 63.10 |
| Shares Allotted | 63.10 (67.62) | | | | | | | (110.47) |
| Securities Premium on issue of Equity Shares | | | | | | 103.14 | | 103.14 |
| Equity Instruments through Other Comprehensive Income (net of taxes) | | | | | | | 1.27 | 1.27 |
| Remeasurement of Defined Benefit Plans (net of taxes) | | | | | | | 44.42 | 44.42 |
| Balance at 31 March 2022 | 0.20 | 15.67 | 960.00 | 34,848.67 | 94.01 | (7,535.95) | 4.20 | 28,386.80 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Suresh Krishnamurthi Rao
Chairman
DIN: 00127809
Place : Chennai

V M Srinivasan
Chief Executive Officer
Place : Chennai

S Prasath
Chief Financial Officer
Place : Chennai

B Vignesh Ram
Company Secretary
Place : Chennai

P Usha Parvathy
Partner
Place : Chennai
Date : 25 May 2022

Date : 25 May 2022

1 General Information

Chemfab Alkalies Limited ("the Parent Company") and Chemfab Alkalies Karaikal Limited ("the Subsidiary") (together "the Group") is in the business of manufacturing of basic inorganic chemicals and PVCO pipes.

The name of the Parent Company was changed from Teamec Chlorates Limited to Chemfab Alkalies Limited on July 21, 2017, vide revised certificate of incorporation issued by the Registrar of Companies pursuant to the scheme of amalgamation ('scheme') approved by the National Company Law Tribunal (NCLT) Chennai vide its order dated 30st March 2017. Erstwhile Chemfab Alkalies Limited a listed entity, had merged with the Parent Company pursuant to the scheme and consequently the Parent Company's equity shares have been listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with effect from 25th April 2018.

During the year ended 31 March 2020, Chemfab Alkalies Limited ('CAL') has incorporated a wholly owned subsidiary, Chemfab Alkalies Karaikal Limited ('CAKL ') which is yet to commence operations.

Significant Accounting Policies

Impact of the initial application of new and amended Ind ASs that are effective for the current year:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March 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 Group has evaluated the effect of this amendment and concluded that the amendment did not have any material impact on the financial statements of the Group.

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 Group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group 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.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these 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 Group 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 Group does not expect the amendment to have any significant impact in its financial statements.

1.1 Principles of Consolidation:

The Consolidated financial statements relate to the Parent Company and its Subsidiary. The Consolidated financial statements have been prepared on the following basis:

The financial statements of the Parent Company and its Subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating material intra-group balances, intragroup transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the Parent Company’s standalone financial statements.

The details of the companies considered in the preparation of the consolidated financial statements are given below:

Name : Chemfab Alkalies Karaikal Limited; Country of Incorporation : India;

Relationship: Wholly Owned Subsidiary; Effective Ownership Interest as at 31 March 2022 : 100% (As at 31 March 2021 - 100%)

1.2 Basis Of Accounting

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

These Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a 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.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Basis of preparation of financial statements

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

1.4 Use of Estimates:

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Revisions to accounting estimates are recognized prospectively in the year in which the estimate is revised and / or in future years, as applicable.

1.5 Operating Cycle

Based on the nature of products/activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.6 Revenue recognition

(I) Sale of Goods/Services:

The Group derives revenues primarily from sale of manufacturing of inorganic chemicals viz Caustic Soda Lye, Chlorine, Hydrogen, Hydrochloric acid, Sodium Hypo and Sodium Chlorate and also from PVC-O pipes. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Accordingly, the revenue is recognised on point in time basis.

a) Sale of products:

Revenues and costs relating to sale of products are recognized as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied:-

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to The Group ; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.

b) Income from service activities is accounted for on rendering the service in accordance with the contractual terms and when there is no uncertainty in receiving the same.

(II) Other Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend Income is accounted when the right to receive is established.

1.7 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition and is net of taxes where applicable. The methods of determination of cost of various categories of inventory are as follows:

- Raw Materials, Fuel and Stores and Spares – On weighted average basis.
- Finished goods and Work in Progress at lower of Cost, which includes appropriate production overheads and Net Realizable Value, the cost being determined on weighted average basis.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, where ever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

1.8 Cash and Cash Equivalent (For the purpose of Cash Flow Statement)

Cash comprises of cash on hand and demand deposits with banks. Cash Equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

Bank balances other than the balance included in cash and cash equivalents represents balance on account of unpaid dividend and margin money deposit with banks.

1.9 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

1.10 Property, Plant and Equipment (PPE) and Depreciation on Property Plant and Equipment

Property, Plant and Equipment (PPE's) are recorded at cost less accumulated depreciation and accumulated impairment loss (if any). The Group capitalizes all costs relating to acquisition and installation of Property, Plant and Equipment. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, Plant and Equipment up to the date the Property, Plant and Equipment is ready for its intended use.

Cost of spares relating to specific item of Property, Plant and Equipment is capitalized. Cost of modifications that enhance the operating performance or extend the useful life of Property, Plant and Equipment are also capitalized, where there is a certainty of deriving future economic benefits from the use of such assets.

Any part or components of Property, Plant and Equipment which are separately identifiable and expected to have a useful life which is different from that of the main assets are capitalized separately, based on the technical assessment of the Management.

Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each balance sheet date are disclosed as “Capital Advances” under Other Non Current Assets and cost of Property, Plant and Equipment not ready to use before such date are disclosed under “Capital Work- in- Progress.

Depreciation:

Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Continuous Process Plant, in whose case the life of the assets has been assessed as 18 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation is also accelerated on Property, Plant & Equipment, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.

Intangible Assets:

Intangible fixed assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses (If any). Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern.

Research and Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when The Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Derecognition of Property, Plant and Equipment:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

1.11 Borrowing Cost

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.12 Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits, if any, are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are accounted in Reserves and Surplus in Other Equity. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

1.13 Foreign Currency Transactions

Initial Recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition:

As at the reporting date, non monetary assets and liabilities which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevalent at the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate prevalent at the date of the balance sheet.

Treatment of Exchange Differences:

Foreign exchange gains and losses resulting from the settlement/restatement of monetary assets and liabilities of The Group are recognised as income or expense in the statement of profit and loss.

1.14 Employee Benefits

Retirement benefit costs and termination benefits:

i) Defined Benefit Plans:

Employee defined benefit plans include gratuity.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability)"

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in The Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

ii) Defined Contribution Plans

Employee defined contribution plans include Provident Fund, Employee state insurance and Super Annuation Fund.

Provident Fund and Employee State Insurance :

All employees of the Group receive benefits from Provident Fund and Employee's State Insurance (where applicable), which are defined contribution plans. Both, the employee and The Group make monthly contributions to the plan, each equalling to a specified percentage of employee's basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The Group contributes to the Employee Provident Fund and Employee's State Insurance (where applicable) scheme maintained by the Central Government of India and the contribution thereof is charged to the Statement of Profit and Loss in the year in which the services are rendered by the employees

Super Annuation Fund:

The Group makes contribution to a scheme administered by the insurer to discharge its liabilities towards super annuation to the eligible employees. The Group has no other liability other than its annual contribution.

1.15 Employee Share Based Payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and The Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of The Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

1.16 Taxation

Income taxes comprise Current and deferred tax. Income tax expense/credit is recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity, respectively.

Current Tax and Prior Period Tax:

Current income tax liability/ (asset) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

Deferred Tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognized on deductible and taxable temporary differences between the carrying amounts of assets and liabilities in the Ind AS financial statements and the corresponding tax bases of such assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which The Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid as current tax expense in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as tax credit and recognised as deferred tax asset when there is reasonable certainty that the Parent Company will pay normal income tax in the future years and future economic benefit associated with it will flow to the Parent Company. The carrying amount is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1.17 Segment Reporting

Operating segments reflect the Group's management structure and the way the financial information is regularly reviewed by The Group's Chief operating decision maker (CODM). The CEO of the Group has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue, where applicable, is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

1.18 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 period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if The Group changes its assessment if whether it will exercise an extension or a termination option.

1.19 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.20 Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the balance sheet date and measured using the present value of cash flows estimated to settle the present obligations (when the effect of time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Group does not recognize a contingent liability but discloses its existence in the Financial Statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

1.21 Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

1.22 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

1.23 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

1.24 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, The Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below). All other financial assets are subsequently measured at fair value.

(i) Amortised cost and effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, The Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'Other income' line item.

(ii) Debt instruments classified as at FVTOCI:

The debt instruments are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated in a separate component of equity. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI:

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading:

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in a separate component of equity. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with Ind AS 109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other income' line item in profit or loss.

The Group designates all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that The Group manages together and has a recent actual pattern of short-term profit-taking;

(iv) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless The Group designates an equity investment that is neither held for trading (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other income' line item.

Foreign exchange gains and losses:

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item ;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item. As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in a separate component of equity;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item as part of the fair value gain or loss; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in a separate component of equity.

Impairment of financial assets:

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, financial guarantee contracts, and certain other financial assets measured at amortised cost such as deferred consideration receivable on disposal of subsidiaries. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

For trade receivables, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient method as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

De-recognition of financial assets:

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in a separate component of equity is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in a separate component of equity is not reclassified to profit or loss, but is transferred to retained earnings.

1.25 Financial liabilities and equity instruments

Classification as debt or equity:

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking;

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis;

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are recognised in retained earnings. Gains or losses on financial guarantee contracts issued by the Group that are designated by The Group as at FVTPL are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the ‘other income’ line item in profit or loss for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within ‘other income’.

1.26 Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.27 Dividend

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the companies in the Group. The Group declares and pays dividends in Indian rupees and are subject to applicable taxes.

1.28 Asset held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether The Group will retain a non-controlling interest in its former subsidiary after the sale.

1.29 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of assets or liabilities affected in future periods.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in Financial Statements is included in the following notes:

- (i) Useful lives of Property, Plant and Equipment.
- (ii) Carrying values of Property, Plant and Equipment
- (iii) Employee Benefits
- (iv) Employee Share Based Payments
- (v) Taxation
- (vi) Asset held for sale

Determination of functional currency:

Currency of the primary economic environment in which The Group operates (“the functional currency”) is Indian Rupee (INR) in which the Group primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).

Notes forming part of the Consolidated financial statements for the year ended 31 March 2022
2. Property Plant and Equipment and Other Intangible Assets

I - Current year ended 31 March 2022

| Particulars | Gross Block | | | Accumulated Depreciation / Amortisation/Impairment | | | Net Block |
|--|---------------------|---------------------------|---------------------------------------|--|---------------------|-----------------|------------------|
| | As at 01 April 2021 | Additions during the year | Deletions/ Adjustment during the year | As at 31 March 2022 | As at 01 April 2021 | For the year | |
| A. Property Plant and Equipment | | | | | | | |
| Land - Freehold (Refer Note 19) | 2,162.07 | - | - | 2,162.07 | - | - | 2,162.07 |
| Buildings (Refer Note 19) | 2,151.32 | 32.02 | - | 2,183.34 | 414.79 | 93.13 | - |
| Plant and Equipment (Refer Note 19) | 22,043.24 | 1,160.48 | 1,161.95 | 22,041.77 | 6,400.89 | 2,045.28 | 1,125.52 |
| Furniture and Fixtures | 61.99 | 1.98 | - | 63.97 | 24.98 | 5.48 | - |
| Vehicles | 111.97 | 0.67 | 10.40 | 102.24 | 25.12 | 13.42 | 2.75 |
| Office Equipments | 187.89 | 14.27 | 0.61 | 201.55 | 105.20 | 23.85 | 0.61 |
| TOTAL (A) | 26,718.48 | 1,209.42 | 1,172.96 | 26,754.94 | 6,970.98 | 2,181.16 | 1,128.88 |
| B. Other Intangible Assets | | | | | | | |
| Computer Software | 171.78 | 1.38 | - | 173.16 | 156.47 | 7.35 | - |
| TOTAL (B) | 171.78 | 1.38 | - | 173.16 | 156.47 | 7.35 | - |
| TOTAL (A + B) | 26,890.26 | 1,210.80 | 1,172.96 | 26,928.10 | 7,127.45 | 2,188.51 | 1,128.88 |
| | | | | | | | 8,187.08 |
| | | | | | | | 18,741.02 |
| Amount Rs. In Lakhs | | | | | | | |

