



3<sup>rd</sup> August, 2023

To,  
The Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001

**Subject: Submission of Annual Report in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year 2022-2023**

**Scrip Code: 530815**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of Annual Report for the Financial Year 2022-2023 (comprising of Notice calling 42<sup>nd</sup> Annual General Meeting along with Audited Financial Statements, Directors' Report, Auditor's Report etc.) which is being sent through electronic mode to the Members pursuant to General Circular No. 20/2020 dated May 5, 2020 read with Circular No. 14/ 2020 dated April 8, 2020, Circular No. 17/ 2020 dated April 13, 2020, Circular No. 2/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (collectively referred to as "MCA Circulars"), other applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (SEBI).

Kindly take the same on your records.

Thanking you,

Yours faithfully

**For Refnol Resins & Chemicals Limited**

**Bilal Topia**  
**Company Secretary**

*Encl: as above*

**REFNOL**



**42<sup>nd</sup> Annual Report**  
**2022 - 2023**

**REFNOL RESINS AND CHEMICALS LIMITED**

**ANNUAL REPORT  
2022-2023**

<b>BOARD OF DIRECTORS</b>	:	Mr. Mahendra K. Khatau Mr. Arup Basu Mrs. Asha M. Khatau Mr. Bhalchandra Sontakke Mr. Mukund R. Nagpurkar Mr. Rahul Singh	Chairman Managing Director Non-executive Director Independent Director Independent Director Independent Director
<b>CHIEF FINANCIAL OFFICER</b>	:	Mr. Vikas Agarwal	
<b>COMPANY SECRETARY</b>	:	Mr. Bilal Topia	
<b>BANKERS</b>	:	ICICI Bank	
<b>AUDITORS</b>	:	M/s. B.R. Shah & Associates Chartered Accountants, Ahmedabad	
<b>SECRETARIAL AUDITOR</b>	:	M/s. Sandip Sheth and Associates Practicing Company Secretaries	
<b>REGISTERED OFFICE</b>	:	Plot no. 410/411, Khatau House, Mogul Lane, Mahim, Mumbai – 400016.	
<b>FACTORY &amp; ADMINISTRATIVE OFFICE</b>	:	Plot No. 23, Phase – III G.I.D.C Naroda, Ahmedabad- 382 330	
<b>CIN</b>	:	L24200MH1980PLC023507	
<b>WEBSITE</b>	:	<a href="http://www.refnol.com">www.refnol.com</a>	
<b>E-MAIL-ID</b>	:	secretarial@refnol.com	
<b>REGISTRAR AND SHARE TRANSFER AGENTS</b>	:	M/s Link Intime India Pvt Ltd. 5th Floor, 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C G Road, Ellis bridge, Ahmedabad - 380006. Tel: +91-79-26465179 Fax: +91-79-26465179 Email: ahmedabad@linkintime.co.in Website: <a href="https://linkintime.co.in/">https://linkintime.co.in/</a>	

**NOTICE**

NOTICE IS HEREBY GIVEN THAT the 42<sup>nd</sup> (forty-second) Annual General Meeting of the Members of REFNOL RESINS AND CHEMICALS LIMITED will be held on Friday, 25<sup>th</sup> August, 2023 at 12:00 NOON through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt:
  - a. The Audited Standalone Financial Statements for the year ended on March 31, 2023, together with the Reports of the Board of Directors (the Board) and Auditors thereon.
  - b. The Audited Consolidated Financial Statements of the Company for the financial year ended on March 31, 2023.
2. To appoint a Director in place of Mrs. Asha Mahendra Khatau (DIN: 00063944), who retires by rotation and being eligible offers herself for re-appointment.

**SPECIAL BUSINESS:****3. RE-APPOINTMENT OF MR. ARUPKUMAR BASU (DIN: 00906760) AS MANAGING DIRECTOR OF THE COMPANY:**

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

**"RESOLVED THAT** in accordance with the provisions of Section 196, 197, 198 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013, if any, (including any statutory modifications or re-enactment thereof, for the time being in force), read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any other statutory approvals, if any, the re-appointment of Mr. Arupkumar Basu, as Managing Director of the Company for a period of 3 (Three) years commencing from 15<sup>th</sup> June 2023, as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors of the Company with such terms and conditions and powers and duties as set out in the explanatory statement & as detailed in the agreement as placed before the members duly initialed by the Chairman for the purpose of identification and further assented, be and is hereby approved and sanctioned, by the company, with liberty to the Board of Directors to vary the terms and conditions of the said re-appointment, as may be agreed to between the Board Members of the Company and Mr. Arupkumar Basu."

**"RESOLVED FURTHER** that the remuneration and perquisites set out in the aforesaid agreement be paid to Mr. Arupkumar Basu as minimum remuneration during the tenure of his re-appointment notwithstanding that in any financial year of the company during the aforesaid period, the Company has made no profits or the profits made are inadequate."

**"RESOLVED FURTHER** that the remuneration and perquisites including the monetary value thereof as specified in the agreement may be varied, increased, expanded, enhanced, enlarged, widened or altered not exceeding overall limit as prescribed under Schedule V and in accordance with the provisions relating to the payment of Managerial remuneration under the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 or any amendments or re-enactments thereof and that the aforesaid agreement between the Company and Mr. Arupkumar Basu be suitably amended to give effect to the same in such manner as may be agreed to by and between the Board and Mr. Arupkumar Basu."

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized, without any further reference / approval of the Members, to accept and alter and vary the terms and conditions of the said re-appointment or any amendments or modifications that may hereafter be made thereto within the permissible limits of Schedule V read with various provisions of the Act and rules made there under, once the same is approved by members of the company."

**"FINALLY RESOLVED** that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things necessary to implement this resolution in a manner most beneficial to the company."

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

**PLACE: MUMBAI**  
**DATE: July 25, 2023**

**MAHENDRA K. KHATAU**  
**CHAIRMAN**  
**(DIN: 00062794)**

**REGISTERED OFFICE:**  
Plot No. 410/411, Khatau House,  
Mogul Lane, Mahim,  
Mumbai – 400016.

**ANNEXURE TO NOTICE****NOTES:**

1. In view of the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020 and General Circular No. 02/2021 dated January 13, 2021 General Circular No. 21/2021 December 14, 2021, General Circular No. 2/2022 dated 05 May, 2022 and General Circular No. 10/2022 December 28, 2022 (hereinafter collectively referred to as 'MCA circulars') read together with various circulars issued by Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 permitted conduct of Annual General Meeting ('AGM') through video conferencing (VC) or other audio visual means (OAVM) and dispensed personal presence of the members at the AGM and prescribed the specified procedures to be followed for conducting the AGM through VC/OAVM. Accordingly, in accordance with the MCA Circulars, applicable provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 42<sup>nd</sup> AGM of the Members of the Company will be held through VC/OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. The deemed venue for the meeting shall be Plot No. 410/411, Khatau House, Mogul Lane, Mahim, Mumbai – 400016.
2. A Member entitled to attend and vote at the Annual General Meeting ('AGM') is entitled to appoint a proxy to attend and to vote on a poll instead of himself/herself and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circular through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Body Corporates whose Authorised Representatives are intending to attend the Meeting through VC / OAVM are requested to send to the Company on the Email Id [secretarial@refnol.com](mailto:secretarial@refnol.com), a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting and through e-voting.
4. Those Members whose Email Id are not registered can get their Email Id registered as follows:
  - a. Members holding shares in demat form can get their Email Id registered / updated by contacting their respective Depository Participant.
  - b. Members holding shares in the physical form can get their Email Id registered by contacting our Registrar & Share Transfer Agent.
5. 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. Instructions and other information for members for attending the AGM through VC / OAVM are given in this Notice under Note No. 29.
6. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. In terms of the provisions of Sections 124, 125 and other applicable provisions of the Companies Act, 2013, the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Principle Rules") were notified on 5th September, 2016, further amended by the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, ("Principle Rules along with IEPF Rules") which were notified on 28<sup>th</sup> February, 2017. The Principle Rules along with IEPF Rules provides that the amount of dividend remaining unpaid or unclaimed for a period of 7 (seven) years from the due date is required to be transferred to the IEPF, constituted by the Central Government. Further it also provides the manner of transfer of shares in respect of which dividend has remained unpaid or unclaimed for 7 (seven) consecutive years by the Members, to Demat Account of the IEPF Authority. Those Members who have not encashed the dividend warrant for previous years are requested to ensure that they claim their unclaimed dividends, before it is transferred to the IEPF Authority.
8. Pursuant to the provisions of Section 91 of the Companies Act, 2013, read with Rule 10 of Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 42 of Listing Regulations, the Register of Members and Share Transfer Books of the Company will remain closed from 19<sup>th</sup> August, 2023 to 25<sup>th</sup> August, 2023 (both days inclusive) for the purpose of Annual General Meeting.
9. Re-appointment of Directors {Disclosure under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Secretarial Standard-2 issued by the Institute of Company Secretaries of India} are set out in the Annexure to the Notice.  
  
At the Meeting, Mrs. Asha Mahendra Khatau retires by rotation and being eligible, offer herself for re-appointment. The Board of Directors of the Company recommends her re-appointment. The information or brief profile to be provided for the aforesaid Director is set out in the Annexure to the Notice.  
  
Resolution proposing re-appointment of Managing Director is given at item no. 3 of this Notice. Details as required in Regulation 36(3) of the SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking re-appointment at the AGM are set out in the Annexure to the Explanatory Statement. Requisite declarations have been received from the Directors seeking re-appointment.

The information regarding the Director(s) who is / are proposed to be appointed / re-appointed, as required to be provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued, is annexed hereto.

10. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from April 1, 2019. SEBI vide its notification dated January 24, 2022 further notified that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form. Members can contact the Company or our RTA for assistance in this regard.
11. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 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; subdivision/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 website of the Company's Registrar and Share Transfer Agents, Link Intime India Pvt Ltd. at <https://linkintime.co.in> It may be noted that any service request can be processed only after the folio is KYC Compliant.
12. Members who hold shares in physical form in multiple folios, in identical names or joint holding in the same order of names are requested to send share certificates to Share Transfer Agent of the Company, for consolidation into a single folio.
13. Members, who still hold share certificates in physical form, are advised to dematerialize their shareholding to avail the numerous benefits of dematerialization, which includes easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
14. The Securities and Exchange Board of India (SEBI) has vide Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 read with SEBI Circular No. SEBI/HO/ MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021 mandated furnishing of PAN, KYC details (i.e. Postal Address with Pin Code, email address, mobile number, bank account details etc.) and nomination details by holders of physical securities in prescribed forms by March 31, 2023. Effective from January 01, 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/documents are provided to RTA. Further, SEBI has also mandated linking PAN with Aadhaar by March 31, 2022. In case any of the above cited documents/ details are not available in the Folio(s) before the due date, RTA shall be constrained to freeze such Folio(s). Accordingly, Members are requested to send requests in the prescribed forms to the RTA of the Company for availing of various investor services as per the aforesaid SEBI circulars. Relevant details and forms prescribed by SEBI in this regard are made available on the website of the Company's Registrar and Share Transfer Agents, Link Intime India Pvt Ltd. at <https://linkintime.co.in>. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.
15. Members who wish to inspect the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 and relevant documents in electronic mode can send an email.
16. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market for transaction of transfer, transmission / transposition and deletion of name of deceased holder Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agent of the Company.
17. Members of the Company holding shares either in physical form or in dematerialised form as on Benpos date i.e. 28<sup>th</sup> July, 2023 will receive Annual Report for the financial year 2022-2023 through electronic mode.
18. In line with the aforesaid Circulars of the Ministry of Corporate Affairs (MCA) and SEBI Circulars, the Notice of AGM alongwith Annual Report 2022-23 will be sent through electronic mode to only those Members whose Email addresses are registered with the Registrar & Share Transfer Agent of the Company / Depository Participant.
19. Members may also note that the Notice of the 42<sup>nd</sup> Annual General Meeting and the Annual Report for 2022-23 will also be available on the Company's website [www.refnol.com](http://www.refnol.com) for download. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com).
20. Members are requested to quote their Folio No. or DP ID / Client ID, in case shares are in physical / dematerialized

- form, as the case may be, in all correspondence with the Company / Registrar & Share Transfer Agent.
21. In line with the measures of Green Initiative, Companies Act, 2013, provides for sending notice of the meeting along with annual report to the Members through electronic mode. Members holding shares in physical mode are requested to register their e-mail Id's with the Company/RTA. Members holding shares in dematerialized mode are requested to register their e-mail id's with their respective DPs. If there is any change in the e-Mail id already registered with the Company/RTA, Members are requested to immediately notify such change to the Company/RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.
  22. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, as amended from time to time, the Company is pleased to provide the members with the facility to exercise their rights to vote on resolutions proposed to be considered at the 42<sup>nd</sup> Annual General Meeting of the Company by electronic means through remote e-voting facility provided by National Securities Depository Limited (NSDL). The Company has fixed 18<sup>th</sup> August, 2023 as the "cut-off date" to determine the eligibility to vote by electronic means or in the general meeting. A person whose name is recorded in the register of "remote e-voting" (e-voting from a place other than venue of the AGM), to enable them to cast their votes at the 42<sup>nd</sup> Annual General Meeting (AGM) and the business at the 42<sup>nd</sup> AGM may be transacted through such voting.  
  
The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 29.
  23. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote.
  24. The Company has appointed M/s. Sandip Sheth & Associates, Practicing Company Secretaries, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. The Scrutinizer shall make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, during the remote e-voting and voting at the AGM, within stipulated timelines from conclusion of the meeting, to the Chairman or a person, authorised by him in writing. The Chairman or a person, authorised by him in writing, shall declare the results of the AGM forthwith. The results declared along with the Scrutinizer's report shall be placed on the Company's website and shall be communicated to the Stock Exchange.
  25. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
  26. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
  27. The resolutions shall be deemed to be passed on the date of the Meeting, subject to the same being passed with requisite majority.
  28. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
  29. The instructions for shareholders voting electronically are as under:  
  
The remote e-voting period commences on 22<sup>nd</sup> August, 2023 at 9.00 a.m. and ends on 24<sup>th</sup> August, 2023 at 5:00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 18<sup>th</sup> August, 2023, may cast their votes electronically. The e-voting module shall be disabled by the NSDL for voting thereafter. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 18<sup>th</sup> August, 2023.

#### **How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:


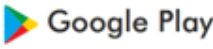

#### **Step 1: Access to NSDL e-Voting system**

#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the " <b>Beneficial Owner</b> " icon under " <b>Login</b> " which is available under ' <b>IDeAS</b> ' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services

	<p>under Value added services. Click on <b>“Access to e-Voting”</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <ol style="list-style-type: none"> <li>If you are not registered for IDEAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select <b>“Register Online for IDEAS Portal”</b> or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>“NSDL Speede”</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;">   </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>



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

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

Login type	Helpdesk details
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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

- Your User ID details are given below :

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

- Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

- If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

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

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [sandip@ssacs.in](mailto:sandip@ssacs.in) or [prashant@ssacs.in](mailto:prashant@ssacs.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password?**" or "**Physical User Reset Password?**" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [secretarial@refnol.com](mailto:secretarial@refnol.com) .
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [secretarial@refnol.com](mailto:secretarial@refnol.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present at the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.

3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before and after the time scheduled for the AGM and will be available for Members on first come first served basis.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [secretarial@refnol.com](mailto:secretarial@refnol.com) upto August 17, 2023. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

## EXPLANATORY STATEMENT

### PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("the Act")

**Item No. 3: Special Resolution**

Mr. Arup Basu was previously re-appointed as Managing Director of the Company on 15<sup>th</sup> June, 2020 for a period of 3 (Three) years, and hence his term as Managing Director of the Company expired on 14<sup>th</sup> June, 2023. The Board Members re-appointed Mr. Arup Basu as Managing Director of the Company, in its duly held meeting, on 19<sup>th</sup> May, 2023 for a period of three years w.e.f. 15<sup>th</sup> June, 2023 on the terms & conditions recommended by the Nomination & Remuneration Committee. The Nomination & Remuneration Committee has considered the matter and recommended the terms of the Remuneration to the Board, subject to the approval of members under various applicable Sections of the Act read with Schedule-V of the Companies Act, 2013. He is a B. Tech, Chemical Engineering from IIT, Bombay and has obtained a postgraduate management degree from IIM, Ahmedabad. He is with Company since last 43 years more particularly as Managing Director of the Company since last Twenty-Three years. He has vast experience in management, administration and effective policy formulations for efficient and smooth running of the Company. In view of the manifold increase in Mr. Arup Basu's role and his responsibility, the Board approved the re-appointment of Mr. Arup Basu as Managing Director of the Company for a period of three years w.e.f. 15<sup>th</sup> June, 2023.

Further it was noted that the aggregate of Salary, Perquisites and other allowances in any one financial year shall not exceed the limits prescribed under section 197 and 198 of the Companies Act, 2013 read with Schedule V.

The details of the extract of the remuneration payable to Mr. Arup Basu, as Managing Director as contained in the agreement signed between the Company and Mr. Arup Basu are set out below:

- a) Salary: Basic Salary of Rs. 1,68,614/- (Rupees One lakh sixty-eight thousand six hundred fourteen Only) per month with suitable increment on 1<sup>st</sup> April each year at the discretion of the Board of Directors in the Grade of Rs. 1,68,614/- to Rs. 3,50,000/-. So long as he functions as such, he shall not be paid any sitting fees for attending meeting of the Board of Directors or committees thereof.
- b) The Managing Director shall be entitled to the following perquisites and facilities:
  - i. House Rent Allowance: 50% of the salary per month.
  - ii. Medical reimbursement: Reimbursement of medical expenses in accordance with the rules of the company.
  - iii. Leave Travel Allowance: Leave Travel Allowance in accordance with the rules of the company.
  - iv. Club Fees: Fees of Club subject to a maximum of two clubs. (No admission and life membership fees will be paid)

- v. Personal Accident Insurance & Medical Insurance: Personal Accident and Medical Insurance of an amount, the annual premium of which shall not exceed Rs. 25,000/- p.a.
- vi. Earned/Privilege Leave: Leave on full pay and allowances as per the rules of the Company.
- vii. Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company, to the extent these either singly or put together are not taxable under the income Tax Act, 1961.
- viii. Provision of car with driver and provision of telephones and other necessary communication facilities at his residence at Company's cost.
- ix. The Company shall reimburse actual entertainment and traveling expenses incurred by the Managing Director in connection with the Company's Business.
- x. Commission not exceeding 2% of the net profit of the Company.

The Company shall reimburse actual entertainment and travelling expense incurred by the Managing Director in connection with the Company's business.

Note: For the purpose of perquisites stated herein above, family means the spouse, the dependent parents of the appointee.

The other terms contained in the agreement are the various powers and duties delegated to Mr. Arup Basu as Managing Director of the Company by virtue of his re-appointment.

This statement containing following information is given as per Clause-A of Section II of part II of Schedule V of the Companies Act, 2013:

<b>I. GENERAL INFORMATION:</b>		
(1)	Nature of Industry Manufacturing of Textile Chemicals, Resins, Laundry Chemicals & Textile Auxiliaries.	
(2)	Date or expected date of commencement of commercial production. Existing Company and hence not applicable.	
(3)	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. Existing Company and hence not applicable.	
(4)	Financial Performance based on given indicators. (As at 31 <sup>st</sup> March 2023)	
	Particulars	Rs. in Lakhs
	Turnover (Net Sales)	3808.14
	Operating Profit	160.52
	Net Profit Before Tax	28.30
	Debt Equity Ratio	0.48:1
(5)	Export Performance The Company has achieved export Turnover FOB value of Rs. 409.81 Lakhs for the financial year ended on 31.03.2023	
(6)	Foreign Investments or collaborators, if any. Except the investment made in wholly owned subsidiary based at Mauritius, no other investment or collaborations has been made by the company.	
<b>II. INFORMATION ABOUT THE APPOINTEE:</b>		
(1)	Background Details Mr. Arup Basu is a B. Tech, Chemical Engineering from IIT, Bombay and has obtained a postgraduate management degree from IIM, Ahmedabad. He is with company since last forty-three years more particularly as Managing Director of the Company since last twenty-three years.	
(2)	Past Remuneration Remuneration paid for the Financial year 2022-23 was Rs. 33.47 Lakhs per annum plus perquisites of Rs. 0.28 Lakhs per annum.	
(3)	Recognition or Awards Mr. Arup Basu is Management Graduate from IIM, Ahmedabad and is technically well versed with education backed by IIT, Mumbai. Both these institutes are famous and recognized worldwide.	
(4)	Job Profile and his suitability Mr. Arup Basu has vast experience in management, administration and effective policy formulations for efficient and smooth running of the company. He has wide knowledge of the industry and markets that the company operates in, and has been instrumental in the turnaround of the company over the last few years.	

(5)	Remuneration Proposed	As mentioned in the abstract of remuneration given in the preceding paras.
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The proposed remuneration is commensurate with level skills, experience of the appointee. Mr. Arup Basu has been re-appointed as Managing Director having superintendence and control of the Board of Directors of the Company to carry out such duties on day-to-day basis as entrusted to him. The remuneration proposed is in line with and prevailing in similar industry and having regard to the size of the Company.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	There is no such pecuniary relation either directly or indirectly with the company, its promoters or any managerial personnel of the company.
<b>III. OTHER INFORMATION:</b>		
(1)	Reasons of loss or inadequate profits.	The Company has made inadequate profit during the recently completed financial year due to higher financial charges, reduction in margins and stiff competition.
(2)	Steps taken or proposed to be taken for improvement	Efforts taken for cost cutting to improve margins. Search for improved quality and value added products.
(3)	Expected increase in productivity and profits in measurable terms.	Strict steps will be taken to control fixed costs and inventory costs, which will enable Company to improve its turnover and profits in years to come with normative numbers calculated with reference to good returns from the Chemical Industry.
<b>IV. DISCLOSURES:</b>		
(1)	The remuneration package of Mr. Arup Basu has been enumerated above. A copy of the agreement entered with the Managing Director is available for inspection by the members of the Company at the Registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day except Saturdays and Sundays and National Holidays.	
(2)	The required disclosure to the shareholders of the Company about remuneration package of the managerial person and all elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc., of all the directors; details of fixed component and performance linked incentives along with the performance criteria; Service contract, notice period, severance fees; Stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable has been made in the Annual Report of the Company for the Financial Year 2022-23, wherever applicable.	