2. Property Plant and Equipment and Other Intangible Assets

III - Previous year ended 31 March 2021

Amount Rs. In Lakh

3 Leases

Right of Use Assets :

| Particulars | Land (Refer Note 19) Amount Rs. In lakhs | Equipment Amount Rs. In lakhs |
|---------------------------------|---|----------------------------------|
| Cost | | |
| As at 01 April 2020 | 434.56 | 35.16 |
| Additions | 38.83 | - |
| As at 31 March 2021 | 473.39 | 35.16 |
| Add: Additions | 121.00 | 113.36 |
| As at 31 March 2022 | 594.39 | 148.52 |
| Accumulated Amortisation | | |
| As at 01 April 2020 | 9.42 | 10.29 |
| Charge for the Year | 20.38 | 10.29 |
| As at 31 March 2021 | 29.80 | 20.58 |
| Charge for the Year | 23.25 | 10.37 |
| As at 31 March 2022 | 53.05 | 30.95 |
| Carrying Amount | | |
| As at 31 March 2021 | 443.59 | 14.58 |
| As at 31 March 2022 | 541.34 | 117.57 |

The Group has considered the OCC interest rate at the time of adoption of lease for the purpose of determination of discount rate for leases. The Group has leases for Land and certain equipment. The leases have remaining lease terms of 1 year upto 22 years with option to terminate or extend the lease.

| Particulars | For the Year Ended 31 March 2022 Amount Rs. In lakhs | For the Year Ended 31 March 2021 Amount Rs. In lakhs |
|--|--|--|
| Amounts recognised in Statement of Profit and Loss were as follows: | | |
| Amortisation Expense on right-of-use assets | 33.62 | 30.67 |
| Interest Expense on lease Liabilities | 6.13 | 7.97 |
| Expense relating to short-term lease | 3.30 | 7.51 |
| Expense relating to variable lease payments not included in the measurement of the lease liability | - | - |
| Supplemental cash flow information related to leases was as follows: | | |
| Total cash outflow for leases | (30.31) | (25.40) |
| Additions to right of use assets | 234.36 | 38.83 |
| Maturities of Lease Liabilities were as follows | | |
| Undiscounted Lease Payments to be made | 291.21 | 112.03 |
| Not later than 1 year | 41.54 | 34.43 |
| Later than 1 year and not later than 5 years | 80.28 | 31.17 |
| Later than 5 years | 169.39 | 46.43 |

| Particulars | As at 31 March 2022 | | | As at 31 March 2021 | |
|--|------------------------|---------------|---------------|------------------------|---------------|
| | Amount | Rs. In lakhs | Total | Amount | Rs. In lakhs |
| 4 Capital Work-In-Progress Total | | | 818.69 | | 339.58 |
| a) CWIP Ageing Schedule | | | | | |
| As at 31 March 2022 (Amount Rs. In Lakhs) | | | | | |
| CWIP Ageing schedule | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | 773.91 | 25.34 | 9.23 | 10.21 | 818.69 |
| Projects temporarily suspended | - | - | - | - | - |
| As at 31 March 2021 (Amount Rs. In Lakhs) | | | | | |
| CWIP Ageing schedule | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | 223.19 | 77.24 | 34.62 | 4.53 | 339.58 |
| Projects temporarily suspended | - | - | - | - | - |
| b) CWIP whose completion is overdue or exceed its cost | | | | | |
| As at 31 March 2022 (Amount Rs. In Lakhs) | | | | | |
| CWIP Completion Schedule | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | | | | | |
| Salt Division 2 field development work | - | 169.09 | - | - | 169.09 |
| Projects temporarily suspended | - | - | - | - | - |
| | - | 169.09 | - | - | 169.09 |
| 5 Investments - Non Current | | | | | |
| Investment carried at fair value through Other Comprehensive Income | | | | | |
| Quoted Investments (fully paid) | | | | | |
| Investment in Equity Instruments of Other entities | | | | | |
| 281 (P.Y. 281) Equity Shares of Rs.10/- each of Summit Securities Limited | | | 1.67 | | 1.52 |
| 500 (P.Y. 500) Equity Shares of Rs.10/- each of De Nora India Limited | | | 2.00 | | 1.26 |
| 300 (P.Y. 300) Equity Shares of Rs.10/- each of TGV SRAAC Limited (formerly known as Sree Rayalaseema Alkalies & Allied Chemicals Limited) | | | 0.24 | | 0.07 |
| 450 (P.Y. 450) Equity Shares of Rs.5/- each of Kanoria Chemicals Limited | | | 0.62 | | 0.41 |
| | | Total | | 4.53 | 3.26 |

| | | |
|--|------|------|
| Aggregate Book value of Quoted Investment | 4.53 | 3.26 |
| Aggregate Market value of Quoted Investment | 4.53 | 3.26 |
| Financial Assets carried at Fair value through Other Comprehensive Income (FVTOCI) | 4.53 | 3.26 |

6 Other Financial Assets - Non Current

| | | |
|--|---------------|---------------|
| Deposits with others | 99.13 | 195.40 |
| Receivable from Government | - | 695.70 |
| Balances held as margin money (Refer Note 6.1 below) | 44.85 | 42.22 |
| Total (Gross) | 143.98 | 933.32 |
| Less: Provision for Expected Credit Loss | | (695.70) |
| Total (Net) | 143.98 | 237.62 |

Note :

6.1 Represents balances with banks that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date.

7 Tax Assets (Net) - Non-Current

| | | |
|---|--------------|--------------|
| Income Tax paid / TDS Receivable | 64.82 | 38.75 |
| (Net of provision for tax of Rs. 2,986.50 Lakhs (PY Rs. 2,986.50 Lakhs) | | |
| Total | 64.82 | 38.75 |

9 Other Non-Current Assets

| | | |
|-------------------------------------|-----------------|---------------|
| Capital Advances (Refer Note below) | 1,342.07 | 801.82 |
| Balance with Government Authorities | 20.73 | 5.12 |
| Prepaid Rent | 0.35 | 0.74 |
| Advances to Vendors | 221.35 | - |
| Total | 1,584.50 | 807.68 |

Note:

The Subsidiary has paid an amount of Rs. 723.40 lakhs (100% advance) to Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIPDIC) towards allotment of leasehold land, for setting up of unit for the manufacture of basic inorganic chemicals.

10 Inventories (at lower of cost and net realisable value)

| | | |
|--|-----------------|---------------|
| (a) Raw Materials | 358.09 | 237.77 |
| (including Goods in Transit amounting to Rs. Nil (PY - Rs.1.76 Lakhs) | | |
| (b) Work in Progress | 120.71 | 113.15 |
| (c) Finished Goods (other than those acquired for trading) | 422.47 | 334.80 |
| (d) Fuel (including Goods in Transit amounting to Rs. Nil (PY - Rs. 5.80 Lakhs)) | 21.49 | 13.69 |
| (e) Stores and Spares | 168.41 | 139.90 |
| (f) Traded Goods | 92.75 | 89.55 |
| Total | 1,183.92 | 928.86 |

Notes:

| | | |
|--|----------|----------|
| 1 The cost of inventories recognised as an expenses during the year | 8,479.53 | 4,705.25 |
| 2 The cost of inventories recognised as an expense in respect of write downs of inventory to net realisable value. | 36.87 | 15.78 |
| 3 The method of valuation of inventories has been stated in Note 1.7 | | |

| 11 | Other Investments - Current | | | | | | | |
|--|---|---------------------------|--------------------------|------------------|------------------|--------------------------|-----------------|-----------------|
| Investments carried at Fair Value through Profit & Loss | | | | | | | | |
| Investments in Mutual Funds (quoted) | | | | | | | | |
| | SBI Liquid Fund Direct Growth - 240.470 units of Rs. 3,333.0896 each (PY - 1,598.643 units of Rs. 3,221.61 each) | | | 8.02 | | 51.50 | | |
| | LIC Liquid Fund - 75496.909 units of Rs. 3866.8023 each (P.Y. 59199.257 units of Rs. 3736.8776 each) | | | | 2,919.32 | | 2,212.20 | |
| | LIC BPSU Fund - 451438.425 units of Rs.30.0342 each (P.Y. 451438.425 units of Rs.28.9096 each) | | | | 135.59 | | 130.51 | |
| | | | | | | | | |
| | | | | Total | | 3,062.93 | | 2,394.21 |
| 12 | Trade Receivables | | | | | | | |
| | (a) Considered good, Secured (Refer Note 12.01) | | | | 523.75 | | 725.93 | |
| | (b) Considered good, Unsecured | | | | 1,620.24 | | 790.40 | |
| | (c) Receivables which have significant increase in credit risk | | | | 194.56 | | 80.02 | |
| | | | | | | 2,338.55 | | 1,596.35 |
| | Less: Provision for Expected Credit Loss (Refer Note 12.05) | | | | | (194.56) | | (80.02) |
| | | | | Total | | 2,143.99 | | 1,516.33 |
| Notes: | | | | | | | | |
| 12.01 | Secured Trade Receivables are secured by way of irrevocable Letter of Credits and Bank Guarantees | | | | | | | |
| 12.02 | Trade Receivables includes receivables outstanding from customers constituting individually 5% or more of the total trade receivables as at 31 March 2022 of Rs. 861.06 lakhs (PY : Rs. 776.77 lakhs) | | | | | | | |
| 12.03 | The Parent Company has used a practical expedient by computing the expected loss allowance for trade receivables based on provision matrix. The provision matrix takes into account the historical credit loss experience and adjustments for forward looking information. Trade receivables are non-interest bearing and are generally on terms of upto 90 days. | | | | | | | |
| 12.04 | Trade Receivables ageing schedule - Outstanding for following periods from due date of payment | | | | | | | |
| As at 31 March 2022 (Amount Rs. In Lakhs) | | | | | | | | |
| | Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total |
| (i) | Undisputed Trade Receivables - considered good | 557.24 | 4.11 | - | - | - | 1,503.45 | 2,064.80 |
| (ii) | Undisputed Trade Receivables - which have significant increase in credit risk | 122.81 | 35.39 | 15.44 | 0.93 | 6.41 | 13.58 | 194.56 |
| (iii) | Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivables - considered good | 79.19 | - | - | - | - | - | 79.19 |
| (v) | Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) | Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| | | 759.24 | 39.50 | 15.44 | 0.93 | 6.41 | 1,517.03 | 2,338.55 |

As at 31 March 2021 (Amount Rs. In Lakhs)

| | Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total |
|-------|---|--------------------|-------------------|-------------|--------------|-------------------|---------------|-----------------|
| (i) | Undisputed Trade Receivables - considered good | 555.12 | - | - | - | - | 961.21 | 1,516.33 |
| (ii) | Undisputed Trade Receivables - which have significant increase in credit risk | 48.18 | 2.42 | 4.48 | 14.33 | 1.55 | 9.06 | 80.02 |
| (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 | - | - | - | - | - | - | - |
| | | 603.30 | 2.42 | 4.48 | 14.33 | 1.55 | 970.27 | 1,596.35 |

| 12.05 Movement in Expected credit loss | | | Year ended 31 March 2022 Amount Rs. In lakhs | Year ended 31 March 2021 Amount Rs. In lakhs |
|---|--------------|--|---|---|
| Balance at the beginning of the year | | | 80.02 | 79.60 |
| Movement in expected credit loss allowance on trade receivables | | | 114.54 | 0.42 |
| Balance at the end of the year | | | 194.56 | 80.02 |
| | | | | |
| 13A Cash and Cash Equivalents | | | | |
| Balance with Banks - Current Accounts | | | 220.17 | 1.38 |
| Cash on hand | | | 0.56 | 0.40 |
| | Total | | 220.73 | 1.78 |
| | | | | |
| 13B Bank balances other than Cash and Cash Equivalents | | | | |
| In Earmarked accounts | | | | |
| - Margin Money Accounts for bank guarantees and letters of credit | | | 521.72 | 251.27 |
| - Unpaid Dividend Accounts (Refer Note 25 (i)) | | | 15.40 | 17.16 |
| | Total | | 537.12 | 268.43 |
| | | | | |
| 14 Other Financial Assets - Current | | | | |
| Deposits | | | 22.90 | 19.23 |
| Advance to employees | | | 0.64 | 0.41 |
| Interest accrued on Deposits | | | 12.54 | 11.64 |
| Receivables against sale of raw materials | | | 57.41 | - |
| Other Receivables | | | 0.00 | 406.41 |
| | Total | | 93.49 | 437.69 |

| | Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|-----------|---|-----------------------------|-----------------------------|
| | | Amount Rs. In lakhs | Amount Rs. In lakhs |
| 15 | Other Current Assets | | |
| | Advances to Vendors | 338.27 | 210.36 |
| | Advances to Related Parties (Refer Note 38) | 3.93 | 6.55 |
| | Balance with Government Authorities | 443.32 | 503.64 |
| | Prepaid expenses | 205.62 | 184.00 |
| | Other Receivables | 4.62 | 2.27 |
| | Total | 995.76 | 906.82 |