The re-appointment of Mr. Arup Basu as Managing Director of the company requires special majority of the members under Section 196, 197 & 198 read with provisions of sub-clause (A) of section II of part II of Schedule V of the Companies Act, 2013, for payment of remuneration. The Company has not made any default in repayment of any of its debts, loans (including public deposits) or debentures or interest payable thereon in terms of the proviso of sub clause (ii) of Section II of Part II of Schedule V of the Companies Act, 2013.

Consequently, the said resolution for re-appointment of Mr. Arup Basu as Managing Director for a period of three years on the remuneration as set out in Item No. 3, requires approval of Members in General Meeting with special majority. Hence, your directors recommend the resolution as special resolution for your approval.

As the resolution for re-appointment has been proposed for three years with remuneration within the limits prescribed under Sub-Clause-A of section II of part II of Schedule V of the Act, hence the approval of Central Government is not required.

Except Mr. Arup Basu and his relatives none of the Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested in the Resolution (financially or otherwise).

Copies of all the relevant papers, documents, agreements etc. are available for inspection of the members at the registered office of the Company till the date of Annual General Meeting on any working day during normal business hours.

The notice and explanatory statement may be treated as an abstract of terms and memorandum of interest under section 190 of the Companies Act, 2013, regarding re-appointment of Mr. Arup Basu as Managing Director of the Company to be circulated to the shareholders of the company and the requirement of the said act may be deemed to have been sufficiently complied with.

**Annexure**

Information of Directors to be appointed and the Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, in accordance with provisions of the Companies Act, 2013 and Secretarial Standards - 2, as on the date of Notice:

<b>Name of the Director:</b>	Mrs. Asha Mahendra Khatau	Mr. Arup Basu
<b>DIN:</b>	00063944	00906760
<b>Age:</b>	66 Year	69 Years
<b>Date of Appointment:</b>	30/12/1993	15/06/1999
<b>Relationship with Directors:</b>	Relative (Wife) of Mr. Mahendra Khatau	NIL
<b>Experience and expertise:</b>	B.A. Graduate and has an experience of over 31 years in the fields of General Management as a Consultant and Advisor.	Associated with company since last forty-three years more particularly as Managing Director of the Company since last twenty-three years.
<b>Qualification:</b>	Graduate	B. Tech, Chemical Engineering from IIT, Bombay and has obtained a postgraduate management degree from IIM, Ahmedabad.
<b>List of Directorship held in other listed companies as on March 31, 2023:</b>	Indokem Limited	NIL
<b>Membership / Chairmanship in Committees of other companies as on March 31, 2023:</b>	Indokem Limited <ul style="list-style-type: none"> <li>• Committee Of Directors</li> <li>• Risk Management Committee</li> </ul>	NIL
<b>Number of Shares held in the Company as on March 31, 2023:</b>	6,768	2,200

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

**PLACE: MUMBAI**  
**DATE: July 25, 2023**

**MAHENDRA K. KHATAU**  
**CHAIRMAN**  
**(DIN: 00062794)**

**REGISTERED OFFICE:**  
Plot No. 410/411, Khatau House,  
Mogul Lane, Mahim,  
Mumbai – 400016

**DIRECTORS' REPORT****Dear Members,**

Refinol Resins and Chemicals Limited

The Board of Directors present their 42<sup>nd</sup> Annual Report together with the Audited Financial Statements of Company for the year ended 31<sup>st</sup> March, 2023. The Management Discussion and Analysis has also been incorporated into this report.

**1. FINANCIAL HIGHLIGHTS**

The Standalone and Consolidated financial results of the company for the year ended 31<sup>st</sup> March, 2023, are as under:

(Rs. In Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	3804.96	3481.02	6449.66	5041.75
Profit before Financial costs & Depreciation	163.70	116.57	109.24	111.20
Less:- Interest & Financial Charges	81.82	81.29	96.09	86.99
Less:- Depreciation	53.58	48.13	59.60	59.71
NET PROFIT/LOSS BEFORE TAX FOR THE YEAR	28.30	(12.85)	(46.45)	(35.50)
Tax Expenses	-	4.21	-	4.21
Profit/Loss After Tax	28.30	(17.06)	(46.45)	(39.71)
Profit available for Appropriation	28.30	(17.06)	(46.45)	(39.71)

**2. DIVIDEND**

In view of conserving resources for future expansion plans of the Company, the Board of Directors does not recommend any further dividend for the F.Y. 2022-2023.

**3. INDIAN ACCOUNTING STANDARDS (Ind AS)**

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") from the financial year started from 1<sup>st</sup> April, 2017 with a transition date of 1<sup>st</sup> April, 2016. The Financial Results for the year 2022-23 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other recognized accounting practices and policies to the extent applicable.

**4. TRANSFER TO RESERVES**

Pursuant to provisions of Section 134(1) (j) of the Companies Act, 2013, the company has not proposed to transfer any amount to general reserves account of the company during the year under review.

**5. REVIEW OF BUSINESS OPERATIONS**

Your Directors wish to present the details of Business operations done during the year under review:

**a. Consolidated Financial Performance:**

1. Consolidated income for the year is Rs. 6457.85 Lakhs as compared to Rs. 5049.03 Lakhs in 2022.
2. Consolidated net sales for the year were Rs. 6449.66 Lakhs as compared to Rs. 5041.75 Lakhs in 2022.
3. Consolidated loss after tax for the year was Rs. (46.45) Lakhs as compared to Rs. (35.50) Lakhs in 2022.

**b. Standalone Financial Performance:**

1. Standalone income for the year is Rs. 3808.14 Lakhs as compared to Rs. 3484.63 Lakhs in 2022.
2. Standalone net sales for the year were Rs. 3804.96 Lakhs as compared to Rs. 3481.02 Lakhs in 2022.
3. Standalone profit/loss after tax for the year was Rs. 28.30 Lakhs as compared to Rs. (12.85) Lakhs in 2022.

**6. INFORMATION ON STATE OF THE COMPANY'S AFFAIRS**

The Company is in the business of manufacture and marketing of textile chemicals, polyester resins and chemicals for laundry and garments wet process. It covers both domestic and international markets. All the products including performance and business environment thereof have been covered in detail in the Management Discussion and Analysis Report separately which is the part of this Board Report and enclosed as "Annexure - A".

**7. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

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

**8. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure - B".

Your Company understands and appreciates the responsibility and importance of conservation of energy and continuous to put efforts in reducing or optimizing energy consumption for its operations.

## 9. SAFETY, HEALTH AND ENVIRONMENT

### a) Safety:

The Company encourages a high level of awareness of safety issues among its employees and strives for continuous improvement. Employees are trained in safe practices to be followed at work place.

### b) Health:

Your Company attaches utmost importance to the health of its employees. Periodic checkup of employees is done to monitor their health. Health related issues if any are discussed with visiting Medical Officer.

### c) Environment:

Company always strives hard to give importance to environmental issues in normal course of operations. Adherence to Environmental and pollution control Norms as per Gujarat Pollution Control guidelines is of high concern to the Company.

## 10. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES AND POLICY

The Company has not implemented any Corporate Social Responsibility initiatives as the provisions of Section 135 of the Act and Rules made thereunder governing Corporate Social Responsibility are not applicable.

## 11. FINANCE

Cash and Cash equivalent as at 31<sup>st</sup> March, 2023 was Rs. 42.75 Lakhs. Interest and fixed charges have slightly increased from Rs. 81.29 lakhs to Rs. 81.82 lakhs. The company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### 11.1 PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

### 11.2 DEPOSITS

The Company has neither accepted nor renewed any deposits falling within the purview of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time, during the year under review and therefore details mentioned in Rule 8(5) (v) & (vi) of Companies (Accounts) Rules, 2014 relating to deposits, covered under Chapter V of the Act is not required to be given.

## 12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

12.1 The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, has by pronouncement made on 14th July, 2023, sanctioned the scheme of amalgamation of Refnol

Resins and Chemicals Limited (Transferor Company) with Indokem Limited (Transferee Company) and their respective shareholders, under Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013, and rules framed thereunder.

The copy of the order of the NCLT sanctioning the scheme as uploaded on its website on 14th July 2023, approves the scheme of amalgamation, finding it fair, reasonable, and is not in violation of any provisions of law and is not contrary to public policy.

According to the order, upon implementation of the scheme, Indokem Limited will issue fully paid-up equity shares to the equity shareholders of Refnol Resins and Chemicals Limited in the proportion of 1,153 equity shares of Indokem for every 1,000 equity shares held in Refnol.

12.2 There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

## 13. INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company has laid down adequate internal financial controls which are operating effectively. During the year, policies and procedures are adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of its frauds and errors, the accuracy and completeness of the accounting records and the timely preparations of reliable financial information. All the properties and assets of the Company are adequately insured.

## 14. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations.

All Related Party Transactions are placed before the Audit Committee and before the Board for their prior approval. Prior approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a yearly basis. The Company has also sought approval of the Members for approval of such related party transactions as per the requirements of the Listing Regulations.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

All the Related party transactions as entered into by the Company were on arm's length basis and in the ordinary course of business, further Form AOC - 2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "Annexure - C" to this report.



**15. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There was no qualifications, reservations or adverse remarks made by the either by the Auditors or by the Practicing Company Secretary in their respective reports.

**16. EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 134(3)(a) of the Act, the copy of Annual Return in Form MGT-7 as required under Section 92 (3) of the Act is placed on the website of the Company at [www.refnol.com](http://www.refnol.com).

**17. MEETINGS**

During the year Five Board Meetings and Five Audit Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The Requisite quorum was present during all the Meetings.

Intimation of the Board meetings and Committee meetings are given well in advance and communicated to all the Directors. The agenda along with the explanatory notes are sent in advance to all the Directors in accordance with the Secretarial Standard-1 issued by the Institute of Company Secretaries of India. Additional meetings of the Board are held when deemed necessary by the Board. Senior Executives are invited to attend the Board meetings as and when required.

**18. DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, in relation to the financial statements for FY 2022-23, the Board of Directors states that:

- a) In preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures, if any;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2023 and of the profits for the year ended 31<sup>st</sup> March, 2023;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts/financial statements have been prepared on a 'going concern' basis;
- e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws

and that such systems were adequate and operating effectively.

**19. SUBSIDIARY COMPANIES**

As on 31<sup>st</sup> March, 2023 following companies are the subsidiaries/step down Subsidiaries of the Company:

**19.1 REFNOL OVERSEAS LIMITED (ROL)**

RENOL OVERSEAS LIMITED was incorporated on 10<sup>th</sup> August 1994 and is limited by shares. The company holds a category 2 Global Business License issued under the Financial Services Act. The principal activity of the Company is that of investment holding. REFNOL OVERSEAS LIMITED (ROL) is subsidiary of Refnol Resins and Chemicals Limited (RRCL).

**19.2 TEX CARE MIDDLE EAST LLC (TCME)**

M/s TEX CARE MIDDLE EAST L.L.C. is a limited liability company, licensed by Economic Development Department, Government of Sharjah, in accordance to the Federal Company Law of 1984. The main activity of the company is processing and trading in cleaning detergents. TEX CARE MIDDLE EAST L.L.C. is represented by Mr. Shaikh Faisal Bin Khalid Bin Sultan AL Qasemi (51% of share holding) & M/s REFNOL OVERSEAS LTD., MAURITIUS (49% of share holding).

The Consolidated Financial Statements for the financial year 2022-23 of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and listing agreement(s) executed with the stock exchanges where the shares of the Company are currently listed. In compliance with Regulation 34(3) and 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Audited Consolidated Financial statements form part of this annual report. The accounts of the Subsidiary Companies and the related detailed information will be made available to any shareholder of the holding as well as Subsidiary Companies seeking such information at any point of time and are also available for inspection by the members of the Company as well as Subsidiary Companies at the registered office of the Company and subsidiaries concerned.

A separate statement containing the salient features of the financial statement of aforesaid subsidiaries is part of this Annual Report and given in Form AOC-1 and enclosed as "Annexure - D".

**20. DECLARATION OF INDEPENDENT DIRECTORS**

All the Independent Directors have submitted their declaration to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**21. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of Directors of your Company has various executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning.

In accordance with the provisions of the Companies Act 2013 and in terms of the Memorandum and Articles of Association of the Company, Mrs. Asha Mahendra Khatau, (DIN: 00063944) Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Mr. Arup Basu was previously re-appointed as Managing Director of the Company on 15<sup>th</sup> June, 2020 for a period of 3 (Three) years, and hence his term as Managing Director of the Company expired on 14<sup>th</sup> June, 2023. The Board Members re-appointed Mr. Arup Basu as Managing Director of the Company, in its duly held meeting, on 19<sup>th</sup> May, 2023 for a period of three years w.e.f. 15<sup>th</sup> June, 2023 on the terms & conditions recommended by the Nomination & Remuneration Committee. The Nomination & Remuneration Committee has considered the matter and recommended the terms of the Remuneration to the Board, subject to the approval of members under various applicable Sections of the Act read with Schedule-V of the Companies Act, 2013.

None of the Directors is disqualified for appointment/re-appointment under Section 164 of the Companies Act, 2013. As required by law, this position is also reflected in the Auditors' Report.

## 22. PERFORMANCE EVALUATION

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013, Rules made thereof, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has Carried out an evaluation of its own performance, the directors individually as well as the evaluation of its Committees as per the criteria laid down in the Nomination, Remuneration and Evaluation policy. Further the Independent directors have also reviewed the performance of Non-Independent directors and Board as a whole including reviewing the performance of the Chairperson of the company taken into account the views of Executive Directors and Non-Executive Directors vide their separate meeting.

## 23. DISCLOSURE ON THE NOMINATION AND REMUNERATION POLICY OF THE COMPANY PURSUANT TO SECTION 134(3)(e) AND SECTION 178(3)

The Board of Directors of the Company in its meeting held on May 29, 2014 constituted/renamed the Nomination and Remuneration Committee with the requisite terms of reference as required under Section 178 of the Companies Act, 2013 and other applicable provisions thereof in place of existing Remuneration Committee. The said Committee framed adopted and recommended the "Nomination, Remuneration & Evaluation Policy" vide its committee meeting dated November 14, 2014 and the said policy has been approved by the Board in its Board meetings which was scheduled on the same date i.e. November 14, 2014.

The Nomination and Remuneration policy as provided herewith pursuant to provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The policy is also available on our website at following link <http://www.refnol.com/pdf/policy/policy-on-nomination-remuneration-and-evaluation.pdf>

## 24. PARTICULARS REGARDING EMPLOYEES REMUNERATION

The statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

- a. **The ratio of remuneration of each director to the median remuneration of the employees of the Company for the FY 2022-2023:**

Name of Director	Mr. Arup Basu
Ratio of remuneration to median remuneration of Employees	9.73:1

- b. **The percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary or manager, in the FY 2022-2023:**

Sr. No.	Name	Designation	% increase/ decrease in remuneration in the financial year
1	Mr. Arup Basu	Managing Director	17.06
2	Mr. Vikas Agarwal	Chief Financial Officer	29.05
3	Mr. Bilal Topia	Company Secretary	6.87

- c. **The percentage increase in the median remuneration of employees in the FY 2022-23: 18.62%**

- d. **The number of permanent employees on the rolls of Company:**

71 as on 31<sup>st</sup> March, 2023.

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

- Average increase/decrease in remuneration of employees excluding KMPs: 29.02%

- Average increase/decrease in remuneration of KMPs: 20.22%

- f. **Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

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

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,

2014 will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## 25. AUDITORS

### 25.1 Statutory Auditors

The statutory auditors, M/s. B. R. Shah & Associates, Chartered Accountants, (Firm Registration No. 129053W), were reappointed at the 41<sup>st</sup> Annual General Meeting of the Company for a period of 5 years commencing from the conclusion of 41<sup>st</sup> AGM till the conclusion of the 46<sup>th</sup> AGM of the Company to be held in 2027, subject to ratification of their appointment at every AGM, if so required under the Act. M/s. B. R. Shah & Associates, Chartered Accountants have issued a Certificate of eligibility pursuant to Section 141 of the Companies Act, 2013.

Further the Ministry of Corporate Affairs (MCA) vide notification dated 7<sup>th</sup> May, 2018 has done away with the requirement of ratification of appointment of Statutory Auditors at every Annual General Meeting, as per the first proviso of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Amendment Rules, 2018. Accordingly, the Company is not required to pass any resolution pertaining to ratification of the appointment of Statutory Auditors in the Annual General Meeting.

The Statutory Auditors' report does not contain any qualification, reservation or adverse remark and is self-explanatory and unmodified and thus does not require any further clarifications/ comments. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

### 25.2 Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sandip Sheth & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2022-2023. The Report of the Secretarial Audit Report is annexed herewith as "Annexure – E".

### 25.3 Cost Auditors

Pursuant to provisions of Section 148 of the Companies Act, 2013, cost audit is not applicable to your Company and hence Company is not required to appoint Cost Auditor for the reporting period.

## 26. INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

## 27. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company.

The Company has a vigil mechanism named whistle blower policy and vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the Policy is posted on the website of the Company [www.refnol.com](http://www.refnol.com)

## 28. SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2023 was Rs. 3.08 Crore. During the Year under review, the company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on 31<sup>st</sup> March, 2023, Directors who holds Shares of the Company are:

Name of Director	Number of Shares	% of Total Shares hold
Mahendra Khatau	12,81,789	41.48
Asha Khatau	6,768	0.22
Arup Kumar Basu	2,200	0.07
<b>Total</b>	<b>12,90,757</b>	<b>41.77</b>

There is no change in share capital structure of the Company during the financial year 2022-2023.

The Company has not bought back any of its securities, not issued any Sweat Equity Shares, no bonus shares were issued and not provided any Stock Option Scheme to the employees during the year under review.

## 29. CODE OF CONDUCT

The Company has laid down a Code of Conduct applicable to the Board of Directors and Senior management which is available on Company's website. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

## 30. INSIDER TRADING POLICY

As required under the new Insider Trading Policy Regulations of SEBI, your Directors have framed new Insider Trading Regulations and Code of Internal Procedures and Conducts for Regulating, Monitoring and Reporting of Trading by Insider. For details please refer to the company's website on following link <http://www.refnol.com/pdf/policy/code-of-insider-trading.pdf>

## 31. CORPORATE GOVERNANCE

Pursuant to provisions of Regulation 15(2) of the SEBI (LOADR) Regulations, 2015 as amended from time to time, Company's paid up equity share capital is Rs. 3.09 Crore and net worth is Rs. 12.96 Crore as on the last date of previous financial year viz., 31<sup>st</sup> March 2023 and therefore the provisions regarding Corporate Governance are not applicable to our Company as stated under Regulation 15(2) of the SEBI (Listing Obligations & Disclosure Requirements)

Regulations, 2015 and consequently the requirement of reporting and submission of report on Corporate Governance does not arise.

Whenever this regulation becomes applicable to the Company at a later date, Company shall comply with the requirements of those regulations within six months from the date on which the provisions became applicable to the Company.

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

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has set up Internal Complaints Committees at its workplaces to redress complaints received regarding sexual harassment. No complaints have been reported during the financial year 2022-23. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

### 33. CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the financial year 2022-23.

### 34. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### 35. DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS UNDER SECTION 149(6) OF COMPANIES ACT, 2013

Presently the Company has three Independent and Non-Executive Directors namely Mr. Bhalchandra Sontakke, Mr. Rahul Singh and Mr. Mukund Nagpurkar who have given declaration that they meet the eligibility criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

### 36. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

Directors of the Company viz. Mr. Mahendra Kishore Khatau and Mrs. Asha Khatau are related to each other in accordance with Section 2 (77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014. They are husband and wife.

### 37. DISCLOSURE ON NUMBER OF SHARES AND CONVERTIBLE DEBENTURES HELD BY NON-EXECUTIVE DIRECTORS

Equity share held by the Non-Executive Director of the Company as on March 31, 2023:

Name of Director	Number of Shares	% of Total Shares hold
Mr. Mahendra Khatau	12,81,789	41.48
Mrs. Asha Khatau	6,768	0.22
<b>Total</b>	<b>12,88,557</b>	<b>41.70</b>

No Convertible Debentures has been issued by the Company during the Financial Year under review.

### 38. DETAILS AND INFORMATION AS REQUIRED UNDER SECTION 134 (3) (I) OF THE COMPANIES ACT, 2013

No material changes and commitments, have taken place between the end of the financial year of the company to which the balance sheet relates and the date of report, which affects the financial position of the Company.

### 39. CORPORATE RESTRUCTURING

The Board of Directors of the Company, at its meeting held on 27<sup>th</sup> July, 2021, 13<sup>th</sup> September, 2021 and 15<sup>th</sup> January, 2022 have considered and approved a Scheme of Amalgamation (the "Scheme") of Refinol Resins & Chemicals Limited ("the Company" or "Transferor Company") with Indokem Limited ("Transferee Company"). The Scheme entails the amalgamation of the Company with Transferee Company, with the appointed date for the scheme set as 1<sup>st</sup> April 2021, and approved by the National Company Law Tribunal ("NCLT") in their order dated 14<sup>th</sup> July 2023. The Order of the NCLT is also uploaded on the website of the Company at [www.refinol.com](http://www.refinol.com).

The Scheme has received the necessary approvals from the shareholders and creditors of both companies, as well as the regulatory authorities including BSE Limited, Securities and Exchange Board of India, and the NCLT, Mumbai Bench.

This corporate restructuring initiative is expected to be a significant value creator for all shareholders involved, facilitating the consolidation of business activities, expansion of the product portfolio, achievement of economies of scale, enhanced operational efficiency, and optimization of logistics and distribution networks. Furthermore, the Scheme enables the pooling of resources, leading to a stronger balance sheet and increased net worth, which will serve to meet future investment requirements more effectively.

Upon the effectiveness of the scheme, subsequent the fulfillment of all necessary regulatory and approval requirements, eligible shareholders of Refinol Resins and Chemicals Limited will be entitled to receive 1,153 (One Thousand One Hundred and Fifty-Three) fully paid-up equity shares having a face value of Rs. 10 each of Indokem Limited, for every 1,000 (One Thousand) fully paid-up equity shares having a face value of Rs. 10 each held in Refinol Resins and Chemicals Limited, as consideration for the approved scheme.

**40. ENHANCING SHAREHOLDERS VALUE**

Your Company believes that its Members are among its most important stakeholders. Accordingly, your Company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

**41. CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements for the financial year 2022-23 of the Company are prepared in accordance with relevant Ind-AS issued by the Institute of Chartered Accountants of India and listing agreement(s) executed with the stock exchanges where the shares of the Company are currently listed form part of this Annual Report.

**42. MAINTENANCE OF COST RECORDS**

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

**43. RISK MANAGEMENT**

The Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. The Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans. The Company through its risk management process, strives to contain impact and likelihood of the risks within the risk appetite as agreed from time to time with the Board of Directors. The Board of Directors has developed and implemented Risk Management Policy for the Company. There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks

which may pose challenges are set out in the Management Discussion and Analysis Report, which forms part of this report.

**44. CAUTIONARY STATEMENT**

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

**45. LISTING**

Your company's shares are listed with The Bombay Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai. (Stock Code: - 530815). The Company confirms that it has paid the Annual Listing Fees for the year 2023-24 to BSE where the Company's Shares are listed.

**46. ACKNOWLEDGEMENT**

Your Directors record their appreciation of the Co-operation and assistance extended by Financial Institutions, Banks and Government Authorities as well as valued customers from time to time. They also record their appreciation of the devoted services rendered by the Executives, Staff Members and Workers of the Company.

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

**PLACE: MUMBAI**  
**DATE: July 25, 2023**

**MAHENDRA K. KHATAU**  
**CHAIRMAN**  
**(DIN: 00062794)**

## ANNEXURE-A

### MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

#### OVERVIEW OF GLOBAL BUSINESS ENVIRONMENT

Economic activity in India and elsewhere picked up as the pandemic came under control. There was considerable recovery in your Company's turnover, reaching pre-pandemic levels.

#### A. Industry Structure and Developments

Your Company manufactures Polyester Resins, Laundry & Cleaning Chemicals, Textile Sizing Chemicals, Auxiliaries and Garment Wash Chemicals at its facility at Plot No 23, Phase III, Naroda, GIDC, Ahmedabad-30. Sales are promoted in both Domestic and Export markets.

All the businesses experienced growth during the year, despite logistics constraints, especially in availability of containers for exports.

#### B. Opportunity and Threats

Your Company manufactures resins and polymers for the textile, plastic and coatings industry-all of which are poised for substantial long-term growth in tandem with the the Indian economy.

The main threat during the financial year under review was the continues and relentless increase in input costs, including raw materials, fuel, and transportation, resulting in a severe erosion of margins and profitability. This trend continued through the year.

#### C. Product wise Performance

(Rs. in Lakhs)

Product wise Performance	2021-22	2022-23	% of changes
<b><u>Sales-Domestics</u></b>			
Textile Sizing Chemicals & Textile Auxiliaries	1140.13	1037.96	(8.96)
Laundry Chemicals	398.79	601.75	50.89
Resins	194.31	189.35	(2.55)
Garment wash Chemicals	358.23	248.20	(30.71)
Miscellaneous	42.01	47.37	12.76
	<b>2133.47</b>	<b>2124.63</b>	(0.41)
<b><u>Sales-Export</u></b>			
Textile Sizing Chemicals & Textile Auxiliaries	1008.27	1392.02	38.06
Garment wash Chemicals	154.04	3.72	(97.59)
Resins	70.20	95.09	35.46
Administrative Charges collected (Export of service)	115.04	184.98	60.80
	<b>1347.55</b>	<b>1675.81</b>	24.36
<b>Total Sales</b>	<b>3481.02</b>	<b>3804.96</b>	9.31

#### D. Outlook

While the global outlook continues to be cautious with a number of major economies in or on the verge of recession, the outlook for the Indian economy is positive and all indicators point to robust growth in the medium term.

Costs are currently stable and the situation is conducive for a concerted efforts to boost the growth & profitability of the Company.

#### E. Risks and Concerns

To ensure sustainable and consistent growth, Company has developed a sound risk management framework that properly assesses and continuously monitors the risks assumed. The Risk Management and Control Systems are considered to be in balance with Refnol's risk profile and appetite, although such systems can never provide absolute assurance. Refnol's Risk Management and Control Systems are subject to continuous review and adaptations to remain in balance with its growing business size and changes in its risk profile. Necessary insurance policies are in place to take care of all the important machineries to minimize losses if any during operation.

**F. Internal Control System and Their Adequacy**

The Company has an Internal Control System that is commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function are defined in the Internal Audit Charter. To maintain objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

**G. Discussion on financial performance with respect to operational performance**

Your company generated an income of Rs. 3804.96 lakhs from its operations in FY 2022-23, compared to Rs. 3481.02 lakhs generated last year. The profit for the year amounted to Rs. 28.30 lakhs, a significant improvement compared to the loss of Rs. (17.06) lakhs incurred last year.

Your Company has continued to publish consolidated accounts of its Subsidiaries in line with last year.

**H. Material Developments in Human Resources/Industrial Relations front, including number of people employed**

We implemented a systematic performance appraisal system and laid down competitive incentive plans. The number of persons employed by your Company was Seventy One.

Your Company values both experience and fresh talent, taking pride in the commitment, competence and dedication shown by its employees in all areas of business. The company is also conscious of the importance of environmentally clean and safe operations. Periodic technical skills training is provided to employees to enhance their expertise.

**I. Details of significant changes (i.e. Change of 25% or more as compared to the immediately previous financial year) in key financial ratios**

Ratio	2021-22	2022-23	Change %
Debt Service Coverage Ratio	0.90	1.14	27.76
Net Margin	(0.49%)	0.75%	251.89
Return on Capital Employed	3.70	5.74	55.05
Return on Equity	(1.33%)	2.20%	265.68

**Safe Harbour Clause**

Statements in the Management Discussion and Analysis describing the Company's objectives and expectations may be considered "forward looking statement" within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and reasonable expectation of future events. However, Actual results could differ materially from those expressed or implied. Important factors that could affect the Company's operations include, among others, economic conditions affecting demand/ supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts, and other factors such as litigation and industrial relations.

**Conclusion**

Short term set-backs and hiccups due to major external upheavals do not detract from the long-term potential, growth, and profitability of the company.

**ANNEXURE-B****ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information in accordance with the Companies (Disclosures of Particulars in the Report of Directors) Rules, 1988 and forming part of Directors' Report for the year ended on 31<sup>st</sup> March, 2023

**CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE EARNINGS AND OUTGO.****A. CONSERVATION OF ENERGY**

- Measures taken : Energy consumption is regularly monitored and measures taken to rectify in case of deviation from norms. Regular maintenance of efficiencies are done.
- Investment and Proposals : No major investment made.
- Impact of the above measures : The Company's operations do not involve substantial consumption of energy in comparison to the cost of production, however constant attention and maintenance of norms has led to better control.
- Total energy consumption and energy consumption per unit of production is as per Form "A".

**FORM A****Disclosure of particulars with respect to Conservation of Energy : 2022-2023**

			Units	Current Year	Previous Year	
<b>I</b>	<b>Power and Fuel Consumption</b>					
1	Electricity					
(a)	Purchase from Electricity Board		Kwh	<b>463972</b>	431603	
	Total amount		Rs. in lakhs	<b>39.94</b>	33.59	
	Average Cost/Unit		Rs / Kwh	<b>8.61</b>	7.78	
(b)	Own Generation		Kwh	<b>7800</b>	6825	
	Total Amount		Rs. in lakhs	<b>1.60</b>	1.38	
	Average Cost/Unit		Rs / Kwh	<b>20.60</b>	20.31	
2	Others (LSHS / LDO)					
	Quantity		Ltrs	<b>248700</b>	226448	
	Total Cost		Rs. in lakhs	<b>202.50</b>	127.76	
	Average Rate		Rs / Ltrs	<b>81.42</b>	56.42	
<b>II</b>	<b>Consumption per unit of Production</b>					
	Products	Quantity	Item	Unit Qty	Current Year	Previous Year
	Chemicals	3735644.5 kgs	Electricity	0.12 Kwh/Kg.	<b>1.11 Rs./Kg.</b>	0.73 Rs./Kg.
			Furnace Oil / LDO	0.07 Ltrs/Kg.	<b>5.42 Rs./Kg.</b>	2.65 Rs./Kg.



**B. TECHNOLOGY ABSORPTION****FORM B****Disclosure of Particulars with respect to Technology Absorption : 2022-23****(I) Research and Development :****1. Specific area in which R & D is carried out by the company :**

The R & D activities of the company are focused on the following objectives :

- To optimise cost and improve product properties.
- Improving performance of existing products and modifying to meet customers' requirements.
- Development of new products to meet specific applications.
- Improvement in process technology.

**2. Benefit derived as a result of R & D :**

- Company has commercialized a number of new grades of resins as well as garment chemicals and textile chemicals for specific application in export and domestic markets.
- Improvement in product quality and consistency.
- Product and packaging made suitable for export markets.

**3. Future Plan of action :**

The company is focused on continuous improvement in product quality and to develop new products in response to market requirements.

**4. Expenditure on R & D**

- Capital : Nil
- Recurring : 5.92 Lakhs

**(II) Technology, Absorption, Adoption and Innovation :****1. Efforts, in brief made towards technology absorption, adoption and innovation**

Technology development in-house is a continuous process and is tailored to meet changing requirement of the market. The Company has a full-fledged R & D division with equipment and instruments conforming to global standards to carry out Research & Development programs. Continuous research is carried out for process improvements.

**2. Benefit derived as a result of the above efforts**

The company has been able to satisfactorily produce sizing chemicals, which are import substitutes and introduced a wide range of synthetic resins and garment and textile chemicals tailored to the requirement of domestic and overseas customers.

**C FOREIGN EXCHANGE USED & EARNED**

• Activities relating to exports, initiatives to increase exports, development of new Export market for products and service and export plans.	As Mentioned in the Directors' Report
• Total foreign exchange used & earned.	(Rupees in lakhs)
• Foreign exchange earned	Rs. 409.81
Exports at FOB Value	
• CIF value of imports	Rs. 15.92
• Expenditure in foreign exchange	
- Travelling	Rs. 21.80
- Commission	Rs. 4.59
- Legal Charges	Rs. NIL

**ANNEXURE – C****FORM 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 sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

**1. Details of contracts or arrangement or transactions not at arm's length basis:**

Not Applicable, as there were no contracts or arrangements or transactions entered into with related parties which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name of Related Party	:	Indokem Limited
Nature of Relationship	:	Related Party having Common Promoters
Nature of Transaction	:	Sale/Purchase of Goods
Duration of Transaction	:	2022-23
Silent Terms of Transaction including the value	:	1076.62 Lakhs (on Arm's Length and in Ordinary Course of Business)
Date(s) of approval by the Board	:	In the Board meetings held in financial year 2022-23
Amount paid as Advances, if any	:	NIL

**Note:**

All transactions with related parties were in the Ordinary Course of Business and at arm's length basis and were specifically approved by the Audit Committee and the Board of Directors of the Company.

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

Place : Mumbai  
Date : July 25, 2023

**MAHENDRA K. KHATAU**  
Chairman  
(DIN: 00062794)

**ANNEXURE – D****FORM AOC-1***(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)***Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****Part “A”: Subsidiaries**

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

1	Sl. No.	1	2
2	Name of Subsidiary	Refnol Overseas Limited (ROL)	Tex Care Middle East LLC (TCME)
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2022-23	2022-23
4	Reporting currency	USD	AED
5	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	82.18 INR	22.38 INR
6	Share Capital	2,40,000	3,00,000
7	Reserves & Surplus	1,60,430	19,56,932
8	Total assets	4,04,992	55,31,358
9	Total Liabilities	4,562	26,18,541
10	Investments	41,013	-
11	Turnover	16,060	1,32,39,629
12	Profit before taxation	7,025	(4,75,496)
13	Provision for taxation	-	-
14	Profit after taxation	7,025	(4,75,496)
15	Proposed Dividend	-	-
16	% of shareholding	100%	49%

Note: Tex Care Middle East LLC (TCME), owned by ROL and represented by Mr. Mahendra Khatau (49% of share holding) & Shaikh Faisal Bin Sultan Al Qasemi (51 % of Shareholding).

**Part “B”: Associates and Joint Ventures: None****For and on behalf of the Board****For B. R. Shah & Associates**

Chartered Accountants  
(Registration No. 129053W)

**Mahendra K. Khatau**  
Chairman  
DIN: 00062794

**Arup Basu**  
Managing Director  
DIN: 00906760

**DEVAL DESAI**

Partner  
Membership No.132426

**Vikas Agarwal**  
Chief Financial Officer

**Bilal Topia**  
Company Secretary

Place : Ahmedabad  
Date : May 19, 2023

Place : Mumbai  
Date : May 19, 2023

**ANNEXURE-E****FORM NO. MR 3**

**[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]**

**SECRETARIAL AUDIT REPORT**

For the Financial Year ended on 31<sup>st</sup> March, 2023

To,  
The Members,  
Refinol Resins and Chemicals Limited  
CIN: L24200MH1980PLC023507  
410/411, Khatau House, Mogul Lane,  
Mahim, Mumbai - 400016

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 (hereinafter referred to as "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- (i.) The Companies Act, 2013 and the rules made thereunder;
- (ii.) The Securities Contract (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 Overseas Direct Investment, however there are no events in pursuance of Foreign Direct Investment and External Commercial Borrowings;
- (v.) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

We further report that, there were no actions/events in pursuance of;

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (b) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 as amended from time to time;
  - (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- requiring compliance thereof by the Company during the financial year under review.
- (vi.) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations of the Company.

We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of audit, and also on the review of quarterly compliance reports by respective department heads/Company Secretary/Chief Financial Officer/Executive Director taken on record by the Board of Directors of the Company, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company;

- (a) The Air (Prevention and Control of Pollution) Act, 1981;
- (b) The Water (Prevention and Control of Pollution) Act, 1974;
- (c) The Environment Protection Act, 1986;
- (d) Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;

- (e) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003;

We have also examined compliance with the applicable clauses/regulations of the following, to the extent applicable to the Company during the audit period:

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

We report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above.

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

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

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at

least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**We further report that** during the audit period, there were no other specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For, Sandip Sheth & Associates**

*Practicing Company Secretaries*  
Firm Unique Code: P2001GJ041000  
UDIN: A032597E000668309

**Prashant Prajapati**

*Partner*

ACS:32597

CP No.: 12531

*Firm Peer Review Regn. No:- 1427/2021*

Date: 25<sup>th</sup> July, 2023

Place: Ahmedabad

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

**"Annexure – A"**

To,  
The Members,  
Refinol Resins and Chemicals Limited  
CIN: L24200MH1980PLC023507  
410/411, Khatau House, Mogul Lane,  
Mahim, Mumbai - 400016

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

1. Due to restrictive movement in connection with COVID-19 second wave, we have not visited the premises and have not physically verified the underlying supporting documents as are normally verified; we have reviewed the transactions and conducted our audit on the basis of the various records in soft file, pdf file and software backups and other documents made available for our verification. However we have relied on the information, statements and position furnished and confirmed by the Company and its designated employees and RTA where ever necessary.
2. Maintenance of records, documents, papers maintained pursuant to Companies Act, 2013 and other applicable laws as reported in our report is the responsibility of the management of the Company. Our responsibility is to express an opinion on these records based on our audit.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis to ensure that correct facts are reflected in the records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company,

as the same are being verified by the statutory/tax/internal auditors from time to time.

5. Where ever required, we have obtained the representations from the Management and respective departmental heads about the Compliance of laws, rules and regulations and happening of events etc. during the audit period.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis, for the purpose of issuing Secretarial Audit Report.
7. The Secretarial Audit 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.
8. We conducted our audit in the manner specified under section 204 of the Companies Act, 2013 and Rules made there under, which seeks an opinion and reasonable assurance about the compliance status of various applicable acts and rules to the Company.

**For, Sandip Sheth & Associates**

*Practicing Company Secretaries  
Firm Unique Code: P2001GJ041000  
Firm Peer Review Regn. No: 1427/2021*

**Prashant Prajapati**

*Partner  
ACS No: 32597  
COP No.:12531*

Date: 25<sup>th</sup> July, 2023  
Place: Ahmedabad

## INDEPENDENT AUDITORS' REPORT

### To

**The Members**

**REFNOL RESINS AND CHEMICALS LIMITED**

### Report on Audit of Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **REFNOL RESINS AND CHEMICALS LIMITED** ("the Company") having CIN L24200MH1980PLC023507, which comprise the standalone Balance Sheet as at March 31, 2023 the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information, which we have signed under reference to this report (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis of Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue Recognition

Revenue from the sale of goods has been recognized when the control of the goods is transferred which is generally in accordance with the terms of sales contracts.

We have identified the recognition of revenue as key audit matter because revenue is a key performance indicator of Company and therefore there is an inherent risk that revenue is manipulated to meet financial expectations or targets. The company has various customers with different terms of trade which increase the risk of error in the timing of revenue recognition.

#### How the matter was addressed in our audit;

##### Our procedures included the following

- Obtain understanding of and assessing the design, implementation and operating effectiveness of management's key internal financial controls in relation to revenue recognition
- Inspecting Customer Order / contracts, on sample basis, to identify the terms and condition relating to the transfer of control of the products sold and assessing the Company's timing of revenue recognition
- Selecting a sample of revenue transactions before and after the financial year end and assessing the timing of revenue recognition by comparing details of the revenue with underlying documents which includes goods delivery note, gate outward register, lorry receipts, shipping documents, etc.
- Circulation of balance confirmation to customer and reconciling the differences if any on amounts confirmed by customer and amounts recorded by management.

#### Information Other than the Financial Statements and Auditors' Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Management discussion and Analysis included in Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements to 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 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 of the assets of the Company and for preventing

and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

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

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

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

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

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

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

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

1. As required by 'the Companies (Auditor's Report) Order, 2020' ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Cash Flow Statement and the Standalone Statement of Changes



in Equity dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 B".
- (g) 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 current 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements;
  - i. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.
  - iii. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to their 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.
- iv. The company has not proposed any dividend during the previous year and has not declared any interim during the year and until the date of the report. Hence, no reporting is applicable with regards to compliance with Section 123.

For, **B. R. Shah & Associates**  
Chartered Accountants  
FRN: 129053W

**Deval Desai**  
Partner

M. No.: 132426

UDIN: 23132426BGQVNC5723

Place: Ahmedabad

Date: May 19, 2023

**ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT**

Referred in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Refnol Resins and Chemicals Limited on the Standalone financial statements as of and for the year ended March 31, 2023

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) The Company has a regular program of physical verification of its Property, Plant and Equipment by which Property, Plant and Equipment are verified in a phased manner over a period of three years. In accordance with this program, certain Property, Plant and Equipment were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the records of the company provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. And with respect to immovable
- properties of land that has been taken on lease, the lease agreements are in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended March 31, 2023.
- (e) According to the information and explanations given by the management, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Hence the reporting requirements under clause (i) (e) of the said order are not applicable.
- ii. (a) Physical verification of inventory has been conducted by Management at regular intervals. In our opinion, the frequency of verification is reasonable. On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (b) As disclosed in note 13 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns / statements filed by the Company with such banks and financial institutions are not in agreement with the books of accounts of the Company in case of inventory statements and the details are as follows:

ICICI Bank Limited – Working Capital Sanctioned Limit (₹ 850 Lakhs)

(₹ in Lakhs)

**Inventory**

Month	Value as per Books of accounts	Value as per Monthly statement	Discrepancy	Reasons
Jun-22	555.08	497.70	57.38	Due to audit / review adjustment for valuation
Sep-22	484.07	492.03	(7.96)	
Dec-22	519.12	503.69	15.43	
Mar-23	458.80	511.51	(52.71)	

While in case of trade receivables, there were no material discrepancies found in the quarterly returns / statements filed by the company with such banks and financial institutions vis-à-vis the books of accounts of the company.

- iii. In our opinion and according to the information and explanations given to us, during the year the Company has not invested in, provided loans, advances in the nature of loans, stood guarantee or provided security to any party. Accordingly, the requirement to report on clause 3(iii)(a) to (f) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act during the year. Accordingly, compliance under Section 185 and 186 of the Act is not applicable to the Company. Hence, clause (iv) of the order is not applicable.
- v. The Company has not accepted any deposits and thus reporting under clause 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of chemicals and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, though there have been delays in a few cases, the Company is regular in depositing undisputed statutory dues of income tax, tax deducted at source, goods and service tax, duty of customs, professional tax, provident fund and ESIC and other statutory dues, as applicable, with the appropriate authorities.