8 Current Taxes and Deferred Taxes

(Amount Rs. In lakhs)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| A.1 Income Tax recognised in Statement of Profit and Loss | | |
| (i) Current Tax:- in respect of current year | 749.09 | 128.50 |
| Total (A) | 749.09 | 128.50 |
| (ii) Deferred Tax:- in respect of current year | 286.42 | 887.23 |
| Total (B) | 286.42 | 887.23 |
| Total income tax expense recognised in Statement of Profit and Loss (A+B) | 1,035.51 | 1,015.73 |
| | | |
| A.2 Income tax recognised in other Comprehensive income | | |
| Deferred tax related to items recognised in other comprehensive income during the year: | | |
| - Remeasurement of defined benefit obligations & Others | (18.25) | (21.36) |
| Total | (18.25) | (21.36) |
| Classification of income tax recognised in other comprehensive income | | |
| - Income taxes related to items that will not be reclassified to profit or loss | (18.25) | (21.36) |
| Total | (18.25) | (21.36) |
| | | |
| A.3 Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate: | | |
| Profit before tax | 3,910.19 | 202.58 |
| Income Tax using the Company's domestic Tax rate | 1,138.65 | 58.99 |
| Tax Effect of : | | |
| - Effect of expenses that are non-deductible in determining taxable profit | 23.46 | 27.65 |
| - Deductible allowances | 0.00 | (88.82) |
| - Gain on sale of Investment Property | - | - |
| - Changes in recognised temporary differences | (109.10) | (111.23) |
| - Changes on account of change in tax laws (Refer note D Below) | 0.00 | 1,153.54 |
| - Others | (17.49) | (24.40) |
| Income Tax expense recognised in Statement of Profit or Loss | 1,035.52 | 1,015.73 |

The tax rate used for the year ended March 31, 2022 and March 31, 2021 reconciliations above is the corporate tax rate of 29.12% payable by corporate entities in India on taxable profits under Indian Income Tax Laws. The above amount excludes tax expense / (reversal) relating to prior years.

B1 Movement in Deferred Tax Balances

(Amount Rs. In lakhs)

| Particulars | As at March 31, 2021 | Recognised in profit and loss account | Recognised in OCI | As at March 31, 2022 |
|---|----------------------------|---|----------------------|----------------------------|
| Tax effect of items constituting (deferred tax liabilities)/deferred tax assets | | | | |
| Property, Plant and Equipment and Other Intangible Assets (Refer note D below) | (2596.99) | 90.48 | - | (2,687.47) |
| Financial assets at amortised cost | 205.81 | 0.39 | - | 205.42 |
| Employee Benefits | 64.26 | (26.84) | - | 91.10 |
| Provisions for Expenses, impairment and Doubtful trade receivables | 800.79 | (77.17) | - | 877.96 |
| Remeasurement of defined benefit obligations | 46.56 | 29.66 | (18.25) | (1.35) |
| Carryforward of Tax Loss | 2774.67 | 1,001.93 | - | 1,772.74 |
| Others | 1.87 | 17.06 | - | (15.19) |
| | 1,296.97 | 1,035.51 | (18.25) | 243.21 |
| MAT | 2,981.40 | 749.09 | - | 3,730.49 |
| Net Tax Asset /(Liabilities) | 4,278.37 | 286.42 | (18.25) | 3,973.70 |

B2 Movement in Deferred Tax Balances

(Amount Rs. In lakhs)

| Particulars | As at March 31, 2020 | Recognised in profit and loss account | Rec- ognised in OCI | As at March 31, 2021 |
|---|----------------------------|---|---------------------------|----------------------------|
| Tax effect of items constituting (deferred tax liabilities)/deferred tax assets | | | | |
| Property, Plant and Equipment and Other Intangible Assets | (1273.75) | 1,323.24 | - | (2,596.99) |
| Financial assets at amortised cost | 66.21 | (139.60) | - | 205.81 |
| Employee Benefits | 51.37 | (12.89) | - | 64.26 |
| Provisions for Expenses, impairment and Doubtful trade receivables | 800.67 | (0.12) | - | 800.79 |
| Remeasurement of defined benefit obligations | 36.02 | (31.90) | (21.36) | 46.56 |
| Carryforward of Tax Loss | 2,649.62 | (125.05) | - | 2,774.67 |
| Others | 3.92 | 2.05 | - | 1.87 |
| | 2,334.06 | 1,015.73 | (21.36) | 1,296.97 |
| MAT | 2,852.90 | 128.50 | - | 2,981.40 |
| Net Tax Asset /(Liabilities) | 5,186.96 | 887.23 | (21.36) | 4,278.37 |

C The Parent Company has carried out necessary adjustments to the deferred tax balances as at 31 March 2022 based on applicable tax laws.

D Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The provision for taxation for the current year has been determined by the Management based on the tax position to be considered for tax filing and its assessment of the probability of acceptance of the same by the taxation authorities.

16 Asset Held for Sale

(Also refer accounting policy in note 1.29 and 1.30)

Rs. In Lakhs

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|------------------------------|----------------------------|----------------------------|
| Property Plant and Equipment | 966.50 | 1,088.33 |
| Stores and Spares | 23.78 | 23.78 |
| Assets held for sale | 990.28 | 1,112.11 |

During the current year, the Parent Company has awarded contract based on bids for value Rs. 450 Lakhs (Book value of Rs. 571.84 Lakhs) towards sale of machineries on as in where is basis and collected an advance of Rs. 45 Lakhs as on 31 March 2022. Since the delivery is expected to happen in portions and is fully expected to be completed in the next financial year, the parent company has not recorded any transactions for sale of machinery as at 31 March 2022. The parent company has recorded provision for impairment for Rs. 121.83 Lakhs on the assets held for sale during the current year. Refer note 36

The Parent Company is active on the sale of the remaining assets (land, building and other assets). The Parent Company has assessed and concluded that no further adjustments are required to the carrying value of assets held for sale.

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---|------------------------------------|--|------------------------------------|
| | Number of shares | Amount Rs. In lakhs | Number of shares | Amount Rs. In lakhs |
| 17 Share Capital | | | | |
| (a) Authorised Share Capital Equity shares of Rs. 10 each (with voting rights) 11% Redeemable Cumulative Preference shares of Rs. 100 each 12% Redeemable Cumulative Preference shares of Rs. 100 each | 2,85,00,000 2,64,000 8,00,000 | 2,850.00 264.00 800.00 | 2,85,00,000 2,64,000 8,00,000 | 2,850.00 264.00 800.00 |
| | | 3,914.00 | | 3,914.00 |
| (b) Issued, Subscribed and Paid up [refer (a) to (e) below] Equity shares of Rs. 10 each (with voting rights) fully paid up | 1,41,33,802 | 1,413.38 | 1,40,60,502 | 1,406.05 |
| Total | | 1,413.38 | | 1,406.05 |
| (a) Reconciliation of the number of equity shares issued and amount outstanding at the beginning and at the end of the reporting year: | | | | |
| Particulars | Equity Share Capital | | | |
| | As at 31 March 2022 | | As at 31 March 2021 | |
| | Number of shares | Amount Rs. In lakhs | Number of shares | Amount Rs. In lakhs |
| Issued, Subscribed and Paid up equity shares Shares and Share Capital outstanding at the beginning of the year Add: Shares and Share Capital issued during the year (Refer Note 44) Shares and Share Capital outstanding at the end of the year | 1,40,60,502 73,300 1,41,33,802 | 1,406.05 7.33 1,413.38 | 1,39,34,504 1,25,998 1,40,60,502 | 1,393.45 12.60 1,406.05 |
| (b) Rights, preferences and restrictions attached to the equity shareholders The Parent Company has one class of equity shares having par value of Rs. 10 per share. Each shareholder is eligible for one vote per equity share held. The Parent Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent Company, the equity shareholders are eligible to receive the remaining assets of the Parent Company after distribution of all preferential amounts, in proportion to their shareholding. | | | | |
| (c) The details of equity shareholders holding more than 5 % of the aggregate equity Shares: | | | | |
| Particulars | Equity Share Capital | | Equity Share Capital | |
| | As at 31 March 2022 | | As at 31 March 2021 | |
| | Number of shares | % held | Number of shares | % held |
| Dr. Rao Holdings Pte Ltd Titanium Equipment and Anode Manufacturing Company Private Limited Shrimati K.M. Padma Shri Suresh Krishnamurthi Rao | 67,61,068 10,72,182 11,10,712 14,24,423 | 47.84% 7.59% 7.86% 10.08% | 67,61,068 10,72,182 11,10,712 14,24,423 | 48.09% 7.63% 7.90% 10.13% |
| (d) Number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash: | | | | |
| Particulars | Equity Share Capital | | | |
| | Year | Number of shares | Amount | % |
| Shares allotted pursuant to the scheme of amalgamations during last 5 years | 31 March 2022 31 March 2021 31 March 2020 31 March 2019 31 March 2018 | | | |
| | | 1,31,02,424 | 1,310.24 | 94.74% |

(e) Refer Note 44 for details regarding employee stock option scheme.

(f) Shares held by Promoter at the end of the year

| Promoter Name | No. of shares | | % of total shares | | % Change during the Year |
|---------------------------------------|-----------------|------------------|-------------------|------------------|-----------------------------|
| | Current year | Previous year | Current year | Previous year | |
| Suresh Krishnamurthi Rao | 14,24,423 | 14,24,423 | 10.08% | 10.13% | 0.00% |
| Padma KM | 11,10,712 | 11,10,712 | 7.86% | 7.90% | 0.00% |
| Ramachandran N | 192 | 192 | 0.00% | 0.00% | 0.00% |
| Titanium Equipment and Anode | | | | | |
| Manufacturing Company Private Limited | 10,72,182 | 10,72,182 | 7.59% | 7.63% | 0.00% |
| Dr. Rao Holdings Pte Ltd | 67,61,068 | 67,61,068 | 47.84% | 48.09% | 0.00% |

(g) Pursuant to section 126(2) of the Companies Act 2013, the Parent Company had transferred 76,100 Equity Shares to Investor Education and Protection Fund during the year ended 31 March 2022.

| | Particulars | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs |
|-----------|--|--|---|
| 18 | Other Equity | | |
| (a) | Share Application Money Pending Allotment (Refer Note 1 below) | | |
| | Opening Balance | 4.72 | 7.86 |
| | Share Application Money Received | 63.10 | 62.92 |
| | Less: Shares Allotted during the year | (67.62) | (66.06) |
| | Closing balance | 0.20 | 4.72 |
| (b) | Capital Reserve (Refer Note 2 below) | 15.67 | 15.67 |
| (c) | Capital Redemption Reserve (Refer Note 3 below) | | |
| | Opening Balance | 960.00 | 960.00 |
| | Add: On account of Redemption of Preference Shares | | |
| | Closing balance | 960.00 | 960.00 |
| (d) | Securities Premium Reserve (Refer Note 4 below) | | |
| | Opening Balance | 34,745.53 | 34,663.76 |
| | Add: Securities Premium on issue of Equity Shares | 103.14 | 81.77 |
| | Closing balance | 34,848.67 | 34,745.53 |
| (e) | Share Based Payment Reserve (Refer Note 5 below) | | |
| | Opening Balance | 52.67 | 29.62 |
| | Add: Employee compensation expense for the year | 84.19 | 51.36 |
| | Less: Transfer to Securities Premium for the shares allotted during the year | (42.85) | (28.31) |
| | Closing balance | 94.01 | 52.67 |
| (f) | Retained Earnings (Refer Note 6 below) | | |
| | Opening Balance | (10,455.05) | (9,519.03) |
| | Add: Profit/(Loss) for the year | 2,874.68 | (813.15) |
| | Add: Other Comprehensive income for the year (Remeasurement of the defined benefit plans, net of taxes) | 44.42 | 51.98 |
| | Less: Appropriations | (7,535.95) | (10,280.20) |
| | - Dividend on Equity Shares | - | 174.85 |
| | - Tax on Equity Dividend | - | - |
| | Closing Balance | (7,535.95) | (10,455.05) |
| (g) | Other Comprehensive Income (Refer Note 7 below) | | |
| | Opening Balance | 2.93 | 1.25 |
| | Add/(Less): Current Year | 1.27 | 1.68 |
| | Closing Balance | 4.20 | 2.93 |
| | | | |
| | Total | 28,386.80 | 25,326.47 |