- According to the information and explanations given to us and based on the audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans and borrowings to financial institutions or banks.
- (b) The Company has not been declared 1wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us and based on the overall examination of balance sheet, the money raised through term loans during the year have been utilized for the purpose for which they were raised.
- (d) According to the information and explanations given to us, the company has not utilized funds raised on short term basis for long term purpose.
- (e) According to the information and explanations given to us and based on the overall examination of balance sheet, the company has not borrowed any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and based on the overall examination of balance sheet, the company has not raised loans by providing investments held in subsidiaries, Joint ventures or associate companies as a security for availment of loan.
- x. (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). Accordingly, the provisions of Clause 3(x) (a) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the Management.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by auditors in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- xv. According to the information and explanations given to us and based on the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or any person connected with them. Accordingly, clause (xv) of the Order is not applicable.
- xvi. (a) In our opinion and according to the information and explanations given to us, the company is not required to be registered under sections 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) (a) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the company has not conducted any Non-Banking Financial or Housing Finance activities.
- (c) In our opinion and according to the information and explanations given to us, the company is not a Core Investing Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) Based on the written representation provided to us by the management, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause (xvi) (d) of the Order is not applicable.
- xvii. The company has not incurred cash losses in the current or immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios disclosed in Note 25.12 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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 that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanations given by the management, the provisions of Section 135(5) of the Companies Act, 2013 are not applicable to the company. Hence, the provision of clause 3(xx) of the Order is not applicable.
- xxi. The reporting under Clause(xxi) of the order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For, **B. R. Shah & Associates**  
Chartered Accountants  
FRN: 129053W

**Deval Desai**  
Partner  
M. No.: 132426  
UDIN: 23132426BGQVNC5723

Place: Ahmedabad  
Date: May 19, 2023

#### **ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

Referred to in Annexure referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Refnol Resins and Chemicals Limited on the standalone financial statements as of and for the year ended March 31, 2023

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

##### **Opinion**

We have audited the internal financial controls over financial reporting of **Refnol Resins and Chemicals Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (the Guidance Note")

##### **Management's Responsibility for Internal Financial Controls**

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

##### **Auditors' Responsibility**

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

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

For, **B. R. Shah & Associates**  
Chartered Accountants  
FRN: 129053W

**Deval Desai**  
Partner

Place: Ahmedabad  
Date: May 19, 2023

M. No.: 132426  
UDIN: 23132426BGQVNC5723

## Balance Sheet as at March 31, 2023

₹ lakhs

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	2	1,517.71	1,517.82
b) Capital work-in-progress		39.53	-
c) Intangible assets	3	1.01	0.14
		<b>1,558.25</b>	<b>1,517.96</b>
d) Financial assets			
i) Investments	4	89.13	89.13
ii) Other financial assets	5	8.38	7.84
e) Deferred tax assets (net)		-	-
f) Other non-current assets	6	9.91	8.72
<b>Total non-current assets</b>		<b>1,665.67</b>	<b>1,623.65</b>
<b>2 Current assets</b>			
a) Inventories	7	458.80	517.10
b) Financial assets			
i) Trade receivables	8	905.55	934.97
ii) Cash and cash equivalents	9	42.75	18.40
iv) Bank balances other than cash and cash equivalents above	10	40.81	34.04
iii) Other financial assets	5	3.50	-
c) Other current assets	6	26.87	89.01
<b>Total current assets</b>		<b>1,478.28</b>	<b>1,593.52</b>
<b>Total assets</b>		<b>3,143.95</b>	<b>3,217.17</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	11	330.67	330.67
b) Other equity	12	964.87	944.64
<b>Total equity</b>		<b>1,295.54</b>	<b>1,275.31</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	13	109.12	24.87
ii) Other financial liabilities	14	197.43	190.19
b) Provisions	15	159.81	133.71
<b>Total non-current liabilities</b>		<b>466.36</b>	<b>348.77</b>
<b>2 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	13	513.64	548.42
i) Trade payables	16	753.86	818.21
ii) Other financial liabilities	14	58.47	40.49
b) Other current liabilities	17	31.17	161.98
c) Provisions	15	24.91	23.99
<b>Total current liabilities</b>		<b>1,382.05</b>	<b>1,593.09</b>
<b>Total liabilities</b>		<b>1,848.41</b>	<b>1,941.86</b>
<b>Total equity and liabilities</b>		<b>3,143.95</b>	<b>3,217.17</b>

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

**For B. R. Shah & Associates**Chartered Accountants  
(Registration No. 129053W)**Mr. Vikas Agarwal**  
Chief Financial Officer**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794**Mr. Deval Desai**Partner  
Membership No : 132426  
UDIN: 23132426BGQVNC5723**Mr. Bilal Topia**  
Company Secretary**Mr. Arup Basu**  
Managing Director  
DIN: 00906760Place: Ahmedabad  
Date : May 19, 2023Place: Mumbai  
Date : May 19, 2023

## Statement of Profit and Loss for the year ended March 31, 2023

₹ lakhs

Particulars	Note	2022-23	2021-22
<b>Income</b>			
Revenue from operations	18	3,804.96	3,481.02
Other income	19	3.18	3.61
<b>Total Income</b>		<b>3,808.14</b>	<b>3,484.63</b>
<b>Expenses</b>			
Cost of materials consumed	20	2,578.90	2,692.06
Changes in inventories of finished goods and work-in-progress	21	60.25	(120.64)
Employee benefit expenses	22	362.57	288.77
Finance costs	23	81.82	81.29
Depreciation and amortisation expenses	2	53.58	48.13
Other expenses	24	642.72	507.87
<b>Total expenses</b>		<b>3,779.84</b>	<b>3,497.48</b>
<b>Profit / (loss) before tax</b>		<b>28.30</b>	<b>(12.85)</b>
<b>Tax expense</b>			
Current tax	25.3	-	-
Adjustment of earlier years	25.3	-	4.21
Deferred tax	25.3	-	-
<b>Total tax expense</b>		<b>-</b>	<b>4.21</b>
<b>Profit / (Loss) for the year</b>		<b>28.30</b>	<b>(17.06)</b>
<b>Other comprehensive income</b>			
A) Items that will not be reclassified to profit and loss		(8.07)	0.02
Remeasurement gains/(loss) on defined benefit plans		(8.07)	0.02
Income tax relating to these items		-	-
<b>Other comprehensive income, net of tax</b>		<b>(8.07)</b>	<b>0.02</b>
<b>Total comprehensive income for the year</b>		<b>20.23</b>	<b>(17.04)</b>
Basic and diluted earning ₹ per Equity share of ₹ 10 each	25.8	0.92	(0.55)

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

**For B. R. Shah & Associates**  
Chartered Accountants  
(Registration No. 129053W)

**Mr. Deval Desai**  
Partner  
Membership No : 132426  
UDIN: 23132426BGQVNC5723

Place: Ahmedabad  
Date : May 19, 2023

For and on behalf of the Board of Directors

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Bilal Topia**  
Company Secretary

Place: Mumbai  
Date : May 19, 2023

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760

## Statement of Cash Flows for the year ended March 31, 2023

₹ lakhs

Particulars	2022-23	2021-22
<b>A. Cash flow from operating activities</b>		
Profit before tax	28.30	(12.85)
Adjustments for:		
<b>Add:</b>		
Depreciation and amortisation expenses	53.58	48.13
Finance costs	81.82	81.29
Unrealised exchange rate difference (net)	13.71	0.01
Provision for doubtful debts	12.00	5.66
	<b>161.11</b>	<b>135.09</b>
	<b>189.41</b>	<b>122.24</b>
<b>Less:</b>		
Interest Income	1.96	1.66
Sundry Credit Balances Appropriated	1.15	1.91
	<b>3.11</b>	<b>3.57</b>
<b>Operating profit before working capital changes</b>	<b>186.30</b>	<b>118.67</b>
Adjustments for:		
Inventories	58.30	(196.95)
Trade receivables	17.37	(287.16)
Bank balances other than cash and cash equivalents	(6.77)	11.40
Other current financial assets	(3.50)	-
Other current assets	62.14	30.83
Other non-current financial assets	(0.54)	0.67
Trade payables	(63.28)	315.23
Other current financial liabilities	12.37	0.57
Other current liabilities	(130.81)	141.59
Other non-current financial liabilities	(6.34)	18.83
Current Provisions	0.92	(22.03)
Non-current Provisions	18.03	16.50
	<b>(42.11)</b>	<b>29.48</b>
<b>Cash generated from operations</b>	<b>144.19</b>	<b>148.15</b>
<b>Less:</b>		
Direct taxes net of refund	1.19	1.53
<b>Net cash flow from operating activities</b>	<b>143.00</b>	<b>146.62</b>
	<b>A</b>	



Particulars	2022-23	2021-22
<b>B. Cash flow from investing activities</b>		
Payments towards property, plant and equipment	(92.55)	(83.51)
Payments towards purchase of intangible assets	(1.32)	(0.15)
Interest received	1.96	2.30
Net cash from /(used in) investing activities	<b>B (91.91)</b>	<b>(81.36)</b>
<b>C. Cash flow from financing activities</b>		
Net Proceeds from Borrowings	49.47	(8.54)
Interest and Finance charges paid	(76.21)	(81.98)
<b>Net cash used in financing activities</b>	<b>C (26.74)</b>	<b>(90.52)</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C 24.35</b>	<b>(25.26)</b>
<b>Opening balance - cash and cash equivalents</b>	18.40	43.66
<b>Closing balance - cash and cash equivalents</b>	42.75	18.40

The accompanying Notes form an integral part of the Financial Statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the IND AS 7 on statement of Cash flow as notified under Companies (Accounts) Rules, 2015.

As per our attached report of even date

**For B. R. Shah & Associates**

Chartered Accountants  
(Registration No. 129053W)

**Mr. Deval Desai**

Partner  
Membership No : 132426  
UDIN: 23132426BGQVNC5723

Place: Ahmedabad  
Date : May 19, 2023

For and on behalf of the Board of Directors

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Bilal Topia**  
Company Secretary

Place: Mumbai  
Date : May 19, 2023

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760

### Statement of Changes in Equity for the year ended March, 31 2023

A. Equity share capital	₹ lakhs	
	Notes	Amount
<b>As at April 1, 2021</b>		<b>330.67</b>
Changes in Equity share capital due to prior period errors		-
<b>Restated Balance at the beginning of the current reporting period</b>		<b>330.67</b>
Changes in Equity share capital		-
<b>As at March 31, 2022</b>		<b>330.67</b>
Changes in Equity share capital due to prior period errors		-
<b>Restated Balance at the beginning of the current reporting period</b>		<b>330.67</b>
Changes in Equity share capital		-
<b>As at March 31, 2023</b>	<b>11</b>	<b>330.67</b>

B. Other equity	₹ lakhs			
	Notes	Reserves and surplus		Total Other Equity
		Security premium	Retained earnings	
<b>As at April 1, 2021</b>		<b>201.18</b>	<b>760.50</b>	<b>961.68</b>
Profit / (loss) for the year		-	(17.06)	(17.06)
Other comprehensive income		-	0.02	0.02
Total comprehensive income for the year		-	(17.04)	(17.04)
<b>As at March 31, 2022</b>	<b>12</b>	<b>201.18</b>	<b>743.46</b>	<b>944.64</b>
Profit / (loss) for the year		-	28.30	28.30
Other comprehensive income		-	(8.07)	(8.07)
Total comprehensive income for the year		-	20.23	20.23
<b>As at March 31, 2023</b>	<b>12</b>	<b>201.18</b>	<b>763.69</b>	<b>964.87</b>

As per our attached report of even date

**For B. R. Shah & Associates**  
Chartered Accountants  
(Registration No. 129053W)

**Mr. Deval Desai**  
Partner  
Membership No : 132426  
UDIN: 23132426BGQVNC5723

Place: Ahmedabad  
Date : May 19, 2023

For and on behalf of the Board of Directors

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Bilal Topia**  
Company Secretary

Place: Mumbai  
Date : May 19, 2023

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760

## Notes to the Financial Statements

### Background

Refinol Resins and Chemicals Limited (the 'Company') is a limited company having MCACINL24200MH1980PLC023507 incorporated and domiciled in India. It is engaged in manufacturing and marketing of resins and chemicals. The registered office of the Company is located at Plot no. 410/411, Khatau House, Mogul Lane, Mahim, Mumbai-400 016 and its principal place of business is located at Ahmedabad 382 330, Gujarat, India.

### Note 1 Significant Accounting Policies

The note provide a list of significant Accounting Policies adopted by the Company in preparation of these Financials Statements. This policies have been consistently applied to all the years presented, unless otherwise specified.

#### a) Basis of preparation:

##### i) Compliance with Ind AS:

The Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### ii) Historical cost convention:

The Financial Statements have been prepared on a historical cost basis, except certain land and building classified as Property, plant and equipment.

##### iii) Current versus Non current Classification

All the assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

##### iv) Recent accounting pronouncements:

Standards issued / amended but not yet effective:

The Ministry of Corporate Affairs (MCA) notifies new standards | amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

- **Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Standalone Financial Statements.

- **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no material impact on its Standalone Financial Statements.

- **Ind AS 12 - Income taxes:**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no material impact on its Standalone Financial Statements.

#### b) Foreign Currency Transactions:

##### i) Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (₹), which is also the functional and presentation currency of the Company.

##### ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain | (loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. All foreign exchange gain | (loss) are presented in the Statement of Profit and Loss on a net basis within other income | (expense).

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### c) Revenue Recognition:

##### i) Sale of Goods and Services:

Revenue from sales is recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**ii) Other Income:**

- i) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- ii) Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**d) Taxation:**

- i) Income tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.
- ii) Deferred tax asset and deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. Deferred tax assets are reviewed at each Balance Sheet date to reassure realisation.

**e) Property, Plant and Equipment:****i) Tangible Assets:**

Property, plant and equipment are measured at cost of acquisition/construction including incidental expenses directly attributable to the acquisition|construction activity and capitalised borrowing cost as the case may be, less accumulated depreciation, amortisation and impairment as necessary.

**ii) Intangible Assets:**

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

**f) Depreciation and Amortisation:****Depreciation:**

- (i) Depreciation is being provided on a pro-rata basis on the 'Straight Line Method' over the estimated useful lives of the assets.
- (ii) Depreciation is being calculated on a pro-rata basis from the date of acquisition|installation till the date the assets are sold or disposed off.
- (iii) Useful lives of the assets as prescribed under Schedule II to the Companies Act, 2013 are applied. The cost of lease hold land (revalued) is amortised over the unexpired period of lease from the date of lease.
- (iv) The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**Amortisation:**

Computer software cost is amortised over a period of 3 years using straight-line method.

Estimated useful life of the assets are as follow:

Type of Asset	Useful Life
Lease Hold Land	99 years
Buildings	30 years
Leasehold Improvement	5 years
Plant and equipment	3 to 20 years
Furniture & Fixtures	5 to 10 years
Office equipment	5 years
Vehicle	3 to 6 years

**g) Impairment of Assets:**

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal / external factors. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that will be determined if no impairment loss had previously been recognised.

**h) Cash and cash equivalents:**

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (3 months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**i) Inventories:**

- i) Raw materials, packing materials, work-in-progress, finished goods, fuel, stores and spares are valued at cost or net realisable value whichever is lower. Cost is arrived at on First in First Out (FIFO) basis.
- ii) Goods-in-transit are stated at the cost to the date of Balance Sheet.
- iii) Scrap materials are valued at net realisable value.
- iv) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- v) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

**j) Investments and other financial assets:****Classification:**

The Company classifies its financial assets in the following measurement categories:

- i) Those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss)
- ii) Those measured at amortised cost

The classification depends the business model of the entity for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

#### **Initial recognition and measurement:**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

#### **Subsequent measurement:**

After initial recognition, financial assets are measured at:

- i) Fair value {either through Other Comprehensive Income (FVOCI) or through profit or loss (FVPL)} or,
- ii) Amortised cost

#### **Measured at amortised cost:**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any, the amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

#### **Measured at fair value through Other Comprehensive Income (OCI):**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through Other Comprehensive Income. Fair value movements are recognised in the OCI. Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain/(loss) previously recognised in OCI is reclassified from the equity to other income in the Statement of Profit and Loss.

#### **Measured at fair value through profit or loss:**

A financial asset not classified as either amortised cost or FVOCI, is classified as FVPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as other income in the Statement of Profit and Loss.

#### **Equity instruments:**

The Company subsequently measures all investments in equity instruments other than subsidiary companies,

associate company and joint venture company at fair value. The Management of the Company has elected to present fair value gains and losses on such equity investments in Other Comprehensive Income, and there is no subsequent reclassification of these fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payment is established.

#### **Investments in subsidiary companies:**

Investments in subsidiary companies, associate company and joint venture company are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary companies, associate company and joint venture company, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

#### **Impairment of financial assets:**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### **De-recognition:**

A financial asset is de-recognised only when the Company:

- i) has transferred the rights to receive cash flows from the financial asset or
- ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **Financial liabilities:**

##### **i) Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### **ii) Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.

**iii) Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**iv) De-recognition**

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

**k) Offsetting financial instruments:**

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

**l) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/(expense).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**m) Borrowing Costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**n) Provisions and Contingent Liabilities:**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events,

it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of best estimate of the Management of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**o) Employee benefits:****Short-term employee benefits:**

All employee benefits payable within 12 months of service such as salaries, wages, bonus, ex-gratia, medical benefits etc. are recognised in the year in which the employees render the related service and are presented as current employee benefit obligations within the Balance Sheet. Termination benefits are recognised as an expense as and when incurred. Short-term leave encashment is provided at undiscounted amount during the accounting period based on service rendered by employees.

**Other long-term employee benefits:**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**Defined contribution plan:**

Contributions to defined contribution schemes such as contribution to Provident Fund, Employees' State Insurance Corporation, National Pension Scheme and Labours Welfare Fund are charged as an expense to the Statement of Profit

and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**Defined benefit plan:**

**Gratuity:**

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the Balance Sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability with a corresponding charge to the Statement of Profit and Loss. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in Other Comprehensive Income. They are included in retained earnings in the Statement of changes in equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**p) Earnings per share**

Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the period. Earnings considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for the period.

**q) Critical estimates and judgments:**

Preparation of the Financial Statements requires use of accounting estimates which, by definition, will seldom equal the actual results. This Note provides an overview of the areas that involved a higher degree of judgements or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

The areas involving critical estimates or judgements are:

- i) Estimation of useful life of tangible assets
- ii) Estimation of defined benefit obligation

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**Note 2 Property, plant and equipment**

₹ lakhs

Particulars	Lease Hold Land	Buildings	Plant and equipment	Furniture & Fixtures	Office equipment	Vehicle	Total
<b>Gross carrying amount</b>							
<b>As at April 1, 2021</b>	1,293.59	136.46	231.47	1.34	11.24	38.60	1,712.70
Additions	-	-	48.76	-	1.55	33.20	83.51
Deductions and adjustments	-	-	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>1,293.59</b>	<b>136.46</b>	<b>280.23</b>	<b>1.34</b>	<b>12.79</b>	<b>71.80</b>	<b>1,796.21</b>
Additions	-	-	50.01	-	3.01	-	53.02
Other adjustments	-	-	-	-	-	-	-
Deductions and adjustments	-	-	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>1,293.59</b>	<b>136.46</b>	<b>330.24</b>	<b>1.34</b>	<b>15.80</b>	<b>71.80</b>	<b>1,849.23</b>
<b>Depreciation   Amortisation</b>							
<b>Upto April 1, 2021</b>	100.70	37.73	55.44	1.11	7.81	27.48	230.27
For the year	20.00	8.10	12.60	0.05	1.10	6.27	48.12
Deductions and adjustments	-	-	-	-	-	-	-
<b>Upto March 31, 2022</b>	<b>120.70</b>	<b>45.83</b>	<b>68.04</b>	<b>1.16</b>	<b>8.91</b>	<b>33.75</b>	<b>278.39</b>
For the year	20.01	8.09	14.97	0.05	1.50	8.52	53.13
Deductions and adjustments	-	-	-	-	-	-	-
<b>Upto March 31, 2023</b>	<b>140.71</b>	<b>53.92</b>	<b>83.01</b>	<b>1.21</b>	<b>10.41</b>	<b>42.27</b>	<b>331.52</b>
<b>Net carrying amount</b>							
<b>As at March 31, 2022</b>	<b>1,172.89</b>	<b>90.63</b>	<b>212.19</b>	<b>0.18</b>	<b>3.88</b>	<b>38.05</b>	<b>1,517.82</b>
<b>As at March 31, 2023</b>	<b>1,152.88</b>	<b>82.54</b>	<b>247.23</b>	<b>0.13</b>	<b>5.40</b>	<b>29.53</b>	<b>1,517.71</b>

**Note 3 Intangible assets**

	Computer software
<b>a) Gross carrying amount</b>	
As at April 1, 2021	0.54
Additions	0.15
As at March 31, 2022	0.69
Additions	1.32
<b>As at March 31, 2023</b>	<b>2.01</b>
<b>b) Depreciation   Amortisation</b>	
Upto April 1, 2021	0.54
For the year	0.01
Upto March 31, 2022	0.55
For the year	0.45
<b>Upto March 31, 2023</b>	<b>1.00</b>
<b>c) Net carrying amount</b>	
As at March 31, 2022	0.14
<b>As at March 31, 2023</b>	<b>1.01</b>



<b>Note 4 Non-current Investments</b>		₹ lakhs		
	As at March 31, 2023	As at March 31, 2022		
<b>Investment in equity instruments (fully paid-up)</b>				
<b>i) Subsidiary companies measured at cost</b>				
Unquoted				
In foreign subsidiary companies measured at cost				
240000 Equity shares of Refnol Overseas of US \$ 1/each	89.13	89.13		
	<b>89.13</b>	<b>89.13</b>		
<b>Note 5 Other financial assets</b>		₹ lakhs		
	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Security deposits for utilities and premises	-	8.38	-	7.84
b) Interest Accrued but not due on fixed deposit	-	-	-	-
c) Others	3.50	-	-	-
	<b>3.50</b>	<b>8.38</b>	-	<b>7.84</b>
<b>Note 6 Other assets</b>		₹ lakhs		
	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Balances with the Government authorities				
i) Tax paid in advance, net of provisions	-	4.29	-	3.10
ii) Balances with the statutory authorities	7.81	1.85	71.88	1.85
b) Advances - Others	5.64	-	4.42	-
c) Prepayment - Others	5.51	-	6.52	-
d) Capital Advances	-	-	-	-
e) Export incentive receivable	-	-	1.31	-
f) Other Receivables				
i) Advances to Employees	6.97	-	3.69	-
ii) Others	0.94	3.77	1.19	3.77
	<b>26.87</b>	<b>9.91</b>	<b>89.01</b>	<b>8.72</b>
<b>Note 7 Inventories</b>		₹ lakhs		
	As at March 31, 2023	As at March 31, 2022		
a) Raw materials ,packing materials and consumables	275.20	273.25		
b) Work-in-progress	16.60	-		
c) Finished goods	167.00	243.85		
	<b>458.80</b>	<b>517.10</b>		

<b>Note 8 Trade receivables</b>		₹ lakhs	
		<b>As at</b>	<b>As at</b>
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
a) Unsecured, considered good			
i) Trade receivables		466.25	604.81
ii) Related parties (refer note 25.2)		439.30	330.16
b) Unsecured, considered doubtful		22.49	36.16
Less: Provision for doubtful debts		22.49	36.16
<b>Total receivables</b>		<b>905.55</b>	<b>934.97</b>

**Trade Receivables Ageing as at 31<sup>st</sup> March, 2023**

Particulars	Not Due	Outstanding for following periods from due date of Payment					Total
		Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - Considered Good	435.97	414.10	20.15	18.15	7.89	-	896.26
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	31.78	31.78

**Trade Receivables Ageing as at 31<sup>st</sup> March, 2022**

Particulars	Not Due	Outstanding for following periods from due date of Payment					Total
		Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - Considered Good	433.09	443.76	7.84	25.74	25.39	-	935.82
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	35.31	35.31

**Note:** Allowances for doubtful debts includes expected credit loss provision.

<b>Note 9 Cash and cash equivalents</b>		₹ lakhs	
		<b>As at</b>	<b>As at</b>
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
a) i) Balances with banks in current accounts		41.47	10.06
ii) Deposit		-	-
b) Cash on Hand		1.28	8.34
		<b>42.75</b>	<b>18.40</b>

**Note 10 Bank balances other than cash and cash equivalents**

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
a) Margin Money deposit (Fixed Deposits)	39.06	32.29
b) Unpaid dividend account*	1.75	1.75
	<b>40.81</b>	<b>34.04</b>

\*Note: The Company can utilise these balances only towards payment of dividend.