Notes:

- 1.This represents Share Application Money received from employees under the ESOP scheme titled “CAESOS 2015” [Chemfab Alkalies Employees Stock Option Scheme 2015]. Also Refer Note 44.
- 2.Capital reserve represents reserve recognised on amalgamation being the difference between consideration amount and net assets of the transferor company and profit on reissue of shares.
- 3.Capital redemption reserve has been created pursuant to Section 55 of the Companies Act, 2013 on account of redemption of preference shares out of the profits of the Parent Company.
- 4.Securities premium reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act, 2013
- 5.Shares based payment reserve relates to the share options granted by the Parent company to its employees under its share option plan. Refer Note 44 for further details.
- 6.Retained earnings refer to net earnings not paid out as dividends, but retained by the Parent company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.
7. Other comprehensive income represents the cumulative gain and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of taxes.

| Particulars | | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs |
|-------------|---|--|---|
| 19 | Borrowings | | |
| (i) | Secured - at amortised cost | | |
| | - Term Loan from Bank (Refer Note (i) and (ii) below) | - | 1,478.87 |
| (ii) | Secured - at amortised cost - Buyer's Credit (Note (iii) below) | - | 858.65 |
| | Total | - | 2,337.52 |

Note:

Details in respect of Borrowings are as under :-

(i) Term Loan carrying an interest rate of 8.25% as at 31 March 2021 was availed for PVCO plant from Axis Bank Limited which was repaid during the current year ended 31 March 2022. The borrowings are secured by way of Equitable Mortgage over

(a) leasehold land (taken under 99 years lease by the Company) comprising of 5 acres located in Domestic Tariff Zone (DTZ) situated in Irugulam Village, Satyavedu Mandal, Chittor District, Andhra Pradesh - Exclusive Charge.

(b) fixed assets (Building, Plant and Machineries with estimated cost of Rs. 5,000 lakhs), created out of the proposed term loan of Rs. 3,500 lakhs - Exclusive Charge.

(c) fixed assets (Plant and Machineries / civil structures with estimated cost of Rs. 2,500 lakhs), created out of the proposed term loan of Rs. 1,500 lakhs - Exclusive Charge.

(d) collateral common for all bank sanction facilities including equitable mortgage over land and building comprising of 9.56 acres, 2.79 acres and 19.87 acres belonging to the company situated at East Coast road, Gnanananda Place, Kalapet, Pondicherry.

(ii) Repayment Summary

Company has prepaid entire term loan and there is no loan payable as on 31 March 2022

(iii) Buyers Credit :

Buyer's credit, relating to acquisition of Plant and Equipment, is secured by way of Standby Letter of Credit (SBLC) attributable to non fund based credit limits with an option to convert to fund based Term Loan at the time of maturity. During the current year, the buyer's credit has been further extended to a period of 2 years upto December 2022. Collateral are common as given above. [Refer Note (i)]. Buyers credit carry an interest rate of 0.01% per annum in Euros.

(iv) quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts

| Particulars | As at 31 March 2022 Amount Rs. In lakhs | As at 31 March 2021 Amount Rs. In lakhs |
|---|--|---|
| 20 Other Financial Liabilities - Non Current | | |
| Trade/security deposits received | 60.21 | 61.34 |
| Total | 60.21 | 61.34 |
| 21 Provisions - Non Current | | |
| Provision for Gratuity (Refer Note 40) | 19.97 | 56.71 |
| Total | 19.97 | 56.71 |
| 22 Other Non - Current Liabilities | | |
| Advance from Customers | 115.00 | 115.00 |
| Total | 115.00 | 115.00 |
| 23 Borrowings - Current | | |
| From Banks | | |
| - Cash Credit - Secured (Note (i) and (ii) below) | - | 42.31 |
| - Current maturities of long-term debt (Refer Note 19(ii)) | - | 702.00 |
| - Buyer's Credit (Note 19(iii)) | 685.10 | - |
| Total | 685.10 | 744.31 |
| Note: Details in respect of Current Borrowings are as under :- | | |
| (i) Cash Credit facilities are secured by way of first charge over the entire current assets of the Parent Company. The cash credits are repayable on demand. | | |
| (ii) The Cash Credit facilities are sanctioned by HDFC Bank upto Rs. 1,000 Lakhs (PY 1,000 Lakhs) and by Axis Bank upto Rs. 1,000 Lakhs (PY Rs. 1,500 Lakhs). | | |
| 24 Trade Payables - Current (Refer Note 38) | | |
| Total Outstanding dues of micro enterprises and small enterprises | 33.72 | 16.74 |
| Total Outstanding dues of creditors other than micro enterprises and small enterprises | 1,986.74 | 1,799.57 |
| Total | 2,020.46 | 1,816.31 |

Trade payables are non-interest bearing and are normally settled on upto 90 days terms as per terms of the contract.

As at 31 March 2022 Amount Rs. In Lakhs

| The age of the Trade Payables is as under: | Outstanding for the following periods from the due date of payment | | | | | |
|--|--|-------------|-------------|-------------------|---------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total |
| (i) MSME | - | - | - | - | 21.06 | 21.06 |
| (ii) Others | 127.05 | 3.45 | 4.35 | 8.78 | 342.91 | 486.54 |
| (iii) Disputed dues - MSME | 12.31 | 0.07 | 0.26 | 0.02 | - | 12.66 |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| | 139.36 | 3.52 | 4.61 | 8.80 | 363.97 | 520.26 |

The above is excluding unbilled dues of Rs. 1500.20 Lakhs

As at 31 March 2021 Amount Rs. In Lakh

| The age of the Trade Payables is as under: | | Outstanding for the following periods from the due date of payment | | | | |
|--|------------------|--|---------------|-------------------|---------------|---------------|
| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Not Due | Total |
| (i) MSME | - | - | - | - | 10.42 | 10.42 |
| (ii) Others | 44.21 | 4.62 | 327.17 | 4.67 | 278.97 | 659.64 |
| (iii) Disputed dues - MSME | 6.11 | 0.18 | 0.02 | - | - | 6.31 |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| | 50.32 | 4.80 | 327.19 | 4.67 | 289.39 | 676.37 |

The above is excluding unbilled dues of Rs. 1139.94 Lakhs

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|-------------|------------------------|------------------------|------------------------|------------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs | Amount Rs. In lakhs | Amount Rs. In lakhs |

25 Other Financial Liabilities - Current

| | | |
|--|---------------|---------------|
| Creditors for Capital Goods | 607.37 | 533.32 |
| Unpaid Dividends (Refer Note (i) and (ii) below) | 15.40 | 17.16 |
| Interest accrued but not due | 10.43 | 2.19 |
| Total | 633.20 | 552.67 |

Note:

- (i) Amounts remitted to Investor Education and Protection Fund during the year 1.63 -
- (ii) The Parent Company had transferred the underlying shares, relevant to the amounts transferred, to the Investor Education and Protection Fund during the previous year.

26 Provisions - Current

| | | |
|---|---------------|---------------|
| Provision for compensated absences | 244.12 | 205.66 |
| Provision for Warranty (Refer Note 1.21 and Note below) | 28.62 | 20.34 |
| Provision for Gratuity (Refer Note 40) | 38.09 | 29.83 |
| Total | 310.83 | 255.83 |

Note :

The Parent Company carries a provision for warranty, the details of which are as under :

| | | |
|---|--------------|--------------|
| Opening Balance | 23.88 | 13.11 |
| Provision made during the year | 4.74 | 7.23 |
| Amounts Utilised / Paid during the year | - | - |
| Closing Balance | 28.62 | 20.34 |

27 Current tax liabilities (Net)

| | | |
|--|---------------|--------------|
| Provision for Tax (Net of Income Tax paid / TDS of Rs. 707.60 lakhs (As at 31 March 2021 of Rs. 10.04 lakhs)) | 146.84 | 99.79 |
| Total | 146.84 | 99.79 |

28 Other Current Liabilities

| | | |
|---|-----------------|---------------|
| Statutory liabilities | 302.05 | 256.30 |
| Advance received for Assets held for sale | 45.00 | - |
| Advance from Customers | 899.97 | 391.42 |
| Total | 1,247.02 | 647.72 |

29 Revenue from operations

| Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|--|---|---|
| a Sales of Products (Refer Note below) | 27,126.92 | 18,058.23 |
| b Other operating revenues | 32.03 | 22.90 |
| - Testing charges | | |
| Total | 27,158.95 | 18,081.13 |

Note:

Revenue for sale of products is net of rebates/incentives/discounts for the year ended 31 March 2022 amounting to Rs. 52.43 Lakhs (previous year Rs. 61.56 Lakhs).

29.1 Disaggregation of the revenue Information

The table below presents disaggregated revenues from contracts with customers by geography, offerings and contract-type for each of our business segments.

As per the management, the below disaggregation best depicts the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

| Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|--|---|---|
| Revenue by Geography | | |
| India | 27,033.95 | 18,016.32 |
| Outside India | 125.00 | 64.81 |
| Total revenue from contracts with customers | 27,158.95 | 18,081.13 |
| Revenue by offerings | | |
| <u>Manufactured goods</u> | | |
| <u>Chemicals & Related Products / Services</u> | | |
| - Caustic Soda Lye | 14,517.95 | 8,288.42 |
| - Caustic Soda Flakes | 1,239.35 | 931.16 |
| - Chlorine | 1,651.38 | 1,297.15 |
| - Hydrogen | 917.02 | 766.29 |
| - Others | 2,272.21 | 2,105.81 |
| <u>PVCO-Pipes</u> | | |
| - PVC-O Pipes | 3,082.78 | 2,582.33 |
| - Others | 88.41 | 116.43 |
| <u>Traded Goods</u> | | |
| <u>Chemicals & Related Products / Services</u> | | |
| - Caustic Soda Lye | 1,944.94 | - |
| <u>PVCO-Pipes</u> | | |
| - PVC-O Pipes | 908.79 | 1,330.79 |
| - Resin | 504.09 | 639.85 |
| <u>Other Operating Income</u> | | |
| <u>Chemicals & Related Products / Services</u> | | |
| - Testing Charges | 32.03 | 22.90 |
| Total revenue from contracts with customers | 27,158.95 | 18,081.13 |
| Timing of recognition | | |
| Goods & Services transferred at a point in time | 27,158.95 | 18,081.13 |
| Total revenue from contracts with customers | 27,158.95 | 18,081.13 |

29.2 Trade Receivables and Contract Balances

The Group classifies the right to consideration in exchange for deliverables as receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognized as and when the related goods are delivered to the customer. Trade receivable are presented net of impairment in the Balance Sheet.

Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract.

29.3 Transaction price allocated to the remaining performance obligations

| Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|---------------------------------|---|---|
| Contract Balances | | |
| Gross Trade Receivables | 2,338.55 | 1,596.35 |
| Advance received from customers | 1,014.97 | 506.42 |

The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date.

29.4 Information about major customers

The Group is a manufacturer of caustic soda lye, flakes, liquid chlorine, hydrogen gas, pvc pipes and other products.