**Note 11 Equity share capital**

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
40,00,000 (40,00,000) Equity shares of ₹ 10 each	400.00	400.00
	<b>400.00</b>	<b>400.00</b>
<b>Issued</b>		
35,23,500 (35,23,500) Equity shares of ₹ 10 each	352.35	352.35
	<b>352.35</b>	<b>352.35</b>
<b>Subscribed</b>		
30,89,900 (30,89,900) Equity shares of ₹ 10 each, fully paid	308.99	308.99
Add: 4,33,600 (4,33,600) Equity shares Forfeited Shares	21.68	21.68
	<b>330.67</b>	<b>330.67</b>

**a) Movement in Equity share capital**

₹ lakhs

	Number of shares	Equity share capital
As at March 31, 2021	30,89,900	308.99
As at March 31, 2022	30,89,900	308.99
As at March 31, 2023	30,89,900	308.99

**b) Terms and rights attached to equity shares**

The Company has one class of shares referred to as Equity shares having a par value of ₹ 10.

**i) Equity shares:**

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

**ii) Dividend:**

The Board of Director has recommended not to declare dividend for current financial year as well as for the preceding financial year.

**c) Details of Shareholders holding more than 5% of Equity shares:**

No	Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
		Holding %	Number of shares	Holding %	Number of shares
1	Mahendra Kishore Khatau	41.48%	12,81,789	41.48%	12,81,789
2	Khatau Leasing & Finance Company Private Limited	7.28%	2,25,000	7.28%	2,25,000

## d) Details of promoters' shareholding:

No	Name of the Shareholder	As at March 31, 2023		As at March 31, 2022		% of Change during the year
		Holding %	Number of shares	Holding %	Number of shares	
1	Mahendra Kishore Khatau	41.48%	12,81,789	41.48%	12,81,789	0.00%
2	Khatau Leasing & Finance Company Private Limited	7.28%	2,25,000	7.28%	2,25,000	0.00%
3	Vindhyapriya Holdings Private Limited	4.05%	1,25,000	4.05%	1,25,000	0.00%
4	Manish Mahendra Khatau	0.28%	8,553	0.28%	8,553	0.00%
5	Priya Mahendra Khatau	0.23%	7,021	0.23%	7,021	0.00%
6	Asha Mahendra Khatau	0.22%	6,768	0.22%	6,768	0.00%
7	Prism Plantations Private Limited	0.03%	1,000	0.03%	1,000	0.00%
8	Anil Kishore Khatau	0.01%	300	0.01%	300	0.00%

## Note 12 Other equity

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
<b>a) Securities Premium</b>	201.18	201.18
<b>b) Retained Earnings</b>		
Balance as at the beginning of the year	743.46	760.50
Add: Profit / (loss) for the year	28.30	(17.06)
Add: Other Comprehensive Income	(8.07)	0.02
Balance as at the end of the year	763.69	743.46
	<b>964.87</b>	<b>944.64</b>

## Note 13 Borrowings

₹ lakhs

	Maturity	Terms of Repayment	Effective Interest Rate	As at March 31, 2023		As at March 31, 2022		
				Current	Non current	Current	Non current	
<b>a) Secured</b>								
i)	Rupee term loan from Bank (Refer Note a)	Jul 2022	47 monthly equal installments	10.25%	-	-	-	0.81
ii)	Rupee term loan from Other (Refer Note b)	Oct 2022	59 monthly equal installments	8.49%	-	-	-	2.41
iii)	Working capital loans from banks (Refer Note c)	Repayable on demand	Repayable on demand	6.10 % to 11.00%	452.41	-	460.84	-
iv)	Rupee term loan from Bank (Refer Note d)	Sep 2026	60 monthly equal installments	7.40%	-	22.13	-	27.47
<b>b) Unsecured</b>								
i)	Rupee term loan from Bank	Dec 2022 to Nov 2025	24 and 36 monthly equal installments	15.00% to 17.00%	-	63.32	-	5.80
ii)	Rupee term loan from Other	Oct 2022 to Oct 2025	24 to 36 monthly equal installments	14.00% to 19.00%	-	84.90	-	32.53
iii)	Inter Corporate Deposit	3 to 4 months	3 to 4 months	15%	-	-	43.43	-
					<b>452.41</b>	<b>170.35</b>	<b>504.27</b>	<b>69.02</b>
	Amount of current maturities of long-term debt				<b>61.23</b>	<b>(61.23)</b>	<b>44.15</b>	<b>(44.15)</b>
					<b>513.64</b>	<b>109.12</b>	<b>548.42</b>	<b>24.87</b>

- a) From Bank against hypothecation of fork lift.  
b) From Financial Institution against hypothecation of car.  
c) Secured by a first charge over the entire fixed and current assets and personally guaranteed by two Promoter Directors of the Company.  
d) From Bank against hypothecation of Vehicle.

**Note 14 Other financial liabilities**

₹ lakhs

No	Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
		Current	Non current	Current	Non current
a)	Security deposits	3.30	-	3.30	-
b)	Interest accrued but not due	6.28	-	0.67	-
c)	Accrued compensation to employees	45.47	-	33.10	-
d)	Unclaimed Dividend	1.75	-	1.75	-
e)	Others*	1.67	197.43	1.67	190.19
		<b>58.47</b>	<b>197.43</b>	<b>40.49</b>	<b>190.19</b>

\* Non Current other financial liabilities are dues to related party. Refer Note 25.2

**Note 15 Provisions**

₹ lakhs

	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Provision for leave entitlement*	11.04	40.14	9.92	31.42
b) Provision for Gratuity (refer note 25.4)	7.25	119.66	7.20	102.29
c) Provision for Bonus to employees	6.63	-	6.87	-
	<b>24.91</b>	<b>159.81</b>	<b>23.99</b>	<b>133.71</b>

\*Information about individual provisions and significant estimates - Leave entitlement

The leave entitlement covers the liability for earned leave. Out of the total amount disclosed above, the amount of ₹ 11.04 lakh (PY ₹ 9.92 lakh) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

**Note 16 Trade payables**

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
	a) Related party (refer note 25.2)	71.81
b) Dues to micro, medium and small enterprise*	-	-
c) Dues to others	682.05	814.51
	<b>753.86</b>	<b>818.21</b>

\*Disclosure under Micro, Small and Medium Enterprises Development Act:

The company has not received any intimation from the suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 ('the act') and hence disclosures regarding a) Amount due and outstanding to suppliers as at end of the accounting year b) interest paid during the year, c) interest payable at the end of the accounting year, d) interest accrued and unpaid at the end of the accounting year, has not been disclosed or provided. The company is making efforts to get the confirmations from the suppliers as regard their status under the act.

**Trade Payables Ageing as at 31<sup>st</sup> March, 2023**

Particulars	Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) MSME	-	-	-	-	-	-
(ii) Others	293.57	446.99	1.15	0.15	12.01	753.86
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-

**Trade Payables Ageing as at 31<sup>st</sup> March, 2022**

Particulars	Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) MSME	-	-	-	-	-	-
(ii) Others	352.31	452.04	1.85	0.01	12.00	818.21
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-

**Note 17 Other current liabilities**

₹ lakhs

	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Statutory dues	21.82	-	10.56	-
b) Advances received from customers	9.35	-	151.42	-
c) Interest accrued but not due on borrowings	-	-	-	-
	<b>31.17</b>	<b>-</b>	<b>161.98</b>	<b>-</b>

**Note 18 Revenue from operations**

₹ lakhs

	2022-23	2021-22
<b>Revenue</b>		
Sale of products	3,611.63	3,361.22
Sale of service	184.98	115.04
<b>Other operating revenue</b>		
Duty Drawback	8.35	4.76
	<b>3,804.96</b>	<b>3,481.02</b>

**Note 19 Other income**

₹ lakhs

	2022-23	2021-22
Interest Income	1.96	1.66
Insurance Claim	0.07	0.04
Sundry credit balances appropriated	1.15	1.91
	<b>3.18</b>	<b>3.61</b>

<b>Note 20 Cost of materials consumed</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
<b>Raw materials and packing materials consumed</b>		
Stocks at commencement	263.54	194.41
Add: Purchase	2,582.38	2,761.19
	<b>2,845.92</b>	<b>2,955.60</b>
Less: Stocks at close	267.02	263.54
	<b>2,578.90</b>	<b>2,692.06</b>
<b>Note 21 Changes in inventories of finished goods and work-in-progress</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
<b>Stocks at close</b>		
Finished goods	167.00	243.85
Stock in WIP	16.60	-
	<b>183.60</b>	<b>243.85</b>
<b>Less: Stocks at commencement</b>		
Finished goods	243.85	119.26
Stock in WIP	-	3.95
	<b>243.85</b>	<b>123.21</b>
(Increase)   Decrease in Stocks	<b>60.25</b>	<b>(120.64)</b>
<b>Note 22 Employee benefit expenses</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
Salaries, wages and bonus	302.27	240.01
Contribution to Provident and other funds (refer Note 25.4)	40.41	34.88
Staff welfare	19.89	13.88
	<b>362.57</b>	<b>288.77</b>
<b>Note 23 Finance costs</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
Interest on borrowings	79.01	74.97
Interest on others	-	-
Other borrowing cost	2.81	6.32
	<b>81.82</b>	<b>81.29</b>
<b>Note 24 Other expenses</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
Consumption of stores and spares	4.28	12.40
Power, fuel and water	243.46	158.60
Building repairs	4.70	1.67
Plant and equipment repairs	13.01	10.83
Sundry repairs	0.93	0.83
Labour Charges	38.19	39.26
Laboratory Expenses	5.92	4.50

	2022-23	2021-22
Rent	4.90	4.01
Postage & Telegram Expenses	8.35	6.71
Insurance	4.67	4.41
Municipal and Other taxes	2.48	4.37
Advertisement Expenses	0.96	0.48
Outward Freight, cartage and octroi	137.00	157.09
Commission expenses	9.37	3.85
Conveyance	40.56	22.27
Travelling Expenses	42.86	7.18
Payments to the Auditors		
a) Audit fees		
Statutory Audit Fees	2.78	3.43
b) Other matters	0.14	0.13
Directors' fees	2.63	4.88
Provision for doubtful debts	12.00	5.66
Legal and professional charges	22.47	24.58
Exchange rate difference (net)	7.59	4.87
Miscellaneous expenses	33.47	25.87
	<b>642.72</b>	<b>507.87</b>

#### Note 25.1 Contingent liabilities

##### a) Claims against the Company not acknowledged as debts :

The disputed demands for taxes and other matters amounts as of the reporting period ends are respectively as follows:

₹ lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Claims against the Company not acknowledged as debts in respects of:</b>		
i) Other Matters	3.75	3.75

Note: Future cash outflows above are determinable on receipt of judgement.

#### Note 25.2 (A) Related Party information

Name of the Related Party and nature of relationship

No.	Name of the Related Party	Description of relationship
	Party where control exists	
01	Refnol Overseas Limited	Subsidiary
02	Tex Care Middle East LLC	Step-down Subsidiary
<b>Other related parties with whom transactions have taken place during the year</b>		
01	Indokem Limited	Entity over which control exercised by Key Management Personnel
<b>Key Management Personnel and Relatives</b>		
01	Mr. Mahendra K. Khatau, Chairman	
02	Mr. Arup Basu, Managing Director	
03	Mr. Vikas Agarwal, Chief Financial Officer	
04	Mr. Bilal Topia, Company Secretary	
05	Mrs. Leela K. Khatau, Executive (relative of Mr. Mahendra K. Khatau, Chairman)	



<b>Note 25.2 (B) Transactions</b>		₹ lakhs	
		<b>2022-23</b>	<b>2021-22</b>
<b>a)</b>	<b>Sales and income</b>		
01	Sale of goods	<b>930.53</b>	<b>1,106.72</b>
	Indokem Limited	863.52	952.45
	Texcare Middle East LLC	67.01	154.27
02	Sale of services	<b>184.98</b>	<b>115.04</b>
	Tex Care Middle East LLC	184.98	115.04
03	Other Receipts	<b>0.53</b>	<b>1.65</b>
	Tex Care Middle East LLC	0.53	1.65
<b>b)</b>	<b>Purchases and expenses</b>		
01	Purchase of goods	<b>58.56</b>	<b>39.70</b>
	Indokem Ltd	58.56	39.70
02	Payment for other service / interest	<b>8.85</b>	<b>8.57</b>
	Smt. Leela K. Khatau (Consultancy charges & medical expenses)	8.85	8.57
03	Remuneration	<b>62.50</b>	<b>62.46</b>
	<b>Mr. Arup Basu, Managing Director</b>	<b>33.75</b>	<b>39.30</b>
	Salary	31.22	36.94
	Contribution to PF	2.25	1.90
	Perquisites	0.28	0.46
	<b>Mr. Vikas Agarwal, Chief Financial Officer</b>	<b>23.28</b>	<b>18.04</b>
	Salary	21.67	16.82
	Contribution to PF	1.15	0.87
	Gratuity	0.46	0.35
	<b>Mr. Bilal Topia, Company Secretary</b>	<b>5.46</b>	<b>5.11</b>
	Salary	4.98	4.71
	Contribution to PF	0.34	0.29
	Gratuity	0.14	0.12
<b>Outstanding balances as at year end</b>		₹ lakhs	
		<b>As at</b>	<b>As at</b>
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
01	Receivables	<b>439.30</b>	<b>330.16</b>
	Indokem Limited	439.30	330.16
02	Payables	<b>272.33</b>	<b>196.11</b>
	Texcare Middle East LLC	197.43	190.19
	Indokem Limited	71.20	2.48
	Smt. Leela K. Khatau	0.61	1.22
	Mr. Arup Basu (Salary & Commission)	1.67	1.28
	Mr. Vikas Agarwal (Salary)	1.12	0.70
	Mr. Bilal Topia (Salary)	0.30	0.24

\*Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

**Note 25.3 Current and Deferred tax**

The major components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

		₹ lakhs	
Particulars	2022-23	2021-22	
<b>a) Income tax expense</b>			
<b>i) Current tax</b>			
Current tax on profits for the year (Dividend Tax)	-	-	
Adjustments for current tax of prior periods	-	4.21	
<b>Total current tax expense</b>	<b>-</b>	<b>4.21</b>	
<b>ii) Deferred tax</b>			
(Decrease)   Increase in deferred tax liabilities	3.47	0.03	
Decrease   (Increase) in deferred tax assets	(3.47)	(0.03)	
<b>Total deferred tax expense (benefit)</b>	<b>-</b>	<b>-</b>	
<b>Income tax expense</b>	<b>-</b>	<b>4.21</b>	

**b) No deferred tax has been recorded or recognised in other comprehensive income during the reporting year.**

**c) No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in net profit or loss or other comprehensive income but directly debited| (credited) to Equity**

**d) Deferred tax liabilities (net)**

The balance comprises temporary differences attributable to:

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
Depreciation (including unabsorbed)	53.87	50.40
<b>Total deferred tax assets</b>	<b>53.87</b>	<b>50.40</b>
Provision for doubtful debts	5.85	9.40
Unavailed leave balance	13.31	10.75
Provision for Gratuity	33.00	28.47
Provision for Bonus	1.72	1.79
<b>Total deferred tax liabilities</b>	<b>53.87</b>	<b>50.40</b>
<b>Net deferred tax (asset)   liability</b>	<b>-</b>	<b>-</b>

**Note 25.4 Employee benefit obligations****Funded Scheme****a) Defined contribution plans:**

The Company pays provident fund contributions to registered provident fund administered by the government at the rate of 12% of basic salary as per regulations. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 24.33 Lakh (PY ₹ 19.32 Lakh).

**Unfunded schemes****Defined benefit plans:****a) Gratuity**

Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Balance sheet amount (Gratuity)		₹ lakhs	
Particulars	Gratuity 2022-23	Gratuity 2021-22	
<b>Components to Employer Expense</b>			
Current Service Cost	5.47	5.12	
Interest Cost	7.92	8.05	
Past service cost	-	-	
Excess provision reversed	-	-	
Actuarial (Gain)/Loss	8.07	(0.02)	
<b>Total expense /(gain) recognised in the P &amp; L A/c.</b>	<b>21.46</b>	<b>13.15</b>	
<b>Net Assets / Liability Recognised in the Balance Sheet</b>			
Present value of obligation as at April 1, 2022 & April 1, 2021	109.49	127.84	
Fair Value of Plan Assets as at April 1, 2022 & April 1, 2021	-	-	
Assets/Liability recognized in Balance Sheet	126.91	109.49	
<b>Change in Defined Benefit Obligation (DBO) during Year ended 31<sup>st</sup> March, 2023 &amp; 31<sup>st</sup> March, 2022</b>			
Present value of obligation as at beginning of the year	109.49	127.84	
Current Service Cost	5.47	5.12	
Interest Cost	7.92	8.05	
Past service cost	-	-	
Actuarial (Gain)/Loss	8.07	(0.02)	
Benefit paid	4.03	31.50	
<b>Present value of obligation as at 31<sup>st</sup> March, 2023 &amp; 31<sup>st</sup> March, 2022</b>	<b>126.91</b>	<b>109.49</b>	
The net liability disclosed above relates to funded and unfunded plans are as follows: ₹ lakhs			
Particulars	As at March 31, 2023	As at March 31, 2022	
Present value of obligations	126.91	109.49	
Fair value of plan assets	-	-	
<b>Deficit of Gratuity plan</b>	<b>126.91</b>	<b>109.49</b>	
<b>Significant estimates: Actuarial assumptions and sensitivity</b>			
The significant actuarial assumptions were as follows: ₹ lakhs			
Particulars	As at March 31, 2023	As at March 31, 2022	
Discount rate	7.50%	7.23%	
Employee Turnover rate	2.00%	2.00%	
Salary growth rate	6.00%	6.00%	
<b>Sensitivity analysis</b>			
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is: ₹ lakhs			
Particulars	Impact on defined benefit obligation		
	Change in assumptions March 31, 2023	Increase in assumptions March 31, 2023	Decrease in assumptions March 31, 2023
Discount rate	1.00%	(7.86)	8.81
Employee Turnover rate	1.00%	0.70	(0.78)
Salary growth rate	1.00%	8.85	(8.04)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

- i) Changes in bond yields  
A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- ii) Inflation risks  
In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.
- iii) Life expectancy  
The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.
- iv) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Mortality rates are obtained from the relevant data.

#### b) Leave Encashment

₹ lakhs

Particulars	Leave entitlement	Leave entitlement
	March 31, 2023	March 31, 2022
i) Present value of unfunded obligations	51.18	41.34
ii) Expense recognised in the Statement of Profit and Loss	10.75	16.63
iii) Discount rate (per annum)	7.50%	7.23%
iv) Salary escalation rate (per annum)	6.00%	6.00%

#### Note 25.5 Fair value measurements

₹ lakhs

Financial instruments by category

Particulars	March 31, 2023			March 31, 2022		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
i) Investments	-	-	89.13	-	-	89.13
ii) Trade receivables	-	-	905.55	-	-	934.97
iii) Cash and cash equivalents	-	-	42.75	-	-	18.40
iv) Bank balances other than cash and cash equivalents above	-	-	40.81	-	-	34.04
v) Other financial assets	-	-	11.88	-	-	7.84
<b>Total financial assets</b>	-	-	<b>1,090.12</b>	-	-	<b>1,084.38</b>
<b>Financial liabilities</b>						
i) Borrowings	-	-	622.76	-	-	573.29
ii) Other financial liabilities	-	-	255.90	-	-	230.68
iii) Trade payables	-	-	753.86	-	-	818.21
<b>Total financial liabilities</b>	-	-	<b>1,632.52</b>	-	-	<b>1,622.18</b>

**Note 25.6 Financial risk management**

Risk Management is an integral part of the business practices of the Company. The framework of Risk Management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The Company has developed and implemented a comprehensive Risk Management System to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised Risk Management System, leading standards and practices have been considered. The Risk Management System is relevant to business reality, pragmatic and simple and involves the following:

- i) Risk identification and definition – Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- ii) Risk classification – Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk interrelationships.
- iii) Risk assessment and prioritisation – Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- iv) Risk mitigation – Focused on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- v) Risk reporting and monitoring – Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

**a) Market risk**

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes can not be normally predicted with reasonable accuracy.

**b) Interest rate risk management:**

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. As company has borrowed loans with fixed rate of interest, primarily it doesn't have any exposure to changes in market interest rates

The following table provides a break-up of the Company's fixed and floating rate borrowings:

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings	170.35	112.45
Floating rate borrowings	452.41	460.84
<b>Total borrowings</b>	<b>622.76</b>	<b>573.29</b>

**c) Credit risk**

The company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to trade/non-trade customers including outstanding receivables.

**d) Liquidity risk**

Liquidity risk refers to the risk that the Company can not meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. As a prudent liquidity risk management measure, the Company closely monitors its liquidity position for the Company's short term and long term funding and liquidity requirement.