Revenues arising from direct sales above includes revenues of approximately Rs. 4,512.71 lakhs which arose from sales to the company's single large customer (Previous Year Rs. 1,899.95 Lakhs). No other single customers contributed 10% or more to the Company's revenue during the financial year 2021-2022 and 2020-21.

| Particulars | For the Year ended 31 March 2022 Amount Rs. In Lakhs | For the Year ended 31 March 2021 Amount Rs. In Lakhs |
|--|--|--|
| 30 Other Income | | |
| (a) Interest Income: | | |
| - Interest on fixed deposits with banks | 25.07 | 21.98 |
| - Interest income on Income Tax refund | 118.64 | 19.96 |
| - Other Interest income | 28.32 | 0.68 |
| (b) Other Non Operating Income: | | |
| - Other Financial Assets (at Fair Value through Profit & Loss) (Refer note (i) below) | 64.77 | 29.22 |
| - Profit on Sale of Property, Plant & Equipment (Net) | 18.20 | 0.90 |
| - Liabilities no longer required written back | 12.46 | 21.56 |
| - Miscellaneous Income | 302.78 | 47.24 |
| Total | 570.24 | 141.54 |
| (i) Note : | | |
| The amount represents a net gain on investments in Mutual Funds (Refer Note 11) comprising of an increase in fair value of Rs. 6.25 Lakhs (PY Rs. 6.57 Lakhs) and gain on redemption of investments of Rs. 57.52 Lakhs received during the year (PY Rs. 20.47 Lakhs) | | |
| 31A Cost of Materials Consumed | | |
| Opening Stock | 237.77 | 290.45 |
| Add: Purchases | 5,455.53 | 3,091.72 |
| | 5,693.30 | 3,382.17 |
| Less: Sale of Raw Materials | 449.74 | 609.81 |
| | 358.09 | 237.77 |
| Less: Closing Stock | | |
| Cost of Materials consumed | 4,885.47 | 2,534.59 |
| Materials Consumed Comprises of: | | |
| Salt | 2,580.38 | 1,141.03 |
| Soda Ash | 38.78 | 9.40 |
| PVC Resin | 1,891.77 | 1,219.22 |
| Others (Refer Note (i) below) | 374.54 | 164.94 |
| Total | 4,885.47 | 2,534.59 |
| (i) Note: | | |
| Others include raw materials none of which individually accounts for more than 10 % of the total consumption. | | |
| 31B Purchase of Stock in Trade | | |
| - Caustic Soda Lye | 1,928.76 | - |
| - PVCO-Pipes | 820.92 | 1,194.34 |
| - PVC Resin | 499.59 | 620.07 |
| | 3,249.27 | 1,814.41 |
| 32 Changes in Inventories of Finished Goods and Work in Progress | | |
| Opening Stock | | |
| Finished goods | 334.80 | 392.93 |
| Work-in-Progress | 113.15 | 10.54 |
| | 447.95 | 403.47 |

| | | | |
|-----------|--|----------------|-----------------|
| | Closing Stock | | |
| | Finished goods | 422.47 | 334.80 |
| | Work-in-Progress | 121.36 | 113.15 |
| | | 543.83 | 447.95 |
| | Net (Increase)/decrease | (95.88) | (44.48) |
| 33 | Other Direct Manufacturing Expenses | | |
| | Power and Fuel | 8,719.45 | 7,140.64 |
| | Labour Charges | 201.80 | 166.65 |
| | | Total | 8,921.25 |
| | | | 7,307.29 |
| 34 | Employee Benefits Expense | | |
| | Salaries and Wages | 1,520.02 | 1,473.21 |
| | Contribution to Provident and other Funds (Refer Note 40) | 228.37 | 220.41 |
| | Expense on employee stock based compensation (Refer Note 44) | 84.19 | 51.36 |
| | Staff Welfare Expenses | 135.86 | 89.57 |
| | | Total | 1,968.44 |
| | | | 1,834.55 |
| 35 | Finance Cost | | |
| | Interest on Borrowings | 95.17 | 237.20 |
| | Interest on Lease Liability (Refer Note 3) | 6.13 | 7.97 |
| | | Total | 101.30 |
| | | | 245.17 |
| 36 | Other Expenses | | |
| | Stores and Spare parts consumed | 440.67 | 400.73 |
| | Rent | 3.30 | 7.51 |
| | Repairs and Maintenance - Plant and Equipment | 299.03 | 177.74 |
| | - Buildings | 36.88 | 46.98 |
| | Insurance | 140.10 | 121.01 |
| | Rates and Taxes | 84.37 | 34.92 |
| | Travelling Expenses | 129.94 | 82.08 |
| | Auditor's Remuneration (net of GST input credit) | | |
| | - Statutory Audit | 24.50 | 24.50 |
| | - Limited Review | 4.50 | 4.50 |
| | - Other Certificates | 1.75 | 1.75 |
| | - Out of Pocket Expenses | 0.83 | 0.83 |
| | Commission to Directors (Refer Note 38) | 420.00 | 22.00 |
| | Sitting Fees (Refer Note 38) | 10.93 | 12.10 |
| | Expenditure on Corporate Social Responsibility | 56.06 | 78.58 |
| | Legal and Professional Fees | 68.75 | 99.46 |
| | Freight (Net) | 136.94 | 239.78 |
| | Advertisement | 14.43 | 10.64 |
| | Exchange variation (Net) | (4.21) | 45.18 |
| | Bad receivables / Other Deposits written off | 8.78 | 2.20 |
| | Provision for Impairment on Assets Held for sale | 121.84 | - |
| | Provision for Expected credit Loss on Other Financial assets | - | 469.21 |
| | Provision for Expected credit Loss on Trade Receivables | 114.54 | 0.42 |
| | Bank Charges | 10.91 | 31.81 |
| | Miscellaneous Expenses | 442.18 | 392.61 |
| | | Total | 2,567.02 |
| | | | 2,306.54 |
| | Note: | | |
| | (i) Miscellaneous Expenses includes: | | |
| | - Donations | 24.50 | 16.35 |

| Particulars | Amount Rs. In lakhs | | | | |
|---|--|-------------------------------------|--|---------------------------|--|
| | As at 31 March 2022 | As at 31 March 2021 | | | |
| 37 a. Commitments | | | | | |
| (i) Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of : - Tangible assets | 3,520.39 | 598.69 | | | |
| b. Contingent liabilities in respect of | | | | | |
| (i) Claims against the Group not Acknowledged as debt | - | 10.11 | | | |
| (ii) Show cause Notices received under GST Act | - | 7.35 | | | |
| (iii) Sales tax, Excise, Service Tax, Customs Duty and other demands against which the Parent Company has filed appeals and for which no provision is considered required as the Parent Company is hopeful of successful outcome in the appeals. | 125.59 | 85.72 | | | |
| Sl No. | Name of the Statute | Nature of Dues (Including Interest) | Disputed Amount (Net of Provision) Rs. In lakhs | Period (F.Y) | Forum where dispute is pending |
| 1 | The Finance Act, 1994 | Service Tax | 6.73 (6.38) | June 2005 to January 2008 | Commissioner (Appeals), Chennai |
| 2 | The Central Excise Act, 1944 | Excise Duty | 1.97 (1.85) | October 2011 to June 2012 | Commissioner of Central Excise, Puducherry |
| 3 | Employees' State Insurance Act, 1948 | Employees' State Insurance | - (0.71) | April 2010 to June 2010 | ESI Court, Puducherry |
| 4 | The Customs Act, 1962 | Customs Duty | 75.26 (68.46) | F.Y. 2013-14 | CESTAT |
| 5 | The Income Act, 1961 | Income Tax | 28.64 (8.32) | F.Y. 2002-03 | The High Court of Madras |
| 6 | The Central Goods and Service Tax Act, 2017 The State Goods and Service Tax Act, 2017 | GST | 12.99 | July 2017 to March 2020 | Commissioner Appeals |
| Notes: | | | | | |
| (i) The amounts shown above represent best possible estimate carried on the basis of the available information. The uncertainties and possible reimbursement are dependent on the outcome of the various case proceedings which have been initiated by the Parent Company or the claimants, as the case may be, and therefore cannot be predicted accurately. | | | | | |
| (ii) Figures in bracket indicate previous year figures. | | | | | |

38 Related party disclosures

- a) List of Related parties and description of relationship
- (i) Individuals exercising Significant influence Mr. Suresh Krishnamurthi Rao - Chairman
 - (ii) Relatives of above Mrs. K.M. Padma (Mother of Mr. Suresh Krishnamurthi Rao)
 - (iii) Entities exercising significant influence over the Group Dr Rao Holdings Pte Ltd
 - (iv) Entities in which persons listed in (i) and (ii) above exercise significant influence Titanium Equipment and Anode Manufacturing Company Private Limited (TEAM)
 - (v) Key Management Personnel(KMP) of the Group
 - Mr. V.M. Srinivasan - Chief Executive Officer
 - Mr. S Prasath - Chief Financial Officer
 - Mr. Nitin S Cowlagi - Non Executive Director
 - Mr. C.S.Ramesh - Non Executive Director
 - Mrs. Drushti Desai - Non Executive Director
 - Mr. Janakiraman A - Non Executive Director
 - Mr. Mahendran R - Non Executive Director
 - Mrs. Sujatha Jayarajan - Non Executive Director
 - Mr. T.Ramabadran - Non Executive Director
 - (vii) Other related party Chemfab Alkalies Limited Employee's Group Gratuity Trust

Note 1: The list above includes only parties with transactions during the year.

b) Transactions with related parties :

| Nature of Transaction | Related Party | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
|--|--|---|---|
| 1. Transactions during the year | | | |
| a) Income | | | |
| Sale of Products | Titanium Equipment and Anode Manufacturing Company Private Limited | - | 1.06 |
| b) Expenditure | | | |
| Purchase of Goods and Services | Titanium Equipment and Anode Manufacturing Company Private Limited | 6.98 | - |
| Lease Rent | Titanium Equipment and Anode Manufacturing Company Private Limited | 10.83 | 6.44 |
| Salaries, Perquisites and post employment benefits | Mr. V.M. Srinivasan Mr. Nitin S Cowlagi Mr. S Prasath | 142.82 - 40.00 | 175.96 55.23 31.79 |
| c) Others | | | |
| Commission (paid out of the provision made during the previous year) | Mr. Suresh Krishnamurthi Rao | 1.00 | 210.00 |

| | | | |
|---|--|--|--|
| Commission (paid out of the provision made during the previous year) and Sitting Fees (accrued during the year) | Mr. C.S.Ramesh Mrs. Drushti Desai Mr. Janakiraman A Mr. Mahendran R Mrs. Sujatha Jayarajan Mr. T.Ramabadran Mr. Nitin S Cowlagi | 4.88 4.80 4.65 3.95 4.43 4.88 4.35 | 7.10 7.03 6.88 6.03 6.73 7.18 1.18 |
| Purchase of Property, Plant & Equipment | Titanium Equipment and Anode Manufacturing Company Private Limited | 239.30 | - |
| Contractually reimbursable expenses | Titanium Equipment and Anode Manufacturing Company Private Limited | 10.55 | 5.95 |
| Contribution to employees post employment benefit plans | Chemfab Alkalies Limited Employee's Group Gratuity Trust | 10.00 | 10.00 |
| Dividend paid (Including TDS) | Mr. Suresh Krishnamurthi Rao Mrs. K.M. Padma Dr Rao Holdings Pte Ltd Titanium Equipment and Anode Manufacturing Company Private Limited Mr. V.M. Srinivasan Mr. Nitin S Cowlagi | - - - - - - | 17.81 13.88 84.51 13.40 1.02 0.70 |

Note:

1) Purchases, Sales and Services above are inclusive of taxes

2) The above excludes Provision for Commission to Directors of Rs.420 lakhs (PY - Rs. 22 lakhs) made during the year.

| Nature of Transaction | Related Party | As at 31 March 2022 Rs. In Lakhs | As at 31 March 2021 Rs. In Lakhs |
|---|--|-------------------------------------|-------------------------------------|
| II. Balances Outstanding at the end of the year | | | |
| Payables | Titanium Equipment and Anode Manufacturing Company Private Limited | 120.53 | 13.15 |
| Other Current Assets | Titanium Equipment and Anode Manufacturing Company Private Limited | 3.93 | 6.55 |
| Other employment benefits | Mr. V.M. Srinivasan Mr. Nitin S Cowlagi Mr. Prasath S | 49.10 - 10.02 | 49.36 - 7.60 |
| Contribution to employees post employment benefit plans | Chemfab Alkalies Limited Employee's Group Gratuity Trust | 373.88 | 402.09 |

Benefits included in Compensation of key management personnel of the Company are as below:

| Particulars | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
|---|---|---|
| Mr. V.M. Srinivasan | 112.34 | 111.58 |
| Salary and perquisite | 22.98 | 54.59 |
| Share-based payment transactions perquisite | 7.50 | 9.79 |
| Post employment benefits | | |
| Total | 142.82 | 175.96 |
| Mr. Nitin S Cowlagi | - | 40.13 |
| Salary and perquisite | - | 15.03 |
| Share-based payment transactions perquisite | - | 0.07 |
| Post employment benefits | | |
| Total | - | 55.23 |
| Mr. Prasath S | 27.91 | 25.85 |
| Salary and perquisite | 5.60 | - |
| Share-based payment transactions perquisite | 6.49 | 5.94 |
| Post employment benefits | | |
| Total | 40.00 | 31.79 |

39 Earnings Per Share

Net Profit for the year has been used as the numerator and number of shares has been used as denominator for calculating the basic and diluted earnings per share.

| Particulars | For the Year Ended 31 March 2022 Rs. In Lakhs | For the Year Ended 31 March 2021 Rs. In Lakhs |
|---|---|---|
| Face Value Per Share - Rs. | 10 | 10 |
| Net Profit / (Loss) attributable to the Equity shareholders (A) - Rs. In Lakhs | 2,874.68 | (813.15) |
| Weighted average Number of Shares (B) | 1,41,22,397 | 1,40,07,448 |
| Add: Effects of ESOP which are dilutive in nature | 1,08,086 | 96,335 |
| Weighted average Number of Shares for Diluted EPS (C) | 1,42,30,483 | 1,41,03,783 |
| Basic Earnings per Share (A/B) - Rs. | 20.36 | (5.81) |
| Diluted Earnings per Share CY (A/C), PY (A/B)- Rs. (Also Refer Note below) | 20.20 | (5.81) |

Note :

Since the Group has incurred loss during the previous year ended 31 March 2021, the potential equity shares have not been considered for the purpose of computation of diluted earnings per share as the same is anti-dilutive in the previous year.

40 Employee benefit plans

I Defined contribution plans

The Parent Company makes Provident Fund, Superannuation Fund which are defined contribution plans, for qualifying employees. During the year, the Group has recognised the following amounts under Defined Contribution Plan in the Statement of Profit and Loss:

| Particulars | Amount Rs. In lakhs | |
|---|-------------------------------------|---------------|
| | For the Year Ended 31 March 2022 | 31 March 2021 |
| Employer's Contribution to Provident Fund/Pension Scheme | 112.32 | 100.87 |
| Employer's Contribution to Superannuation Fund | 21.71 | 23.47 |
| Employer's Contribution to Employee Deposit Linked Insurance scheme | 1.61 | 1.61 |
| | 135.64 | 125.95 |

II Defined benefit plans

The Parent Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 and the benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Parent Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India and Aditya Birla Sun Life Insurance Company Limited. Gratuity has been accrued based on actuarial valuation as at the balance sheet date, carried out by an independent actuary.

There were no employees in the rolls of the Chemfab Alkalies Karaikal Limited as at 31 March 2022.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows :

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Recognised in Statement of Profit and Loss | | |
| Current service cost | 87.49 | 86.94 |
| Net interest expense | 5.24 | 7.52 |
| Components of defined benefit costs recognised in the Statement of Profit and Loss | 92.73 | 94.46 |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets (excluding amount included in net interest expense) | 2.00 | (3.00) |
| Actuarial gains and loss arising from changes in financial assumptions | (64.67) | (70.34) |
| Components of defined benefit costs recognised in Other Comprehensive Income | (62.67) | (73.34) |
| Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income | 30.06 | 21.12 |

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"

(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------|---------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Net asset / (liability) recognised in the Balance Sheet | (495.62) | (488.63) |
| 1. Present value of defined benefit obligation | 437.56 | 402.09 |
| 2. Fair value of plan assets | | |
| Net asset / (liability) recognised in the Balance Sheet | (58.06) | (86.54) |
| Current portion of the liability included under Note 26 | 38.09 | 29.83 |
| Non-Current portion of the liability included under Note 21 | 19.97 | 56.71 |
| | 58.06 | 86.54 |

(c) Movement in the present value of the defined benefit obligation are as follows :

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Present value of defined benefit obligation at the beginning of the year | 488.63 | 497.56 |
| Expenses Recognised in Statement of Profit and Loss: | | |
| -Current service cost | 87.49 | 86.94 |
| -Interest cost | 32.71 | 32.07 |
| Recognised in Other Comprehensive Income: | | |
| Remeasurement gains / (losses): | | |
| -Actuarial gains and loss arising from changes in financial assumptions | (64.67) | (70.34) |
| Benefits paid | (48.54) | (57.60) |
| Present value of defined benefit obligation at the end of the year | 495.62 | 488.63 |

(d) Movement in fair value of plan assets are as follows :

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|
| | Amount Rs. In lakhs | Amount Rs. In lakhs |
| Change in fair value of assets during the year | | |
| Fair value of plan assets at the beginning of the year | 402.09 | 373.88 |
| Expenses Recognised in Statement of Profit and Loss: | | |
| Expected return on plan assets | 27.48 | 24.55 |
| Recognised in Other Comprehensive Income: | | |
| Return on plan assets (excluding amount included in net interest expense) | (2.00) | 3.00 |
| Contributions by employer | 58.53 | 58.26 |
| Benefits paid | (48.54) | (57.60) |
| Fair value of plan assets at the end of the year | 437.56 | 402.09 |

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------|---------------------|
| Investment Funds with Insurance Company | | |
| -Aditya Birla Sun Life Insurance Company Limited | 12.49% | 11.55% |
| -Life Insurance Corporation of India | 87.51% | 88.45% |

The plan assets comprise insurer managed funds. None of the assets carry a quoted market price in active market or represent the entity's own transferable financial instruments or property occupied by the entity

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|--------------------------------|---------------------------------|---------------------------------|
| Discount rate | 7.05% | 6.75% |
| Expected return on plan assets | 6.83% | 6.57% |
| Salary escalation | 7.00% | 8.00% |
| Attrition | 6.00% | 5.00% |
| Mortality tables | India Assured Life (2012-14) | India Assured Life (2012-14) |

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

| Impact on the Defined benefit Obligation | Amount Rs. In lakhs | |
|--|---------------------------------|---------------------------------|
| | Increase As at 31 March 2022 | Increase As at 31 March 2021 |
| Change in the discount rate by 50 basis point | 13.18 | 14.21 |
| Change in Attrition rate by 50 basis point | (0.13) | 0.79 |
| Change in Expected rate of salary increase by 50 basis point | (14.29) | (15.17) |
| Impact on the Defined benefit Obligation | Decrease | |
| | Decrease As at 31 March 2022 | Decrease As at 31 March 2021 |
| Change in the discount rate by 50 basis point | (13.88) | (15.02) |
| Change in Attrition rate by 50 basis point | 0.14 | (0.81) |
| Change in Expected rate of salary by 50 basis point | 13.70 | 14.49 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation 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.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.

(g) Effect of plan on Entity's future cash flows

(i) Funding arrangements and funding policy

The Parent Company has a gratuity fund to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee details provided by the company. The deficit in the assets is funded by the company.

(ii) The Parent Company expects to make a contribution of Rs.10 Lakhs during the next financial year

(iii) The weighted average duration of the benefit obligation as at 31 March 2022 is 6.1 years (6.6 years as at 31 March 2021)

(iv) Maturity profile of defined benefit obligation:

| Expected cash flows (valued on undiscounted basis): | Amount Rs. In lakhs |
|---|---------------------|
| within 1 year | 38.09 |
| 2 to 5 years | 296.82 |
| 6 to 10 years | 247.96 |

| Experience adjustments | | |
|--|-------------------------------------|-------------------------------------|
| Gratuity | Year ended 31 March 2022 | Year ended 31 March 2021 |
| Present value of DBO | 495.62 | 488.63 |
| Fair value of plan assets | 437.56 | 402.09 |
| Experience gain / (loss) adjustments on plan liabilities | 64.67 | 70.34 |
| Experience gain / (loss) adjustments on plan assets | (2.00) | 3.00 |

Details relating to the experience adjustments are provided to the extent information is available.

41 Financial Instruments

(I) Capital Management

The Group manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure. For the purpose of the Group's capital management, capital includes equity share Capital and Other Equity and Debt includes Borrowings and Current Maturities of Long term Debt net of Cash and bank balances and short term investments. The Group monitors capital on the basis of the following gearing ratio. There is no change in the overall capital risk management strategy of the Group compared to last year.

Gearing Ratio :

(Amount Rs. In Lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---------------------------------------|------------------------|------------------------|
| Borrowings | 685.10 | 3,081.83 |
| Short Term Investments | (3,062.93) | 2,394.21 |
| Cash and Bank Balances | (757.85) | (270.21) |
| Net Debt (A) | -3,135.68 | 5,205.83 |
| Total Equity (B) | 29,800.18 | 26,732.52 |
| Net Debt to equity ratio (A/B) | -0.11 | 0.19 |

(II) Categories of Financial Instruments

(a) Financial Assets

(Amount Rs. In Lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Measured at fair value through Other Comprehensive Income (FVTOCI) | | |
| - Investments | 4.53 | 3.26 |
| Measured at fair value through P&L (FVTPL) | | |
| - Investments | 3,062.93 | 2,394.21 |
| Measured at amortised cost | | |
| - Trade receivables | 2,143.99 | 1,516.33 |
| - Cash and Cash Equivalents | 220.73 | 1.78 |
| - Bank Balances other than above | 537.12 | 268.43 |
| - Other Financial Assets | 237.47 | 675.31 |
| Total | 6,206.77 | 4,859.32 |

(b) Financial Liabilities :

(Amount Rs. In Lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|-----------------------------------|------------------------|------------------------|
| Measured at amortised cost | | |
| - Borrowings | 685.10 | 3,081.83 |
| - Trade Payables | 2,020.46 | 1,816.31 |
| - Lease Liabilities | 179.56 | 72.75 |
| - Other financial liabilities | 693.41 | 614.01 |
| Total | 3,578.53 | 5,584.90 |

(III) Financial Risk Management Framework

The Group manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Foreign Currency Risk Management :

The Group undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arises. The Group has not entered into any derivate contracts during the year ended 31 March 2021 and there are no outstanding contracts as at 31 March 2021.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows :

| Particulars | Currency | As at 31 March 2022 | | As at 31 March 2021 | |
|-------------------|----------|----------------------------------|--------------------------|----------------------------------|--------------------------|
| | | Amount in Foreign Currency | Amount - Rs. In lakhs | Amount in Foreign Currency | Amount - Rs. In lakhs |
| Capital Creditors | EURO | 2,14,927.08 | 181.96 | 4,21,369.75 | 362.79 |
| Trade Receivables | USD | 40,096.49 | 27.86 | 24,201.41 | 17.11 |
| Borrowings | EURO | 8,16,054.90 | 685.10 | 10,16,054.90 | 858.65 |

All of the above exposures have not been hedged

(V) Foreign Currency sensitivity analysis:

The following table details the Group's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies. 5% is the rate used in order to determine the sensitivity analysis considering the past trends and expectation of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates a increase in profit / decrease in loss and increase in equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or loss and equity and balance below would be negative.

| Impact on Profit and loss for the reporting period | | | | | (Amount Rs. In Lakhs) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|
| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2022 | For the year ended 31 March 2021 | For the year ended 31 March 2021 | |
| USD | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% | |
| | 0.02 (0.52) | (0.02) 0.52 | 0.01 (0.72) | (0.01) 0.72 | |

| Impact on total equity as at the end of the reporting period | | | | | (Amount Rs. In Lakhs) |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Particulars | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2021 | |
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% | |
| USD | 0.02 (0.52) | (0.02) 0.52 | 0.01 (0.72) | (0.01) 0.72 | |
| | | | | | |

Note :

This is mainly attributable to the exposure of receivable and payable outstanding in the above mentioned currencies to the Group at the end of the reporting period.

(VI) Forward foreign exchange contracts :

There are no forward foreign exchange contracts outstanding as at 31 March 2022

(VII) Liquidity Risk Management :

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching maturing profiles of financial assets and financial liabilities in accordance with the approved risk management policy of the Group.

Liquidity and Interest Risk Tables :

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

(Amount Rs. In Lakhs)

| Particulars | Upto 1 Year | 1-3 Years | 3-5 Years | 5 years and above | Total |
|-----------------------|-----------------|-----------------|---------------|-------------------|-----------------|
| March 31, 2022 | | | | | |
| Interest bearing | 723.57 | 27.90 | 12.47 | 111.15 | 875.09 |
| Non-interest bearing | 2,488.58 | 156.18 | 8.80 | 49.96 | 2,703.52 |
| Total | 3,212.15 | 184.08 | 21.27 | 161.11 | 3,578.61 |
| March 31, 2021 | | | | | |
| Interest bearing | 775.34 | 1,985.15 | 373.05 | 23.23 | 3,156.77 |
| Non-interest bearing | 2,366.79 | 11.39 | - | 49.95 | 2,428.13 |
| Total | 3,142.13 | 1,996.54 | 373.05 | 73.18 | 5,584.90 |

Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for term loan at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A change (decrease/increase) of 100 basis points in interest rates for term loan at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Impact on Profit and Loss for the reporting period

(Amount Rs. In Lakhs)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|-------------|---------------------|-------------|
| | Increase by | Decrease by | Increase by | Decrease by |
| | 100 bps | 100 bps | 100 bps | 100 bps |
| Impact on Profit and Loss for the reporting period | 0.00 | 0.00 | (23.21) | 23.21 |

Impact on Total Equity as at end of the reporting period

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|-------------|---------------------|-------------|
| | Increase by | Decrease by | Increase by | Decrease by |
| | 100 bps | 100 bps | 100 bps | 100 bps |
| Impact on Total Equity as at end of the reporting period | 0.00 | 0.00 | (23.21) | 23.21 |

The following tables detail the Group's remaining contractual maturity for its non-derivative financial Assets with agreed repayment periods. The Group does not hold any derivative financial instrument.