The Company manages liquidity risk by maintaining adequate balances on hand, banking facilities from both domestic and international banks/ financial institutions, reserve borrowing facilities and continuously monitoring actual cash flow and by matching the maturity profiles of financial assets and liabilities. Based on past performance and current expectations, the Company believes that the cash and cash equivalents, cash generated from operations and available un-drawn credit facilities, will satisfy its working capital needs, capital expenditure and other liquidity requirements associated with its existing operations, through at least the next twelve months.

**Note 25.7 Segment information**

In accordance with Ind AS 108 'Operating Segments', segment information has been given in the Consolidated Financial Statements of Refnol Resins and Chemicals Ltd, and therefore no separate disclosure on segment information is given in the Standalone Financial Statements.

**Note 25.8 Earning per share**

Earning per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		2022-23	2021-22
Profit for the year attributable to the Equity Shareholders	₹ Lakhs	28.30	(17.06)
Basic   Weighted average number of Equity shares outstanding during the year	Number	30,89,900	30,89,900
Nominal value of Equity share	₹	10.00	10.00
Basic and diluted Earning per Equity share	₹	0.92	(0.55)

**Note 25.9 Regrouped | Recast | Reclassified**

Figures of the earlier year have been regrouped | recast | reclassified wherever necessary.

**Note 25.10 Net debt reconciliation**

₹ lakhs

Particulars	March 31, 2023	March 31, 2022
Cash and cash equivalents	42.75	18.40
Current borrowings	(513.64)	(548.42)
Non-current borrowings	(109.12)	(24.87)
Interest accrued on borrowing	(6.28)	(0.67)
<b>Net Debt</b>	<b>(586.29)</b>	<b>(555.56)</b>

₹ lakhs

Particulars	Other Assets		Liabilities from financing activities		Total
	Cash and cash equivalents	Current borrowings	Non-current borrowings	Other financial liability	
<b>Net debt as at April 1, 2021</b>	<b>43.66</b>	<b>(547.59)</b>	<b>(34.24)</b>	<b>(1.36)</b>	<b>(539.53)</b>
Cash flows	(25.26)	(1.53)	9.38	0.69	(16.72)
Interest Paid	-	41.64	40.34	-	81.98
Interest Expense	-	(40.94)	(40.35)	-	(81.29)
<b>Net debt as at March 31, 2022</b>	<b>18.40</b>	<b>(548.42)</b>	<b>(24.87)</b>	<b>(0.67)</b>	<b>(555.56)</b>
Cash flows	24.35	41.06	(84.92)	(5.61)	(25.12)
Interest Paid	-	34.66	41.55	-	76.21
Interest Expense	-	(40.94)	(40.88)	-	(81.82)
<b>Net debt as at March 31, 2023</b>	<b>42.75</b>	<b>(513.64)</b>	<b>(109.12)</b>	<b>(6.28)</b>	<b>(586.29)</b>

**Note 25.11 Other statutory information (required by Schedule III to the Companies Act, 2013)**

- The Company has not entered into any such 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.
- The Company has complied with the number of layers prescribed under Clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- The Company is not declared wilful defaulter by any bank or financial institution or other lender.
- The Company has not traded or invested in crypto currency or virtual currency during the financial year.

- e) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the year.
- f) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.
- g) No loans or advances in the nature of loans are granted to promoters, Directors, Key Managerial Personnel and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person.

**25.12 Additional Regulatory information**

₹ lakhs

Sr. No.	Ratios	Numerator	Denominator	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	Ratio (Unit)	% Change in Ratio	Reason for Change more than 25%
1	Current Ratio	Total Current Assets	Total Current Liabilities	<b>1.07</b> 1,478.28 1,382.05	<b>1.00</b> 1,593.52 1,593.09	<b>Times</b>	6.93%	NA
2	Debt-Equity Ratio	Total Debt	Shareholders' Equity	<b>0.48</b> 622.76 1,295.54	<b>0.45</b> 573.29 1,275.31	<b>Times</b>	6.93%	NA
3	Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	<b>1.14</b> 163.70 143.05	<b>0.90</b> 112.36 125.44	<b>Times</b>	27.76%	Higher EBIDTA
4	Return on Equity	Net Profit After Taxes	Average Shareholders' Equity	<b>2.20%</b> 28.30 1,285.43	<b>-1.33%</b> (17.06) 1,283.83	<b>%</b>	-265.68%	Profit in current year
5	Inventory Turnover ratio	Sales of Product & Service	Average Inventory	<b>7.78</b> 3,796.61 487.95	<b>8.30</b> 3,476.26 418.63	<b>Times</b>	-6.30%	NA
6	Trade Receivables Turnover Ratio	Sales of Product & Service	Average Accounts Receivables	<b>4.13</b> 3,796.61 920.26	<b>4.37</b> 3,476.26 795.57	<b>Times</b>	-5.58%	NA
7	Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	<b>3.29</b> 2,582.38 786.04	<b>4.17</b> 2,761.19 661.55	<b>Times</b>	-21.29%	NA
8	Net Capital Turnover Ratio	Sales of Product & Service	Average Working Capital	<b>7856.01%</b> 3,796.61 48.33	<b>25907.73%</b> 3,476.26 13.42	<b>%</b>	-69.68%	Increase in working capital
9	Net Profit Ratio	Net Profit	Sales of Product & Service	<b>0.75%</b> 28.30 3,796.61	<b>-0.49%</b> (17.06) 3,476.26	<b>%</b>	-251.89%	Profit in current year against loss of previous year.
10	Return on Capital Employed	Earnings Before Interest and Taxes	Capital Employed	<b>5.74%</b> 110.12 1,918.30	<b>3.70%</b> 68.44 1,848.60	<b>%</b>	55.05%	Increased in earning
11	Return on Investment	Not Applicable						

**Note 25.13 Quarterly Statements filed with Banks for Borrowings against Current Assets**

The Company has sanctioned limit of borrowings from ICICI Bank Limited on security of current assets of ₹ 850 Lakhs. The Company has filed quarterly returns or statements with ICICI Bank which are in agreement with the books of account other than those as set out below:

Month	Value as per Books of accounts (Inventory)	Value as per Monthly statement (Inventory)	Discrepancy	Reasons
Jun-22	555.08	497.70	57.38	
Sep-22	484.07	492.03	(7.96)	Due to audit / review adjustment for valuation and inventory provision amount
Dec-22	519.12	503.69	15.43	
Mar-23	458.80	511.51	(52.71)	

**Note 25.14 Registration or Satisfaction of Charges with Registrar of Companies**

Sr. No.	Charge Holder	Charge Amount	Date of Satisfaction	Status of Charge	Delay (Months)	Reasons for Delay
1	Gujarat State Financial Corporation	16.65	1990*	OPEN	396*	Details required for filing of Satisfaction of Charge not available
2	State Bank of India	4.50	1990*	OPEN	396*	Details required for filing of Satisfaction of Charge not available
3	State Bank of India	4.50	1990*	OPEN	396*	Details required for filing of Satisfaction of Charge not available
4	CITI Bank	0.93	1992*	OPEN	372*	Details required for filing of Satisfaction of Charge not available
5	Canara Bank	10.00	1995*	OPEN	336*	Details required for filing of Satisfaction of Charge not available
6	Bank of Baroda	18.00	1995*	OPEN	336*	Details required for filing of Satisfaction of Charge not available

Note: \*Date of Satisfaction of Loan not available.

**Note 25.15 Other Disclosures**

- A. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities ("Intermediaries") with the understanding (whether recorded in writing or otherwise) that the Intermediary shall, whether, directly or indirectly lend or invest in other persons/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 Company has not received any fund from any person or entity, including foreign entities ("Funding party") 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.



**Note 25.16 Authorisation for issue of the Financial Statements**

The Financial Statements were authorised for issue by the Board of Directors on May 19, 2023.

**Note 25.17 Compliance with Approved scheme of Amalgamation**

The Board of Directors of the Company at its meeting held on January 15, 2022 has inter-alia considered and approved the Revised Scheme of Amalgamation of Refnol Resins & Chemicals Limited ("the Company" or "Transferor Company") with Indokem Limited ("Transferee Company"), which includes:

- (i) Transfer and vesting of entire undertakings and business of Transferor Company
- (ii) Allotment of equity Shares of Transferee Company to the shareholders of Transferor Company as per provisions of Section 230 to 232 and other relevant provisions of The Companies Act, 2013.

The appointed date for the scheme is April 1, 2021, or such other date as may be fixed or approved by the National Company Law Tribunal. The scheme is duly approved by shareholders of the company in Extra-Ordinary General Meeting (EGM) held on 11<sup>th</sup> October, 2022. NCLT approval is yet to be received, no accounting effect has been given to the above scheme for the year ended March 31, 2023 and for the year ended March 31, 2022.

As per our attached report of even date

**For B. R. Shah & Associates**

Chartered Accountants  
(Registration No. 129053W)

**Mr. Deval Desai**

Partner  
Membership No : 132426  
UDIN: 23132426BGQVNC5723

Place: Ahmedabad  
Date : May 19, 2023

For and on behalf of the Board of Directors

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Bilal Topia**  
Company Secretary

Place: Mumbai  
Date : May 19, 2023

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760

## INDEPENDENT AUDITORS' REPORT

**To**

**The Members**

**REFNOL RESINS AND CHEMICALS LIMITED**

**Report on the Audit of Consolidated Financial Statements**

### **Opinion**

We have audited the accompanying consolidated financial statements of **REFNOL RESINS AND CHEMICALS LIMITED** ("the Holding Company"); having CIN L24200MH1980PLC023507, and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023 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 period then ended, and a summary of the significant accounting policies and other explanatory information, which we have signed under reference to this report (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other Auditors on separate financial statements of the subsidiary companies referred to in Other matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the group as at March 31, 2023, and their consolidated loss (including other comprehensive income), their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### **Basis of 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, 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 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 that there are no key audit matters to be communicated in our report.

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

- a) The Board of Directors of the Parent is responsible for the other information. The other information comprises the information included in the Letter to shareholders, Operational highlights, Financial charts, Directors' report Analysis, Business Responsibility Report, Dividend Distribution Policy and Performance trend but does not include the Standalone Financial Statements, Consolidated Financial Statements and our Auditor's Reports thereon.
- b) Our opinion on the Consolidated Financial Statements does not cover the other information conclusion thereon.
- c) In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the Financial Statements of the company audited and, in doing so, place reliance on the work of the other Auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary companies, is traced from their Financial Statements audited by other Auditors.
- d) If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

### **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements to 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 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its impact on the Consolidated Financial Statements. We are responsible for the direction,

supervision and performance of the audit of the Financial Statements of such entities or business activities included in the Consolidated Financial Statements of which we are the Independent Auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by other Auditors, such other Auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 financial statements.

We communicate with those charged with governance of the Holding Company 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.

### **Other matters**

We did not audit the financial statements of one subsidiary and one step-down subsidiary, incorporated outside India, whose financial statements reflect total assets (Before consolidation adjustments) of ₹ 1,520.28 lakhs as at March 31, 2023, total revenues (Before consolidation adjustments) of ₹ 2,896.69 lakhs, total net Profit / (loss) after tax (Before consolidation adjustments) of ₹ (79.68) lakhs, total comprehensive income (Before consolidation adjustments) of ₹ (76.59) lakhs and net cash inflow of ₹ 25.39 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These Financial Statements have been audited by other auditors whose reports have been furnished to us by management and our opinion, in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of other auditors.

Above subsidiaries are located outside India whose financial statements/ financial and other information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management

has converted the financial statements / financial and other information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited / reviewed, as applicable, these conversion adjustments made by the Company's management. Our opinion / conclusion, as applicable, in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of the other auditors and the conversion adjustments prepared by the management of the Company and audited by us. Our report on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023, taken on record by the Board of Directors, none of the directors of the holding Company is disqualified as on March 31, 2023 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 with reference to financial statement of the Holding Company, to which requirements of the Act are applicable and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the current period is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements;

- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (b) The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to their 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. The company has not proposed any dividend during the previous year and has not declared any interim during the year and until the date of the report. Hence, no reporting is applicable with regards to compliance with Section 123.
2. Subsidiaries of the company being foreign entities, the Companies (Auditors Report) Order (CARO) is not applicable to them. Also, no adverse remark is reported in CARO Report of holding company for standalone financials statements. Hence, the requirement to report on clause 3(xxii) of the Order is not applicable.

For, **B. R. Shah & Associates**  
Chartered Accountants  
FRN: 129053W

**Deval Desai**  
Partner

M. No.: 132426

Place: Ahmedabad  
Date: May 19, 2023

UDIN: 23132426BGQVND9233

### ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Annexure referred to in paragraph (f) under the heading "Report on other legal and regulatory requirements" of our report to the members of Refnol Resins and Chemicals Limited on the Consolidated financial statements as of and for the year ended March 31, 2023

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

##### Opinion

In conjunction with our audit of the consolidated financial statements of the Refnol Resins and Chemicals Limited ("the holding company") as of and for the year ended 31 March 2023, we have audited the internal financial controls over financial reporting of **Refnol Resins and Chemicals Limited** ("the Holding Company") as of that date. The subsidiary companies being companies incorporated outside India, report on the Internal Financial Controls under Clause (i) of Sub-section 3 of the Section 143 of the Companies Act, 2013 is not applicable.

In our opinion, the Holding 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 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI (the 'guidance Note')

##### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

##### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding company.

##### Meaning of Internal Financial Controls over Financial Reporting

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

##### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

For, **B. R. Shah & Associates**  
Chartered Accountants  
FRN: 129053W

**Deval Desai**  
Partner

Place: Ahmedabad  
Date: May 19, 2023

M. No.: 132426  
UDIN: 23132426BGQVND9233

## Consolidated Balance Sheet as at March 31, 2023

₹ lakhs

Particulars	Note	As at	
		March 31, 2023	March 31, 2022
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	2	1,580.48	1,547.07
b) Capital work-in-progress		39.53	-
c) Intangible assets	3	1.01	0.14
		<b>1,621.02</b>	<b>1,547.21</b>
d) Financial assets			
i) Other financial assets	4	33.42	30.99
e) Other non-current assets	5	9.91	8.72
<b>Total non-current assets</b>		<b>1,664.35</b>	<b>1,586.92</b>
<b>2 Current assets</b>			
a) Inventories	6	644.02	756.27
b) Financial assets			
i) Trade receivables	7	1,463.91	1,486.67
ii) Cash and cash equivalents	8	203.66	153.93
iv) Bank balances other than cash and cash equivalents above	9	40.81	34.04
iii) Other financial assets	4	3.50	-
c) Other current assets	5	78.66	115.76
<b>Total current assets</b>		<b>2,434.56</b>	<b>2,546.67</b>
<b>Total assets</b>		<b>4,098.91</b>	<b>4,133.59</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	10	330.67	330.67
b) Other equity	11	1,673.53	1,681.52
<b>Total equity</b>		<b>2,004.20</b>	<b>2,012.19</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12	109.12	24.87
b) Provisions	16	294.65	239.25
<b>Total non-current liabilities</b>		<b>403.77</b>	<b>264.12</b>
<b>2 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12	513.64	549.58
ii) Trade payables	13	1,055.54	1,074.28
iii) Other financial liabilities	14	58.47	40.49
b) Other current liabilities	15	38.37	168.94
c) Provisions	16	24.92	23.99
<b>Total current liabilities</b>		<b>1,690.94</b>	<b>1,857.28</b>
<b>Total liabilities</b>		<b>2,094.71</b>	<b>2,121.40</b>
<b>Total equity and liabilities</b>		<b>4,098.91</b>	<b>4,133.59</b>

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

**For B. R. Shah & Associates**Chartered Accountants  
(Registration No. 129053W)**Mr. Vikas Agarwal**  
Chief Financial Officer**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794**Mr. Deval Desai**Partner  
Membership No : 132426  
UDIN: 23132426BGQVND9233**Mr. Bilal Topia**  
Company Secretary**Mr. Arup Basu**  
Managing Director  
DIN: 00906760Place: Ahmedabad  
Date : May 19, 2023Place: Mumbai  
Date : May 19, 2023

### Consolidated Statement of Profit and Loss for the year ended March 31, 2023

₹ lakhs

Particulars	Note	2022-23	2021-22
<b>Income</b>			
Revenue from operations	17	6,449.66	5,041.75
Other income	18	8.19	7.28
<b>Total Income</b>		<b>6,457.85</b>	<b>5,049.03</b>
<b>Expenses</b>			
Cost of materials consumed	19	4,166.72	3,531.97
Changes in inventories of finished goods and work-in-progress	20	71.23	(147.20)
Employee benefit expenses	21	666.38	559.68
Finance costs	22	96.09	86.99
Depreciation and amortisation expenses	2	59.60	59.71
Other expenses	23	1,444.28	993.38
<b>Total expenses</b>		<b>6,504.30</b>	<b>5,084.53</b>
<b>Profit / (loss) before tax</b>		<b>(46.45)</b>	<b>(35.50)</b>
<b>Tax expense</b>			
Current tax	24.3	-	-
Adjustment of earlier years	24.3	-	4.21
Deferred tax	24.3	-	-
<b>Total tax expense</b>		<b>-</b>	<b>4.21</b>
<b>Profit / (Loss) for the year</b>		<b>(46.45)</b>	<b>(39.71)</b>
<b>Other comprehensive income</b>			
A) Items that will not be reclassified to profit and loss		(8.07)	0.02
Remeasurement gains/(loss) on defined benefit plans		(8.07)	0.02
Income tax relating to these items		-	-
B) Items that will be reclassified to profit and loss		3.09	0.90
Exchange differences on translation of foreign operations		3.09	0.90
<b>Other comprehensive income, net of tax</b>		<b>(4.98)</b>	<b>0.92</b>
<b>Total comprehensive income for the year</b>		<b>(51.43)</b>	<b>(38.79)</b>
Basic and diluted earning ₹ per Equity share of ₹ 10 each	24.8	(1.50)	(1.29)

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

**For B. R. Shah & Associates**

Chartered Accountants  
(Registration No. 129053W)

**Mr. Deval Desai**

Partner  
Membership No : 132426  
UDIN: 23132426BGQVND9233

Place: Ahmedabad  
Date : May 19, 2023

For and on behalf of the Board of Directors

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Bilal Topia**  
Company Secretary

Place: Mumbai  
Date : May 19, 2023

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760

### Consolidated Statement of Cash Flows for the year ended March 31, 2023

₹ lakhs

Particulars	2022-23	2021-22
<b>A. Cash flow from operating activities</b>		
Profit before tax	(46.45)	(35.50)
Adjustments for:		
<b>Add:</b>		
Depreciation and amortisation expenses	59.60	59.71
Finance costs	96.09	86.99
Unrealised exchange rate difference (net)	57.15	28.72
Provision for doubtful debts	51.38	42.19
	<b>264.22</b>	<b>217.61</b>
	<b>217.77</b>	<b>182.11</b>
<b>Less:</b>		
Interest Income	1.97	1.66
Gain on disposal of property, plant and equipment	5.00	3.67
Sundry Credit Balances Appropriated	1.15	1.91
	<b>8.12</b>	<b>7.24</b>
<b>Operating profit before working capital changes</b>	<b>209.65</b>	<b>174.87</b>
<b>Adjustments for:</b>		
Inventories	112.25	(303.58)
Trade receivables	(28.67)	(352.26)
Bank balances other than cash and cash equivalents	(6.77)	11.40
Other current financial assets	(3.50)	0.64
Other current assets	37.10	61.86
Other non-current financial assets	(2.43)	(0.16)
Trade payables	(31.25)	399.79
Other current financial liabilities	12.37	(0.12)
Other current liabilities	(130.57)	141.55
Current Provisions	0.93	(22.03)
Non-current Provisions	47.33	38.29
	<b>6.79</b>	<b>(24.62)</b>
<b>Cash generated from operations</b>	<b>216.44</b>	<b>150.25</b>
<b>Less:</b>		
Direct taxes net of refund	1.19	1.53
<b>Net cash flow from operating activities</b>	<b>215.25</b>	<b>148.72</b>

A



Particulars	2022-23	2021-22
<b>B. Cash flow from investing activities</b>		
Payments towards property, plant and equipment	(129.00)	(103.06)
Payments towards purchase of intangible assets	(1.32)	(0.15)
Receipts towards property, plant and equipment	5.00	3.67
Interest received	1.97	1.66
Net cash from /(used in) investing activities	<b>B</b>	
	<b>(123.35)</b>	<b>(97.88)</b>
<b>C. Cash flow from financing activities</b>		
Net Proceeds from Borrowings	48.31	(12.98)
Interest and Finance charges paid	(90.48)	(86.99)
<b>Net cash used in financing activities</b>	<b>C</b>	
	<b>(42.17)</b>	<b>(99.97)</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	
	<b>49.73</b>	<b>(49.13)</b>
<b>Opening balance - cash and cash equivalents</b>	153.93	203.06
<b>Closing balance - cash and cash equivalents</b>	203.66	153.93

The accompanying Notes form an integral part of the Financial Statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the IND AS 7 on statement of Cash flow as notified under Companies (Accounts) Rules, 2015.

As per our attached report of even date

**For B. R. Shah & Associates**

Chartered Accountants  
(Registration No. 129053W)

**Mr. Deval Desai**

Partner  
Membership No : 132426  
UDIN: 23132426BGQVND9233

Place: Ahmedabad  
Date : May 19, 2023

For and on behalf of the Board of Directors

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Bilal Topia**  
Company Secretary

Place: Mumbai  
Date : May 19, 2023

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760

### Consolidated Statement of Changes in Equity for the year ended March, 31 2023

A. Equity share capital		₹ lakhs	
	Notes	Amount	
<b>As at April 1, 2021</b>		<b>330.67</b>	
Changes in Equity share capital due to prior period errors		-	
<b>Restated Balance at the beginning of the current reporting period</b>		<b>330.67</b>	
Changes in Equity share capital		-	
<b>As at March 31, 2022</b>		<b>330.67</b>	
Changes in Equity share capital due to prior period errors		-	
<b>Restated Balance at the beginning of the current reporting period</b>		<b>330.67</b>	
Changes in Equity share capital		-	
<b>As at March 31, 2023</b>	<b>10</b>	<b>330.67</b>	

B. Other equity							₹ lakhs
Particulars	Notes	Reserve and Surplus					Total Other Equity
		Security premium	Statutory Reserve	Foreign Currency Fluctuation Reserve	Capital Reserve	Retained earnings	
<b>As at April 1, 2021</b>		<b>201.18</b>	<b>20.57</b>	<b>187.69</b>	<b>18.02</b>	<b>1,266.84</b>	<b>1,694.30</b>
Profit (loss) for the year		-	-	-	-	(39.71)	(39.71)
Change in exchange rate fluctuation reserve		-	-	26.01	-	-	26.01
Other comprehensive income		-	-	0.90	-	0.02	0.92
Total comprehensive income for the year		-	-	26.91	-	(39.69)	(12.78)
<b>As at March 31, 2022</b>	<b>11</b>	<b>201.18</b>	<b>20.57</b>	<b>214.60</b>	<b>18.02</b>	<b>1,227.15</b>	<b>1,681.52</b>
Profit (loss) for the year		-	-	-	-	(46.45)	(46.45)
Change in exchange rate fluctuation reserve		-	-	43.44	-	-	43.44
Other comprehensive income		-	-	3.09	-	(8.07)	(4.98)
Total comprehensive income for the period		-	-	46.53	-	(54.52)	(7.99)
<b>As at March 31, 2023</b>	<b>11</b>	<b>201.18</b>	<b>20.57</b>	<b>261.13</b>	<b>18.02</b>	<b>1,172.63</b>	<b>1,673.53</b>

As per our attached report of even date

For and on behalf of the Board of Directors

**For B. R. Shah & Associates**  
Chartered Accountants  
(Registration No. 129053W)

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Deval Desai**  
Partner  
Membership No : 132426  
UDIN: 23132426BGQVND9233

**Mr. Bilal Topia**  
Company Secretary

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760

Place : Ahmedabad  
Date : May 19, 2023

Place : Mumbai  
Date : May 19, 2023

## Notes to the Financial Statements

### Background

Refinol Resins and Chemicals Limited (the 'Company') is a limited company incorporated and domiciled in India. It is engaged in manufacturing and marketing of resins and chemicals. The registered office of the Company is located at Plot no. 410/411, Khatau House, Mogul Lane, Mahim, Mumbai-400 016 and its principal place of business is located at Ahmedabad 382 330, Gujarat, India.

The company and its subsidiary companies are referred to as the Group here under.

### Note 1 Significant Accounting Policies

The note provide a list of significant Accounting Policies adopted by the Group in preparation of these Consolidated Financials Statements. This polies have been consistently applied to all the years presented, unless otherwise specified. The Financial Statements are for the Group consisting of the Company and its subsidiary companies.

#### a) Basis of preparation:

##### i) Compliance with Ind AS:

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### ii) Historical cost convention:

The Consolidated Financial Statements have been prepared on a historical cost basis, except certain land and building classified as Property, plant and equipment.

##### iii) Current versus Non current Classification

All the assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### b) Principles of consolidation and equity accounting:

##### i) Subsidiary companies

Subsidiary companies are all entities over which the company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the Financial Statements of the parent and its

subsidiary companies line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting Policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiary companies are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in equity and Balance Sheet respectively.

##### ii) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize share of the Group in post-acquisition profit and loss of the investee in profit and loss, and share of the Group in Other Comprehensive Income of the investee in Other Comprehensive Income. When the Group share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the Group and its subsidiaries companies are eliminated to the extent of the Group interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting Policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### iii) Changes in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary companies. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is premeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate company, joint venture company or financial asset. In addition, any amount previously recognized in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in

Other Comprehensive Income are reclassified to the Statement of Profit and Loss. If the ownership interest in a joint venture company or an associate company is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in Other Comprehensive Income are reclassified to the Statement of Profit and Loss where appropriate.

**c) Foreign Currency Transactions:**

**i) Functional and presentation currency**

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Consolidated Financial Statements of the Company are presented in Indian currency (₹), which is also the functional and presentation currency of the Company.

**ii) Transactions and balances**

"Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain / (loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All foreign exchange gain / (loss) are presented in the Statement of Profit and Loss on a net basis within other income / (expense).

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**iii) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that Balance Sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction)
- c) all resulting exchange differences are recognized in Other Comprehensive Income

When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit and Loss, as part of the gain / (loss) on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**d) Revenue Recognition:**

**i) Sale of Goods and Services:**

Revenue from sales is recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**ii) Other Income:**

i) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

ii) Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**e) Taxation:**

i) Income tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.

ii) Deferred tax asset and deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. Deferred tax assets are reviewed at each Balance Sheet date to reassure realisation.

**f) Property, Plant and Equipment:**

**i) Tangible Assets:**

Property, plant and equipment are measured at cost of acquisition / construction including incidental expenses directly attributable to the acquisition / construction activity and capitalised borrowing cost as the case may be, less accumulated depreciation, amortisation and impairment as necessary.

**ii) Intangible Assets:**

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

**g) Depreciation and Amortisation:**

**Depreciation:**

(i) Depreciation is being provided on a pro-rata basis on the 'Straight Line Method' over the estimated useful lives of the assets.

(ii) Depreciation is being calculated on a pro-rata basis from the date of acquisition/installation till the date the assets are sold or disposed of.

(iii) Useful lives of the assets as prescribed under Schedule II to the Companies Act, 2013 are applied. The cost of lease hold land (revalued) is amortised over the unexpired period of lease from the date of lease.

(iv) The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful

lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**Amortisation:**

Computer software cost is amortised over a period of 3 years using straight-line method.

Estimated useful life of the assets are as follow:

Type of Asset	Useful Life
Lease Hold Land	99 years
Buildings	30 years
Leasehold Improvement	5 years
Plant and equipment	3 to 20 years
Furniture & Fixtures	5 to 10 years
Office equipment	5 years
Vehicle	3 to 6 years

**h) Impairment of Assets:**

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal / external factors. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that will be determined if no impairment loss had previously been recognised.

**i) Cash and cash equivalents:**

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (3 months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**j) Inventories:**

- i) Raw materials, packing materials, work-in-progress, finished goods, fuel, stores and spares are valued at cost or net realisable value, whichever is lower. Cost is arrived at on First in First Out (FIFO) basis.
- ii) Goods-in-transit are stated at the cost to the date of Balance Sheet.
- iii) Scrap materials are valued at net realisable value.
- iv) Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- v) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

**k) Investments and other financial assets:**

**Classification:**

The Group classifies its financial assets in the following measurement categories:

- i) Those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss)
- ii) Those measured at amortised cost

The classification depends the business model of the Group for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

**Initial recognition and measurement:**

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

**Subsequent measurement:**

After initial recognition, financial assets are measured at:

- i) Fair value {either through Other Comprehensive Income (FVOCI) or through profit or loss (FVPL)} or,
- ii) Amortised cost

**Measured at amortised cost:**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any, the amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

**Measured at fair value through Other Comprehensive Income (OCI):**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through Other Comprehensive Income. Fair value movements are recognised in the OCI. Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain/(loss) previously recognised in OCI is reclassified from the equity to other income in the Statement of Profit and Loss.

**Measured at fair value through profit or loss:**

A financial asset not classified as either amortised cost or FVOCI, is classified as FVPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as other income in the Statement of Profit and Loss.

**Equity instruments:**

The Group subsequently measures all investments in equity instruments other than subsidiary companies, associate company and joint venture company at fair value. The Management of the Group has elected to present fair value gains and losses on such equity investments in Other Comprehensive Income, and there is no subsequent reclassification of these fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payment is established.

**Impairment of financial assets:**

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**De-recognition:**

A financial asset is de-recognised only when the Group

- i) has transferred the rights to receive cash flows from the financial asset or
- ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Financial liabilities:**

- i) Classification as debt or equity  
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.
- ii) Initial recognition and measurement  
Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.
- iii) Subsequent measurement  
Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.
- iv) De-recognition  
A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

**l) Offsetting financial instruments:**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**m) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/(expense).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**n) Borrowing Costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**o) Provisions and Contingent Liabilities:**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of best estimate of the Management of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is

recognised as interest expense. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**p) Employee benefits:**

**Short-term employee benefits:**

All employee benefits payable within 12 months of service such as salaries, wages, bonus, ex-gratia, medical benefits etc. are recognised in the year in which the employees render the related service and are presented as current employee benefit obligations within the Balance Sheet. Termination benefits are recognised as an expense as and when incurred. Short-term leave encashment is provided at undiscounted amount during the accounting period based on service rendered by employees.

**Other long-term employee benefits:**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**Defined contribution plan:**

Contributions to defined contribution schemes such as contribution to Provident Fund, Employees' State Insurance Corporation, National Pension Scheme and Labours Welfare Fund are charged as an expense to the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**Defined benefit plan:**

**Gratuity:**

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the Balance Sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Any shortfall in the value of assets over the defined benefit obligation is recognised

as a liability with a corresponding charge to the Statement of Profit and Loss. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in Other Comprehensive Income. They are included in retained earnings in the Statement of changes in equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**q) Earnings per share**

Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the period. Earnings considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for the period.

**r) Segment Reporting**

The group's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

**s) Statutory Reserve**

For Tex Care Middle East L.L.C., UAE, in accordance to Federal Company Law of 1984, 10% of profit is transferred to a statutory reserve until reserve equals 50% of share capital. The statutory reserve is not available for distribution.

**t) Critical estimates and judgments:**

Preparation of the Consolidated Financial Statements requires use of accounting estimates which, by definition, will seldom equal the actual results. This Note provides an overview of the areas that involved a higher degree of judgements or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements. The areas involving critical estimates or judgements are:

- i) Estimation of useful life of tangible assets
- ii) Estimation of defined benefit obligation

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Note 2 Property, plant and equipment						₹ lakhs
Particulars	Lease Hold Land	Buildings	Plant and equipment	Furniture & Office Equipment	Vehicle	Total
<b>Gross carrying amount</b>						
<b>As at April 1, 2021</b>	1,293.59	136.46	331.83	37.27	121.52	1,920.67
Additions	-	-	66.96	2.90	33.20	103.06
Other adjustments <sup>(1)</sup>	-	-	7.31	2.11	5.05	14.47
Deductions and adjustments	-	-	-	-	28.94	28.94
<b>As at March 31, 2022</b>	<b>1,293.59</b>	<b>136.46</b>	<b>406.10</b>	<b>42.28</b>	<b>130.83</b>	<b>2,009.26</b>
Additions	-	-	68.37	3.33	17.77	89.47
Other adjustments <sup>(1)</sup>	-	-	17.92	4.90	10.54	33.36
Deductions and adjustments	-	-	-	-	13.57	13.57
<b>As at March 31, 2023</b>	<b>1,293.59</b>	<b>136.46</b>	<b>492.39</b>	<b>50.51</b>	<b>145.57</b>	<b>2,118.52</b>
<b>Depreciation   Amortisation</b>						
<b>Upto April 1, 2021</b>	100.70	37.73	142.24	30.76	106.43	417.86
For the year	20.00	8.10	19.42	2.57	9.61	59.70
Other adjustments <sup>(1)</sup>	-	-	6.60	2.00	4.97	13.57
Deductions and adjustments	-	-	-	-	28.94	28.94
<b>As at March 31, 2022</b>	<b>120.70</b>	<b>45.83</b>	<b>168.26</b>	<b>35.33</b>	<b>92.07</b>	<b>462.19</b>
For the year	20.01	8.09	17.97	2.59	10.49	59.15
Other adjustments <sup>(1)</sup>	-	-	15.48	4.67	10.12	30.27
Deductions and adjustments	-	-	-	-	13.57	13.57
<b>As at March 31, 2023</b>	<b>140.71</b>	<b>53.92</b>	<b>201.71</b>	<b>42.59</b>	<b>99.11</b>	<b>538.04</b>
<b>Net carrying amount</b>						
<b>As at March 31, 2022</b>	<b>1,172.89</b>	<b>90.63</b>	<b>237.84</b>	<b>6.95</b>	<b>38.76</b>	<b>1,547.07</b>
<b>As at March 31, 2023</b>	<b>1,152.88</b>	<b>82.54</b>	<b>290.68</b>	<b>7.92</b>	<b>46.46</b>	<b>1,580.48</b>

<sup>(1)</sup>Other adjustment is on account of foreign exchange fluctuation.

### Note 3 Intangible assets

	Computer software
<b>a) Gross carrying amount</b>	
As at April 1, 2021	0.54
Additions	0.15
As at March 31, 2022	0.69
Additions	1.32
<b>As at March 31, 2023</b>	<b>2.01</b>
<b>b) Depreciation   Amortisation</b>	
Upto April 1, 2021	0.54
For the year	0.01
Upto March 31, 2022	0.55
For the year	0.45
<b>Upto March 31, 2023</b>	<b>1.00</b>
<b>c) Net carrying amount</b>	
As at March 31, 2022	0.14
<b>As at March 31, 2023</b>	<b>1.01</b>



<b>Note 4 Non-current Investments</b>		₹ lakhs			
		<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
		<b>Current</b>	<b>Non current</b>	<b>Current</b>	<b>Non current</b>
a)	Security deposits for utilities and premises	-	33.42	-	30.99
b)	Interest Accrued but not due on fixed deposit	-	-	-	-
c)	Others	3.50	-	-	-
		<b>3.50</b>	<b>33.42</b>	<b>-</b>	<b>30.99</b>

<b>Note 5 Other assets</b>		₹ lakhs			
		<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
		<b>Current</b>	<b>Non current</b>	<b>Current</b>	<b>Non current</b>
a)	Balances with the Government authorities				
i)	Tax paid in advance, net of provisions	-	4.29	-	3.10
ii)	Balances with the statutory authorities	7.81	1.85	71.88	1.85
b)	Advances - Others	16.85	-	7.44	-
c)	Prepayment - Others	8.17	-	8.69	-
e)	Export incentive receivable	-	-	1.31	-
f)	Other Receivables				
i)	Advances to Employees	44.89	-	25.25	-
ii)	Others	0.94	3.77	1.19	3.77
		<b>78.66</b>	<b>9.91</b>	<b>115.76</b>	<b>8.72</b>

<b>Note 6 Inventories</b>		₹ lakhs	
		<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
a)	Raw materials ,packing materials and consumables	403.12	444.14
b)	Work-in-progress	16.60	-
c)	Finished goods	224.30	312.13
		<b>644.02</b>	<b>756.27</b>

<b>Note 7 Trade receivables</b>		₹ lakhs	
		<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
a)	Unsecured, considered good		
i)	Trade receivables	1,024.61	1,156.51
ii)	Related parties (refer note 24.2)	439.30	330.16
b)	Unsecured, considered doubtful	80.70	201.22
	Less: Provision for doubtful debts	80.70	201.22
<b>Total receivables</b>		<b>1,463.91</b>	<b>1,486.67</b>

**Trade Receivables Ageing as at 31<sup>st</sup> March, 2023**

Particulars	Not Due	Outstanding for following periods from due date of Payment					Total
		Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - Considered Good	435.97	820.48	131.89	104.36	13.25	-	1,505.94
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	38.67	38.67

**Trade Receivables Ageing as at 31<sup>st</sup> March, 2022**

Particulars	Not Due	Outstanding for following periods from due date of Payment					Total
		Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - Considered Good	433.22	912.43	17.48	61.43	90.28	-	1,514.84
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	173.05	173.05

**Note:** Allowances for doubtful debts includes expected credit loss provision.

**Note 8 Cash and cash equivalents**

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
a) i) Balances with banks in current accounts	192.16	135.25
ii) Deposit	-	-
b) Cash on Hand	11.50	18.68
	<b>203.66</b>	<b>153.93</b>

**Note 9 Bank balances other than cash and cash equivalents**

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
a) Margin Money deposit (Fixed Deposits)	39.06	32.29
b) Unpaid dividend account*	1.75	1.75
	<b>40.81</b>	<b>34.04</b>

\*Note: The Company can utilise these balances only towards payment of dividend.

**Note 10 Equity share capital**

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
40,00,000 (40,00,000) Equity shares of ₹ 10 each	400.00	400.00
	<b>400.00</b>	<b>400.00</b>
<b>Issued</b>		
35,23,500 (35,23,500) Equity shares of ₹ 10 each	352.35	352.35
	<b>352.35</b>	<b>352.35</b>
<b>Subscribed</b>		
30,89,900 (30,89,900) Equity shares of ₹ 10 each, fully paid	308.99	308.99
Add: 4,33,600 (4,33,600) Equity shares Forfeited Shares	21.68	21.68
	<b>330.67</b>	<b>330.67</b>

a) Movement in Equity share capital			₹ lakhs
	Number of shares	Equity share capital	
As at March 31, 2021	30,89,900	308.99	
As at March 31, 2022	30,89,900	308.99	
As at March 31, 2023	30,89,900	308.99	

**b) Terms and rights attached to equity shares**

The Company has one class of shares referred to as Equity shares having a par value of ₹ 10.

**i) Equity shares:**

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

**ii) Dividend:**

The Board of Director has recommended not to declare dividend for current financial year as well as in the preceding financial year.

**c) Details of Shareholders holding more than 5% of Equity shares:**

No	Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
		Holding %	Number of shares	Holding %	Number of shares
1	Mahendra Kishore Khataau	41.48%	12,81,789	41.48%	12,81,789
2	Khataau Leasing & Finance Company Pvt. Ltd	7.28%	2,25,000	7.28%	2,25,000

**d) Details of promoters' shareholding:**

No	Name of the Shareholder	As at March 31, 2023		As at March 31, 2022		% of Change during the year
		Holding %	Number of shares	Holding %	Number of shares	
1	Mahendra Kishore Khataau	41.48%	12,81,789	41.48%	12,81,789	0.00%
2	Khataau Leasing & Finance Company Private Limited	7.28%	2,25,000	7.28%	2,25,000	0.00%
3	Vindhyapriya Holdings Private Limited	4.05%	1,25,000	4.05%	1,25,000	0.00%
4	Manish Mahendra Khataau	0.28%	8,553	0.28%	8,553	0.00%
5	Priya Mahendra Khataau	0.23%	7,021	0.23%	7,021	0.00%
6	Asha Mahendra Khatau	0.22%	6,768	0.22%	6,768	0.00%
7	Prism Plantations Private Limited	0.03%	1,000	0.03%	1,000	0.00%
8	Anil Kishore Khataau	0.01%	300	0.01%	300	0.00%

**Note 11 Other equity**

	As at March 31, 2023	As at March 31, 2022
<b>a) Securities Premium</b>	201.18	201.18
<b>b) Retained Earnings</b>		
Balance as at the beginning of the year	1,227.15	1,266.84
Add: Profit (loss) for the year	(46.45)	(39.71)
Add: Other Comprehensive Income	(8.07)	0.02
Balance as at the end of the year	<b>1,172.63</b>	<b>1,227.15</b>
<b>c) Capital Reserve</b>	18.02	18.02
<b>d) Statutory Reserve</b>	20.57	20.57
<b>e) Foreign Currency Fluctuation Reserve</b>	261.13	214.60
	<b>1,673.53</b>	<b>1,681.52</b>

<b>Note 12 Borrowings</b>					₹ lakhs			
	Maturity	Terms of Repayment	Effective Interest Rate	As at March 31, 2023		As at March 31, 2022		
				Current	Non current	Current	Non current	
<b>a) Secured</b>								
i)	Rupee term loan from Bank (Refer Note a)	Jul 2022	47 monthly equal installments	10.25%	-	-	-	0.81
ii)	Rupee term loan from Other (Refer Note b)	Oct 2022	59 monthly equal installments	8.49%	-	-	-	2.41
iii)	Working capital loans from banks (Refer Note c)	Repayable on demand	Repayable on demand	6.1 % to 11.00%	452.41	-	460.84	-
iv)	Foreign Currency term loan from other (refer Note d)	May 2022	26 monthly equal installment	7.85% to 8.24%	-	-	-	1.16
v)	Rupee Term Loan from Bank (Refer Note e)	Sep 2026	60 monthly equal installment	7.40%	-	22.13	-	27.47
<b>b) Unsecured</b>								
i)	Rupee term loan from Bank	Dec 2022 to Nov 2025	24 and 36 monthly equal installments	15.00% to 17.00%	-	63.32	-	5.80
ii)	Rupee term loan from Other	Oct 2022 to Oct 2025	24 to 36 monthly equal installments	14.00% to 19.00%	-	84.90	-	32.53
iii)	Inter Corporate Deposit	3 to 4 months	3 to 4 months	15%	-	-	43.43	-
					<b>452.41</b>	<b>170.35</b>	<b>504.27</b>	<b>70.18</b>
Amount of current maturities of long-term debt					<b>61.23</b>	<b>(61.23)</b>	<b>45.31</b>	<b>(45.31)</b>
					<b>513.64</b>	<b>109.12</b>	<b>549.58</b>	<b>24.87</b>

- a) From Bank against hypothecation of fork lift.  
b) From Financial Institution against hypothecation of car.  
c) Secured by a first charge over the entire fixed and current assets and personally guaranteed by two Promoter Directors of the Company.  
d) Term Loan personally guaranteed by one of the directors along with post dated cheques.  
e) From Bank against hypothecation of vehicle.

<b>Note 13 Trade payables</b>			₹ lakhs	
			As at	As at
			March 31, 2023	March 31, 2022
a)	Related party (refer note 24.2)		71.81	3.70
b)	Dues to micro, medium and small enterprise*		-	-
c)	Dues to others		983.73	1070.58
			<b>1,055.54</b>	<b>1,074.28</b>

\*Disclosure under Micro, Small and Medium Enterprises Development Act:

The company has not received any intimation from the suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 ('the act') and hence disclosures regarding a) Amount due and outstanding to suppliers as at end of the accounting year b) interest paid during the year, c) interest payable at the end of the accounting year, d) interest accrued and unpaid at the end of the accounting year, has not been disclosed or provided. The company is making efforts to get the confirmations from the suppliers as regard their status under the act.