(Amount Rs. In Lakhs)

| Particulars | Upto 1 Year | 1-3 Years | 3-5 Years | 5 years and above | Total |
|-----------------------|-----------------|--------------|--------------|-------------------|-----------------|
| March 31, 2022 | | | | | |
| Interest bearing | 3,612.59 | 53.10 | - | 85.26 | 3,750.95 |
| Non-interest bearing | 2,418.60 | 23.47 | 1.22 | 12.54 | 2,455.82 |
| Total | 6,031.19 | 76.57 | 1.22 | 97.80 | 6,206.77 |
| March 31, 2021 | | | | | |
| Interest bearing | 2,657.12 | 1.87 | 40.35 | 169.03 | 2,868.37 |
| Non-interest bearing | 1,961.77 | 7.00 | - | 22.18 | 1,990.95 |
| Total | 4,618.89 | 8.87 | 40.35 | 191.21 | 4,859.32 |

Non-interest rate bearing financial assets disclosed above includes Trade Receivable, Cash, Balances with banks held in current accounts and Other Financial Assets.

Fixed interest rate instruments disclosed above represents balances with banks held in deposit accounts and discounted financial assets.

(VIII) Credit Risk:

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The carrying amount of the financial assets recorded in these financial statements, grossed up for any allowance for losses, represents the maximum exposures to credit risk.

(IX) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The Management considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

(X) Offsetting of financial assets and financial liabilities

The Group has not offset financial assets and financial liabilities.

42 Fair Value Hierarchy

This note provides information about how the Group determines fair value of various financial assets and liabilities

(I) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

(Amount Rs. In lakhs)

| Particulars | Fair Value as at | | Fair Value Hierarchy | Valuation techniques and key inputs |
|--|------------------|-----------------|----------------------|--|
| | 31 March 2022 | 31 March 2021 | | |
| Financial Assets | | | | Quoted bid prices in an active market Based on fund statement |
| -Investment in quoted Equity Instruments at FVTOCI | 4.53 | 3.26 | Level 1 | |
| -Other Investments at FVTPL | 3,062.93 | 2,394.21 | Level 1 | |
| Total | 3,067.46 | 2,397.47 | | |

(II) Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring) :

(Amount Rs. In lakhs)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets at amortised cost: | | | | |
| - Trade receivables | 2,143.99 | 2,143.99 | 1,516.33 | 1,516.33 |
| - Cash and Cash Equivalents | 220.73 | 220.73 | 1.78 | 1.78 |
| - Bank Balances other than above | 537.12 | 537.12 | 268.43 | 268.43 |
| - Other financial assets | 237.47 | 237.47 | 675.31 | 675.31 |
| Total | 3,139.31 | 3,139.31 | 2,461.85 | 2,461.85 |
| Financial liabilities held at amortised cost : | | | | |
| - Borrowings | 685.10 | 685.10 | 3,081.83 | 3,081.83 |
| - Trade Payables | 2,020.46 | 2,020.46 | 1,816.31 | 1,816.31 |
| - Lease Liabilities | 179.56 | 179.56 | 72.75 | 72.75 |
| - Other financial liabilities | 693.41 | 693.41 | 614.01 | 614.01 |
| Total | 3,578.53 | 3,578.53 | 5,584.90 | 5,584.90 |

Fair value hierarchy as at 31 March 2022

(Amount Rs. In lakhs)

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|---------|-----------------|-----------------|
| Financial assets at amortised cost: | | | | |
| - Cash and Cash Equivalents | 220.73 | - | - | 220.73 |
| - Bank Balances other than above | 537.12 | - | - | 537.12 |
| - Trade receivables | - | - | 2,143.99 | 2,143.99 |
| - Other financial assets | 44.85 | - | 192.62 | 237.47 |
| | 802.70 | - | 2,336.61 | 3,139.31 |
| Financial liabilities held at amortised cost : | | | | |
| - Borrowings | - | - | 685.10 | 685.10 |
| - Trade Payables | - | - | 2,020.46 | 2,020.46 |
| - Lease Liabilities | - | - | 179.56 | 179.56 |
| - Other financial liabilities | - | - | 693.41 | 693.41 |
| | - | - | 3,578.53 | 3,578.53 |

Fair value hierarchy as at 31 March 2021

(Amount Rs. In lakhs)

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|---------|-----------------|-----------------|
| Financial assets at amortised cost: | | | | |
| - Cash and Cash Equivalents | 1.78 | - | - | 1.78 |
| - Bank Balances other than above | 268.43 | - | - | 268.43 |
| - Trade receivables | - | - | 1,516.33 | 1,516.33 |
| - Other financial assets | 42.22 | - | 633.09 | 675.31 |
| | 312.43 | - | 2,149.42 | 2,461.85 |
| Financial liabilities held at amortised cost : | | | | |
| - Borrowings | - | - | 3,081.83 | 3,081.83 |
| - Trade Payables | - | - | 1,816.31 | 1,816.31 |
| - Lease Liabilities | - | - | 72.75 | 72.75 |
| - Other financial liabilities | - | - | 614.01 | 614.01 |
| | - | - | 5,584.90 | 5,584.90 |

43 Segment Information

Description of segments and principal activities

The Group identifies its operating segment based on the nature and class of product and services, nature of production process and assessment of differential risks and returns and financial reporting results reviewed by the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of performance. Operating segments have been identified on the basis of the nature of products/ services and have been identified as per the quantitative criteria specified in the Ind AS. For financial statements presentation purposes, individual operating segments have been aggregated into a single operating segment after taking into consideration the similar nature of the products, production processes and other risk factors.

Specifically, the Group's reportable segments under Ind AS are as follows:

- 1) Chemicals and related Products/Services
- 2) PVC-O Pipes

Geographical segments

The geographical segments considered for disclosure are based on markets, broadly as India and Others

Segment accounting policies

In addition to the significant accounting policies applicable to the business segment as set out in note 1.17, the accounting policies in relation to segment accounting are as under:

Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment. Inter segment sales are eliminated in consolidation

Other income earned and finance expense incurred are not allocated to individual segment and the same has been reflected at the Group level for segment reporting.

The total assets disclosed for each segment include all operating assets used by each segment, and primarily include receivables, property, plant and equipment, intangibles, inventories, operating cash and bank balances, inter-segment assets and exclude, deferred tax assets and income tax etc.

Segment liabilities comprise operating liabilities and exclude external borrowings, provision for taxes, deferred tax liabilities etc.

I. Segment revenues and results

(Amount Rs. In lakhs)

| Particulars | Business segments | | Total |
|--|---|-------------|-----------|
| | Chemicals and related Products/Services | PVC-O Pipes | |
| Revenue | | | |
| - Current Year | 22,574.88 | 4,584.07 | 27,158.95 |
| - Previous Year | 13,411.73 | 4,671.31 | 18,083.04 |
| Less: Inter-segment revenue | | | |
| - Current Year | | | |
| - Previous Year | - | 1.91 | 1.91 |
| Total | | | |
| - Current Year | 22,574.88 | 4,584.07 | 27,158.95 |
| - Previous Year | 13,411.73 | 4,669.40 | 18,081.13 |
| Segment result before exceptional item | | | |
| - Current Year | 3,762.45 | (321.22) | 3,441.23 |
| - Previous Year | (6.80) | 313.01 | 306.21 |
| Less: Exceptional Item | | | |
| - Current Year | | | |
| - Previous Year | - | - | - |
| Segment result after exceptional item | | | |
| - Current Year | 3,762.45 | (321.22) | 3,441.23 |
| - Previous Year | (6.80) | 313.01 | 306.21 |
| Finance Cost | | | |
| - Current Year | | | 101.30 |
| - Previous Year | | | 245.17 |

| | | | |
|---------------------|--|--|----------|
| Operating income | | | 3,339.95 |
| - Current Year | | | 61.04 |
| - Previous Year | | | |
| Other income | | | |
| - Current Year | | | 570.24 |
| - Previous Year | | | 141.54 |
| Profit before taxes | | | |
| - Current Year | | | 3,910.19 |
| - Previous Year | | | 202.58 |
| Tax expense | | | |
| - Current Year | | | 1,035.51 |
| - Previous Year | | | 1,015.73 |
| Profit for the year | | | |
| - Current Year | | | 2,874.68 |
| - Previous Year | | | (813.15) |

II. Segment Assets and Liabilities (Amount Rs. In lakhs)

| Particulars | Business segments | | Total |
|-------------------------------|---|-------------|-----------|
| | Chemicals and related Products/Services | PVC-O Pipes | |
| Segment assets | | | |
| - Current Year | 20,121.27 | 7,745.65 | 27,866.92 |
| - Previous Year | 18,604.78 | 8,138.85 | 26,743.63 |
| Unallocable assets | | | |
| - Current Year | | | 7,351.45 |
| - Previous Year | | | 6,748.84 |
| Total assets | | | |
| - Current Year | | | 35,218.37 |
| - Previous Year | | | 33,492.47 |
| Segment liabilities | | | |
| - Current Year | 3,440.75 | 1,119.67 | 4,560.42 |
| - Previous Year | 2,630.13 | 928.85 | 3,558.98 |
| Unallocable liabilities | | | |
| - Current Year | | | 857.77 |
| - Previous Year | | | 3,200.97 |
| Total liabilities | | | |
| - Current Year | | | 5,418.19 |
| - Previous Year | | | 6,759.95 |
| <u>Other information</u> | | | |
| Capital expenditure | | | |
| - Current Year | 1,768.37 | 251.30 | 2,019.67 |
| - Previous Year | 632.48 | 101.11 | 733.59 |
| Depreciation and amortisation | | | |
| - Current Year | 1,497.52 | 724.61 | 2,222.13 |
| - Previous Year | 1,517.76 | 504.26 | 2,022.02 |

Information on geographic segments: (Amount Rs. In lakhs)

| Geographical Segment | Revenues for the year ended 31 March 2022 | Non - Current Assets as at 31 March 2022 (Refer Note 2 below) |
|----------------------|---|--|
| India | | |
| - Current Year | 27,033.95 | 21,951.63 |
| - Previous Year | 18,016.32 | 21,609.12 |
| Others | | |
| - Current Year | 125.00 | - |
| - Previous Year | 64.81 | - |

Note:

- 1) Also Refer Note 1.17.
- 2) Non current assets excludes deferred tax assets and income tax assets.

44 Employee Stock Option Scheme

a) The details of the Employee stock option schemes approved by the shareholders are as below:

| Option Plan | Number | Grant Date | Exercise price in Rs. | Fair value on the date of grant in Rs. |
|---|----------|------------|-----------------------|--|
| "CAESOS 2015" [Chemfab Alkalies Employees Stock Option Scheme 2015] | 2,40,000 | 24-Mar-16 | 52.43 | 74.90 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 3,22,000 | 29-Oct-20 | 97.83 | 139.75 |

The options may be exercised within a period of 12 months from the date of vesting and the vesting plan of the stock option schemes are as below:

| CAESOS 2015 | CAESOS 2020 |
|--|--|
| 25% of the Options - Two years from the date of grant. | 25% of the Options - One year from the date of grant. |
| 25% of the Options - Three years from the date of grant. | 25% of the Options - Two years from the date of grant. |
| 50% of the Options - Four years from the date of grant. | 25% of the Options - Three years from the date of grant. |
| | 25% of the Options - Four years from the date of grant. |

b) Employee stock options details as on the balance sheet date are as follows:

| Particulars | For the year ended 31 March 2022 | | For the year ended 31 March 2021 | |
|---|-------------------------------------|--|-------------------------------------|---|
| | Options (Numbers) | Weighted average ex- ercise price per option (Rs.) | Options (Numbers) | Weighted average ex- ercise price per option (Rs.) |
| "CAESOS 2015" [Chemfab Alkalies Employees Stock Option Scheme 2015] | | | | |
| Option outstanding at the beginning of the year: | NA | NA | 1,20,000 | 52.43 |
| Add: Granted during the year: | NA | NA | - | - |
| Less: Exercised during the year: * | NA | NA | (1,19,998) | 52.43 |
| Less: Lapsed during the year: | NA | NA | (2) | - |
| Options outstanding at the end of the year: | NA | NA | - | - |
| The exercise price has been determined on the basis of the weighted average share price of erstwhile Chemfab Alkalies Limited as at the grant date. | NA | NA | NA | 52.43 |
| Weighted average remaining contractual life for options outstanding as at 31 March 2022 - NA (As at 31 March 2021 - Nil Years). | | | | |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | | | | |
| Option outstanding at the beginning of the year: | 3,22,000 | 97.83 | - | - |
| Add: Granted during the year: | - | - | 3,22,000 | 97.83 |
| Less: Exercised during the year: | (64,500) | 97.83 | - | - |
| Less: Lapsed during the year: | - | - | - | - |
| Options outstanding at the end of the year: | 2,57,500 | 97.83 | 3,22,000 | 97.83 |
| The exercise price has been determined on the basis of the weighted average share price of Chemfab Alkalies Limited as at the grant date. | NA | 97.83 | NA | NA |
| Weighted average remaining contractual life for options outstanding as at 31 March 2022 - 3 Years (As at 31 March 2021 - 4 Years) | | | | |

* Out of the above, shares relating to 200 options are pending allotment as at 31 March 2022 (PY 9,000)

c) The assumptions used in this model for calculating fair value on date of grant are as below:

"CAESOS 2015" [Chemfab Alkalies Employees Stock Option Scheme 2015] (Using Black-Scholes model)

| Assumptions | 25 % options | 25 % options | 50 % options |
|--------------------------------------|--------------|--------------|--------------|
| Risk Free Interest Rate | 7.44% | 7.49% | 7.53% |
| Expected Life | 3.5 | 4 | 4.5 |
| Expected Annual Volatility of Shares | 45% | 44% | 44% |
| Expected Dividend Yield | 25% | 25% | 25% |

"CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] (Using Black-Scholes model)

| Assumptions | 25 % options | 25 % options | 25 % options | 25 % options |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Risk Free Interest Rate | 7.50% | 7.50% | 7.50% | 7.50% |
| Expected Life | 1 | 2 | 3 | 4 |
| Expected Annual Volatility of Shares | 64.78% | 55.79% | 57.14% | 55.92% |
| Expected Dividend Yield | 12.50% | 12.50% | 12.50% | 12.50% |

d) Stock Options exercised during the year

| Option Plan | Number Exercised | Exercise date | Exercise price in Rs. |
|---|------------------|---------------|-----------------------|
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 5,110 | 01-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,990 | 02-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 7,100 | 09-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 17-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 30-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 7,000 | 10-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 15-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,300 | 26-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,000 | 29-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 08-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 14-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 20-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 7,500 | 22-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 27-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 30-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,000 | 01-Dec-21 | 97.83 |

| Option Plan | Number Exercised | Exercise date | Exercise price in Rs. |
|---|------------------|---------------|-----------------------|
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 1,000 | 07-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 2,000 | 13-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 4,000 | 18-Dec-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 5,000 | 27-Jan-22 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 200 | 24-Nov-21 | 97.83 |
| "CAESOS 2020" [Chemfab Alkalies Employees Stock Option Scheme 2020] | 100 | 21-Dec-21 | 97.83 |

e) Total expense accounted for by the Parent Company on account of the above are given below:

(Amount Rs. In lakhs)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| ESOP cost accounted by the Company (Refer Note 34) | 84.19 | 51.36 |
| Total | 84.19 | 51.36 |

45 Statement of Net assets and Profit or loss attributable to owners :

| Name of the Entities in the group | Net Assets (Total Assets minus Total Liabilities) as at 31 March 2022 | | Share in Profit or (Loss) for the year ended 31 March 2022 | | Share in Other Comprehensive Income for the year ended 31 March 2022 | | Share in Total Com- prehensive Income for the year ended 31 March 2022 | |
|---|--|-----------------------------|---|-----------------------------|--|-----------------------------|---|-----------------------------|
| | As a % of consol- idated | Amount (Rs. In Lakhs) | As a % of con- solidated | Amount (Rs. In Lakhs) | As a % of consoli- dated | Amount (Rs. In Lakhs) | As a % of consol- idated | Amount (Rs. In Lakhs) |
| A. Parent | | | | | | | | |
| Chemfab Alkalies Limited | 96.37% | 28,717.87 | 100.32% | 2,883.84 | 100.00% | 45.69 | 100.31% | 2,929.53 |
| B. Wholly Owned Subsidiary Chemfab Alkalies Karaikal Limited | 3.63% | 1,082.31 | (0.32%) | (9.16) | 0.00% | - | (0.31%) | (9.16) |
| Total | 100.00% | 29,800.18 | 100.00% | 2,874.68 | 100.00% | 45.69 | 100.00% | 2,920.37 |

| Name of the Entities in the group | Net Assets (Total Assets minus Total Liabilities) as at 31 March 2021 | | Share in Profit or (Loss) for the year ended 31 March 2021 | | Share in Other Comprehensive Income for the year ended 31 March 2021 | | Share in Total Com- prehensive Income for the year ended 31 March 2021 | |
|---|--|-----------------------------|---|-----------------------------|--|-----------------------------|---|-----------------------------|
| | As a % of consol- idated | Amount (Rs. In Lakhs) | As a % of con- solidated | Amount (Rs. In Lakhs) | As a % of consoli- dated | Amount (Rs. In Lakhs) | As a % of consol- idated | Amount (Rs. In Lakhs) |
| A. Parent | | | | | | | | |
| Chemfab Alkalies Limited | 97.09% | 25,955.68 | 98.87% | (803.96) | 100.00% | 53.66 | 98.79% | (750.30) |
| B. Wholly Owned Subsidiary Chemfab Alkalies Karaikal Limited | 2.91% | 776.84 | 1.13% | (9.20) | 0.00% | - | 1.21% | (9.20) |
| Total | 100.00% | 26,732.52 | 100.00% | (813.16) | 100.00% | 53.66 | 100.00% | (759.50) |

| 46 | RATIOS | Numerator | Denominator | 2021-22 | 2020-21 | Vari-ance % | Reason for Variance |
|-----|---|---|---|---------|---------|-------------|---|
| (a) | Current Ratio (in times) | Total Current Assets | Total Current Liabilities | 1.82 | 1.83 | 0% | |
| (b) | Debt- equity Ratio (in times) | Debts consists of borrowings and lease liabilities | Total Equity | 0.03 | 0.12 | -75% | Reduction due to repayment of term loan |
| (c) | Debt Service Coverage Ratio (in times) | Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments | Debt service = Interest and lease payments + Principal repayments | 2.16 | 1.33 | 63% | Improved due to increase in profit and repayment of term loan |
| (d) | Return on Equity Ratio (in %) | Profit for the year less Preference dividend (if any) | Average total equity | 10.17% | -3.00% | 439% | Improved due to increase in profit |
| (e) | Inventory turnover ratio (in times) | Revenue from Operations | Average Inventory | 25.71 | 20.33 | 26% | Improved due to increase in sales |
| (f) | Trade Receivables turnover ratio (in times) | Revenue from Operations | Average Trade Receivables | 14.84 | 14.64 | 1% | |
| (g) | Trade payables turnover ratio (in times) | Total Expenses - Finance Cost - Depreciation and Amortisation Expenses | Average Trade Payables | 11.18 | 9.04 | 24% | |
| (h) | Net capital turnover ratio (in times) | Revenue from Operations | Average working capital (i.e. Total current assets less Total current liabilities) | 6.53 | 5.29 | 24% | |
| (i) | Net profit ratio (in %) | Profit for the Year | Revenue from Operations | 10.58% | -4.50% | -335% | Improved due to increase in profit |
| (j) | Return on Capital employed (in %) | Profit before tax and finance costs | Capital employed =Tangible Net Worth + Total Debt + Deferred Tax Liability-Deferred Tax Asset | 15.03% | 1.75% | 760% | Improved due to increase in profit |
| (k) | Return on investment (in %) | Income generated from Other investments under Current Financial Assets | Average of Other investments under Current Financial Assets | 2.37% | 2.37% | 0% | |

47 Details of Research & Development Expenditure Recognised as an expense (As identified by the management)

| Particulars | 2021-22 | 2020-21 | (Amount Rs. in lakhs) |
|----------------------------------|--------------|--------------|-----------------------|
| Employee Benefits expense | 26.68 | 41.95 | |
| Professional fees | 2.51 | 3.06 | |
| Consumption of Stores and spares | 8.19 | 9.51 | |
| Travelling expenses | 0.01 | 0.10 | |
| Depreciation | 2.96 | 8.57 | |
| Total | 40.35 | 63.19 | |

48 Relationship with struck off companies

| Name of the Struck off Company | Nature of transactions with struck off company | Balance outstanding (Amount Rs. In Lakhs) | Relationship with the struck off company, if any, to be disclosed |
|---|--|---|---|
| Year ended 31 March 2022 Nathanz Chemicals Pvt Ltd. | Receivables | 0.68 | NA |
| Year ended 31 March 2021 Nathanz Chemicals Pvt Ltd. | Receivables | 0.00 | NA |

49 The Board of Directors of the Parent company have recommended a final dividend of 12.50% (Rs. 1.25 per Equity Share of Rs. 10 each) for the financial year 2021-22 which is subject to the approval of the shareholders in the forthcoming Annual General Meeting of the Parent Company.

50 Additional Regulatory Information

- (i) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
- (ii) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act,1988 (as amended in 2016) and rules made thereunder
- (iii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (iv) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (v) The quarterly returns or statements comprising (stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.
- (vi) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (viii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (i) 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
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(ix) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (i) 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
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(x) The Company does not have any Scheme of Arrangements which have been approved by the Competent Authority in terms of sections 230 to 237 of the Act.

(xi) The Company has complied with the number of layers prescribed under of Section 2(87) of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(xii) The Company has utilised the borrowing amount taken from financial institutions for the purpose as stated in the sanction letter.

51 The Code on Wages, 2019 and Code of Social Security, 2020 (“the Codes”) relating to employee compensation and post employment benefits that received Presidential assent and the related rules thereof for quantifying the financial impact have not been notified. The Company will assess the impact of the Codes when the rules are notified and will record any related impact in the period the Codes become effective.

52 The Company has taken into account potential impacts of COVID-19 in the preparation of the consolidated financial statements. Based on the information currently available, there is no material impact on carrying amounts of inventories, trade and other receivables, investments and other financial assets though management continues to monitor changes in future economic conditions.

53 The Board of Directors of the Parent Company has reviewed the realisable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these consolidated financial statements in its meeting held on 25 May 2022.

For and on behalf of Board of Directors

Suresh Krishnamurthi Rao
Chairman
DIN: 00127809
Place : Chennai

V M Srinivasan
Chief Executive Officer
Place : Chennai

B Vignesh Ram
Company Secretary
Place : Chennai

S Prasath
Chief Financial Officer
Place : Chennai

Date : 25 May 2022



Sankagiri Morepalayam with fittings 1



Arthanari Ponkaliyamman 1



Arthanari Ponkaliyamman with fittings



Vellitiruppur



Morepalayam Sivasakthi 2



Desilting of pond at Villivakkam



ICC award for Excellence in Management of Environment



FICCI Award for Excellence in Sustainability in Chemicals



FICCI Award for Excellence in Sub – Sector in Chlor Alkali



India@75 Chemical & Petro Chemical Industry Awards 2021 by FICCI



Contribution towards tree plantation in the eve of Azadi ka Amrit Mahotsav



64 Nos. Oxygenated beds of GH KKL on 03.06.21



PHC Kalapet - covid relief



Women's Day

CHEMFAB ALKALIS LIMITED

'TEAM House", GST Salai, Vandalur, Chennai - 600 048

Phone : +91-44-22750323/24, Fax: +91-44-22750860

Email : chemfabalkalis@drroaholdings.com Website: www.chemfabalkalis.com