**Trade Payables Ageing as at 31<sup>st</sup> March, 2023**

Particulars	Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) MSME	-	-	-	-	-	-
(ii) Others	431.35	610.89	1.15	0.15	12.01	1,055.54
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-

**Trade Payables Ageing as at 31<sup>st</sup> March, 2022**

Particulars	Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) MSME	-	-	-	-	-	-
(ii) Others	352.39	708.03	1.85	0.01	12.00	1,074.28
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-

**Note 14 Other financial liabilities**

₹ lakhs

	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Security deposits	3.30	-	3.30	-
b) Interest accrued but not due	6.28	-	0.67	-
c) Accrued compensation to employees	45.47	-	33.10	-
d) Unclaimed Dividend	1.75	-	1.75	-
e) Others*	1.67	-	1.67	-
	<b>58.47</b>	<b>-</b>	<b>40.49</b>	<b>-</b>

\* Non Current other financial liabilities are dues to related party. Refer Note 24.2

**Note 15 Other current liabilities**

₹ lakhs

	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Statutory dues	29.02	-	17.52	-
b) Advances received from customers	9.35	-	151.42	-
	<b>38.37</b>	<b>-</b>	<b>168.94</b>	<b>-</b>

**Note 16 Provisions**

₹ lakhs

	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
a) Provision for leave entitlement*	11.04	40.14	9.92	31.42
b) Provision for Gratuity (refer note 24.4)	7.25	254.51	7.20	207.83
c) Provision for Bonus to employees	6.63	-	6.87	-
	<b>24.92</b>	<b>294.65</b>	<b>23.99</b>	<b>239.25</b>

\*Information about individual provisions and significant estimates - Leave entitlement

The leave entitlement covers the liability for earned leave. Out of the total amount disclosed above, the amount of ₹ 11.04 lakh (PY ₹ 9.92 Lakh) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

<b>Note 17 Revenue from operations</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
<b>Revenue</b>		
Sale of products	6,441.31	5,036.99
<b>Other operating revenue</b>		
Duty Drawback	8.35	4.76
	<b>6,449.66</b>	<b>5,041.75</b>
<b>Note 18 Other income</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
Interest Income	1.97	1.66
Insurance Claim	0.07	0.04
Sundry credit balances appropriated	1.15	1.91
Gain on disposal of property, plant and equipment	5.00	3.67
Exchange rate difference (net)	-	-
	<b>8.19</b>	<b>7.28</b>
<b>Note 19 Cost of materials consumed</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
<b>Raw materials and packing materials consumed</b>		
Stocks at commencement	434.43	285.23
Add: Purchase	4,127.23	3,681.17
	<b>4,561.66</b>	<b>3,966.40</b>
Less: Stocks at close	394.94	434.43
	<b>4,166.72</b>	<b>3,531.97</b>
<b>Note 20 Changes in inventories of finished goods and work-in-progress</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
<b>Stocks at close</b>		
Finished goods	224.30	312.13
Stock in WIP	16.60	-
	<b>240.90</b>	<b>312.13</b>
<b>Less: Stocks at commencement</b>		
Finished goods	312.13	160.98
Stock in WIP	-	3.95
	<b>312.13</b>	<b>164.93</b>
(Increase)   Decrease in Stocks	<b>71.23</b>	<b>(147.20)</b>
<b>Note 21 Employee benefit expenses</b>	₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>
Salaries, wages and bonus	606.08	510.92
Contribution to Provident and other funds	40.41	34.88
Staff welfare	19.89	13.88
	<b>666.38</b>	<b>559.68</b>

<b>Note 22 Finance costs</b>		₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>	
Interest on borrowings	79.45	75.81	
Interest on others	-	-	
Other borrowing cost	16.64	11.18	
	<b>96.09</b>	<b>86.99</b>	
<b>Note 23 Other expenses</b>		₹ lakhs	
	<b>2022-23</b>	<b>2021-22</b>	
Consumption of stores and spares	4.28	12.40	
Power, fuel and water	252.39	165.91	
Building repairs	9.11	6.67	
Plant and equipment repairs	15.68	13.72	
Sundry repairs	1.54	1.41	
Labour Charges	38.19	39.26	
Laboratory Expenses	5.92	4.50	
Rent	46.47	44.50	
Postage & Telegram Expenses	16.20	15.98	
Insurance	4.67	4.41	
Municipal and Other taxes	2.48	5.94	
Advertisement Expenses	351.93	101.03	
Outward Freight, cartage and octroi	137.00	157.09	
Commission expenses	233.83	186.78	
Conveyance	40.56	22.27	
Travelling Expenses	98.08	50.57	
Payments to the Auditors			
a) Audit fees			
Statutory Audit Fees	9.58	9.61	
b) Other matters	0.14	0.13	
Directors' fees	3.65	5.63	
Bad debts and irrecoverable balances written off (net of Provision)	-	-	
Provision for doubtful debts	51.38	42.19	
Legal and professional charges	57.05	53.73	
Exchange rate difference (net)	7.59	4.87	
Miscellaneous expenses	56.56	44.78	
	<b>1,444.28</b>	<b>993.38</b>	

**Note 24.1 Contingent liabilities****a) Claims against the Company not acknowledged as debts :**

The disputed demands for taxes and other matters amounts as of the reporting period ends are respectively as follows:

₹ lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Claims against the Company not acknowledged as debts in respects of:</b>		
i) Other Matters	15.16	14.30

Note: Future cash outflows above are determinable on receipt of judgement.

**Note 24.2 (A) Related Party information**

Name of the Related Party and nature of relationship

No.	Name of the Related Party	Description of relationship
<b>Related parties with whom transactions have taken place during the year</b>		
01	Indokem Limited	Entity over which control exercised by Key Management Personnel
<b>Key Management Personnel and Relatives</b>		
01	Mr. Mahendra K. Khatau, Chairman	
02	Mr. Arup Basu, Managing Director	
03	Mr. Vikas Agarwal, Chief Financial Officer	
04	Mr. Bilal Topia, Company Secretary	
05	Mrs. Leela K. Khatau, Executive (Relative of Mr. Mahendra K. Khatau, Chairman)	

**Note 24.2 (B) Transactions**

₹ lakhs

		2022-23	2021-22
<b>a)</b>	<b>Sales and income</b>		
01	Sale of goods	<b>863.52</b>	<b>952.45</b>
	Indokem Limited	863.52	952.45
<b>b)</b>	<b>Purchases and expenses</b>		
01	Purchase of goods	<b>58.56</b>	<b>39.70</b>
	Indokem Ltd	58.56	39.70
02	Payment for other service / interest	<b>8.85</b>	<b>8.57</b>
	Smt. Leela K. Khatau (Consultancy charges & medical expenses)	8.85	8.57
03	Remuneration	62.50	62.46
	<b>Mr. Arup Basu, Managing Director</b>	<b>33.75</b>	<b>39.30</b>
	Salary	31.22	36.94
	Contribution to PF	2.25	1.90
	Gratuity	-	-
	Perquisites	0.28	0.46
	<b>Mr. Vikas Agarwal, Chief Financial Officer</b>	<b>23.28</b>	<b>18.04</b>
	Salary	21.67	16.82
	Contribution to PF	1.15	0.87
	Gratuity	0.46	0.35
	<b>Mr. Bilal Topia, Company Secretary</b>	<b>5.46</b>	<b>5.11</b>
	Salary	4.98	4.71
	Contribution to PF	0.34	0.29
	Gratuity	0.14	0.12



Outstanding balances as at year end		₹ lakhs	
		As at March 31, 2023	As at March 31, 2022
01	Receivables	439.30	330.16
	Indokem Limited	439.30	330.16
02	Payables	74.90	5.92
	Indokem Limited	71.20	2.48
	Smt. Leela K. Khatau	0.61	1.22
	Mr. Arup Basu (Salary & Commission)	1.67	1.28
	Mr. Vikas Agarwal (Salary)	1.12	0.70
	Mr. Bilal Topia (Salary)	0.30	0.24

\*Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

### Note 24.3 Current and Deferred tax

The major components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

a) Income tax expense		₹ lakhs	
Particulars	2022-23	2021-22	
<b>i) Current tax</b>			
Current tax on profits for the year (Dividend Tax)	-	-	
Adjustments for current tax of prior periods	-	4.21	
<b>Total current tax expense</b>	-	<b>4.21</b>	
<b>ii) Deferred tax</b>			
(Decrease)   Increase in deferred tax liabilities	3.47	0.02	
Decrease   (Increase) in deferred tax assets	(3.47)	(0.02)	
<b>Total deferred tax expense (benefit)</b>	-	-	
<b>Income tax expense</b>	-	-	

b) No deferred tax has been recorded for recognised in other comprehensive income during the reporting year.

c) No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in net profit or loss or other comprehensive income but directly debited| (credited) to Equity

### d) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

	As at March 31, 2023	As at March 31, 2022
Depreciation (including unabsorbed)	53.87	50.40
<b>Total deferred tax assets</b>	<b>53.87</b>	<b>50.40</b>
Provision for doubtful debts	5.85	9.40
Unavailed leave balance	13.31	10.75
Provision for Gratuity	33.00	28.47
Provision for Bonus	1.72	1.78
<b>Total deferred tax liabilities</b>	<b>53.87</b>	<b>50.40</b>
<b>Net deferred tax (asset)   liability</b>	-	-

**Note 24.4 Employee benefit obligations****Funded Scheme****a) Defined contribution plans:**

The Company pays provident fund contributions to registered provident fund administered by the government at the rate of 12% of basic salary as per regulations. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 24.33 Lakh (PY ₹ 19.32 Lakh).

**Unfunded schemes****Defined benefit plans:****a) Gratuity**

Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

**Balance sheet amount (Gratuity)**

₹ lakhs

Particulars	Gratuity 2022-23	Gratuity 2021-22
<b>Components to Employer Expense</b>		
Current Service Cost	5.47	5.12
Interest Cost	7.92	8.05
Past service cost	-	-
Excess provision reversed	-	-
Actuarial (Gain)/Loss	8.07	(0.02)
<b>Total expense /(gain) recognised in the P &amp; L A/c.</b>	<b>21.46</b>	<b>13.15</b>
<b>Net Assets / Liability Recognised in the Balance Sheet</b>		
Present value of obligation as at April 1, 2022 & April 1, 2021	109.49	127.84
Fair Value of Plan Assets as at April 1, 2022 & April 1, 2021	-	-
Assets/Liability recognized in Balance Sheet	126.91	109.49
<b>Change in Defined Benefit Obligation (DBO) during Year ended 31<sup>st</sup> March, 2023 &amp; 31<sup>st</sup> March, 2022</b>		
Present value of obligation as at beginning of the year	109.49	127.84
Current Service Cost	5.47	5.12
Interest Cost	7.92	8.05
Past service cost	-	-
Actuarial (Gain)/Loss	8.07	(0.02)
Benefit paid	4.03	31.50
<b>Present value of obligation as at 31<sup>st</sup> March, 2023 &amp; 31<sup>st</sup> March, 2022</b>	<b>126.91</b>	<b>109.49</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

₹ lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligations	126.91	109.49
Fair value of plan assets	-	-
<b>Deficit of Gratuity plan</b>	<b>126.91</b>	<b>109.49</b>

**Significant estimates: Actuarial assumptions and sensitivity**

The significant actuarial assumptions were as follows:

₹ lakhs

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Discount rate	7.50%	7.23%
Employee Turnover rate	2.00%	2.00%
Salary growth rate	6.00%	6.00%

**Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

₹ lakhs

Particulars	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
	March 31, 2023	March 31, 2023	March 31, 2023
Discount rate	1.00%	(7.86)	8.81
Employee Turnover rate	1.00%	0.70	(0.78)
Salary growth rate	1.00%	8.85	(8.04)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

- i) Changes in bond yields  
A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- ii) Inflation risks  
In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.
- iii) Life expectancy  
The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.
- iv) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Mortality rates are obtained from the relevant data.

**b) Leave Encashment**

₹ lakhs

Particulars	Leave entitlement	Leave entitlement
	March 31, 2023	March 31, 2022
i) Present value of unfunded obligations	51.18	41.34
ii) Expense recognised in the Statement of Profit and Loss	10.75	16.63
iii) Discount rate (per annum)	7.50%	7.23%
iv) Salary escalation rate (per annum)	6.00%	6.00%

**Note 24.5 Fair value measurements**

₹ lakhs

Financial instruments by category

Particulars	March 31, 2023			March 31, 2022		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
i) Investments	-	-	-	-	-	-
ii) Trade receivables	-	-	1,463.91	-	-	1,486.67
iii) Cash and cash equivalents	-	-	203.66	-	-	153.93
iv) Bank balances other than cash and cash equivalents above	-	-	40.81	-	-	34.04
v) Other financial assets	-	-	36.92	-	-	30.99
<b>Total financial assets</b>	-	-	<b>1,745.30</b>	-	-	<b>1,705.63</b>
<b>Financial liabilities</b>						
i) Borrowings	-	-	622.76	-	-	574.45
ii) Other financial liabilities	-	-	58.47	-	-	40.49
iii) Trade payables	-	-	1055.54	-	-	1074.28
<b>Total financial liabilities</b>	-	-	<b>1,736.77</b>	-	-	<b>1,689.22</b>

**Note 24.6 Financial risk management**

Risk Management is an integral part of the business practices of the Company. The framework of Risk Management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The Company has developed and implemented a comprehensive Risk Management System to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised Risk Management System, leading standards and practices have been considered. The Risk Management System is relevant to business reality, pragmatic and simple and involves the following:

- i) Risk identification and definition – Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- ii) Risk classification – Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk interrelationships.
- iii) Risk assessment and prioritisation – Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- iv) Risk mitigation – Focused on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- v) Risk reporting and monitoring – Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

**a) Market risk**

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes can not be normally predicted with reasonable accuracy.

**b) Interest rate risk management:**

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. As company has borrowed loans with fixed rate of interest, primarily it doesn't have any exposure to changes in market interest rates.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

₹ lakhs

	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings	170.35	113.61
Floating rate borrowings	452.41	460.84
<b>Total borrowings</b>	<b>622.76</b>	<b>574.45</b>

**c) Credit risk**

The company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to trade/non-trade customers including outstanding receivables.

**d) Liquidity risk**

Liquidity risk refers to the risk that the Company can not meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. As a prudent liquidity risk management measure, the Company closely monitors its liquidity position for the Company's short term and long term funding and liquidity requirement.

The Company manages liquidity risk by maintaining adequate balances on hand, banking facilities from both domestic and international banks/ financial institutions, reserve borrowing facilities and continuously monitoring actual cash flow and by matching the maturity profiles of financial assets and liabilities. Based on past performance and current expectations, the Company believes that the cash and cash equivalents, cash generated from operations and available un-drawn credit facilities, will satisfy its working capital needs, capital expenditure and other liquidity requirements associated with its existing operations, through at least the next twelve months.

**Note 24.7 Segment information**

As the Company's business activity falls within a single primary segment viz. Chemical Products, the disclosure requirement of IND AS - 108 'Operating Segments' notified under the Companies (Indian accounting Standards) Rules, 2015, is not applicable with regards to primary segment.

**Secondary Segment - Geographical**

₹ lakhs

Particulars	In India		Outside India		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Segment Revenue	3,274.45	2,674.03	3,174.91	2,367.72	6,449.66	5,041.75
Carrying cost of assets by location of assets	3,054.84	3,128.04	1,044.09	1,005.55	4,098.91	4,133.59
Addition to assets and intangible assets	53.02	83.51	36.45	19.55	89.47	103.06

**Note 24.8 Earning per share**

Earning per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		2022-23	2021-22
Profit for the year attributable to the Equity Shareholders	₹ Lakhs	(46.45)	(39.71)
Basic   Weighted average number of Equity shares outstanding during the year	Number	30,89,900	30,89,900
Nominal value of Equity share	₹	10.00	10.00
Basic and diluted Earning per Equity share	₹	(1.50)	(1.29)

**Note 24.9 Regrouped | Recast | Reclassified**

Figures of the earlier year have been regrouped | recast | reclassified wherever necessary.

**Note 24.10 Subsidiary companies considered in the consolidated financial statement**

Name of the company	% of holding	Country incorporation	Financial year ends on
Refnol Overseas Limited	100%	Mauritius	March 31, 2023
Tex Care Middle East LLC (TCME)	100%*	UAE	March 31, 2023

\*including beneficiary interest

**Note 24.11 Disclosure of additional information pertaining to the parent, subsidiary companies and joint arrangement as per Schedule III of the Companies Act, 2013**

₹ lakhs

No.	Name of the entity in the group	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit / loss	Amount	As % of other comprehensive income	Amount	As % of consolidated net assets	Amount
<b>Parent Company</b>									
	Refnol Resins and Chemicals Ltd	76.70%	3,143.95	-60.93%	28.30	162.05%	(8.07)	-39.34%	20.23
<b>Foreign Subsidiary Companies</b>									
1	Refnol Overseas Limited	6.83%	279.91	-12.14%	5.64	0.00%	-	-10.97%	5.64
2	Tex Care Middle East LLC (TCME)	30.26%	1,240.37	183.70%	(85.33)	0.00%	-	165.92%	(85.33)
	<b>Total</b>	<b>113.79%</b>	<b>4,664.23</b>	<b>110.64%</b>	<b>(51.39)</b>	<b>162.05%</b>	<b>(8.07)</b>	<b>115.61%</b>	<b>(59.46)</b>
	Adjustment arising out of consolidation	-13.79%	(565.32)	-10.64%	4.94	-62.05%	3.09	-15.61%	8.03
	<b>Grand Total</b>	<b>100.00%</b>	<b>4,098.91</b>	<b>100.00%</b>	<b>(46.45)</b>	<b>100.00%</b>	<b>(4.98)</b>	<b>100.00%</b>	<b>(51.43)</b>

**Note 24.12 Other statutory information (required by Schedule III to the Companies Act, 2013)**

- The Parent has not entered into any such 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.
- The Parent has complied with the number of layers prescribed under Clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- The Group is not declared wilful defaulter by any bank or financial institution or other lender.
- The Group has not traded or invested in crypto currency or virtual currency during the financial year.
- The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the year.
- No proceedings have been initiated or are pending against the Parent Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.
- No loans or advances in the nature of loans are granted to promoters, Directors, Key Managerial Personnel and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person.

## 24.13 Additional Regulatory information

₹ lakhs

Sr. No.	Ratios	Numerator	Denominator	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	Ratio (Unit)	% Change in Ratio	Reason for Change more than 25%
1	Current Ratio	Total Current Assets	Total Current Liabilities	<b>1.44</b> 2,434.56 1,690.94	<b>1.37</b> 2,546.67 1,857.28	<b>Times</b>	5.00%	NA
2	Debt-Equity Ratio	Total Debt	Shareholders' Equity	<b>0.31</b> 622.76 2,004.20	<b>0.29</b> 574.45 2,012.19	<b>Times</b>	8.84%	NA
3	Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	<b>0.69</b> 109.24 157.32	<b>0.81</b> 106.99 132.30	<b>Times</b>	-14.14%	NA
4	Return on Equity	Net Profit After Taxes	Average Shareholders' Equity	<b>-2.31%</b> (46.45) 2,008.20	<b>-1.97%</b> (39.71) 2,018.58	<b>%</b>	17.58%	NA
5	Inventory Turnover ratio	Sales of Product & Service	Average Inventory	<b>9.20</b> 6,441.31 700.15	<b>8.33</b> 5,036.99 604.48	<b>Times</b>	10.41%	NA
6	Trade Receivables Turnover Ratio	Sales of Product & Service	Average Accounts Receivables	<b>4.37</b> 6,441.31 1,475.29	<b>3.78</b> 5,036.99 1,332.99	<b>Times</b>	15.54%	NA
7	Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	<b>3.88</b> 4,127.23 1,064.91	<b>4.21</b> 3,681.17 875.34	<b>Times</b>	-7.84%	NA
8	Net Capital Turnover Ratio	Sales of Product & Service	Average Working Capital	<b>898.99%</b> 6,441.31 716.51	<b>716.67%</b> 5,036.99 702.83	<b>%</b>	25.44%	Higher Sales
9	Net Profit Ratio	Net Profit	Sales of Product & Service	<b>-0.72%</b> (46.45) 6,441.31	<b>-0.79%</b> (39.71) 5,036.99	<b>%</b>	-8.53%	NA
10	Return on Capital Employed	Earnings Before Interest and Taxes	Capital Employed	<b>1.89%</b> 49.64 2,626.96	<b>1.99%</b> 51.49 2,586.64	<b>%</b>	-5.07%	NA
11	Return on Investment	Not Applicable						

**Note 24.14 Quarterly Statements filed with Banks for Borrowings against Current Assets**

The Company has sanctioned limit of borrowings from ICICI Bank Limited on security of current assets of ₹ 850 Lakhs. The Company has filed quarterly returns or statements with ICICI Bank which are in agreement with the books of account other than those as set out below:

Month	Value as per Books of accounts (Inventory)	Value as per Monthly statement (Inventory)	Discrepancy	Reasons
Jun-22	555.08	497.70	57.38	
Sep-22	484.07	492.03	(7.96)	Due to audit / review adjustment for valuation and inventory provision amount
Dec-22	519.12	503.69	15.43	
Mar-23	458.80	511.51	(52.71)	

**Note 24.15 Registration or Satisfaction of Charges with Registrar of Companies**

Sr. No.	Charge Holder	Charge Amount	Date of Satisfaction	Status of Charge	Delay (Months)	Reasons for Delay
1	Gujarat State Financial Corporation	16.65	1990*	OPEN	396*	Details required for filing of Satisfaction of Charge not available
2	State Bank of India	4.50	1990*	OPEN	396*	Details required for filing of Satisfaction of Charge not available
3	State Bank of India	4.50	1990*	OPEN	396*	Details required for filing of Satisfaction of Charge not available
4	CITI Bank	0.93	1992*	OPEN	372*	Details required for filing of Satisfaction of Charge not available
5	Canara Bank	10.00	1995*	OPEN	336*	Details required for filing of Satisfaction of Charge not available
6	Bank of Baroda	18.00	1995*	OPEN	336*	Details required for filing of Satisfaction of Charge not available

Note: \*Date of Satisfaction of Loan not available.

**Note 24.16 Other Disclosures**

- A. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities ("Intermediaries") with the understanding (whether recorded in writing or otherwise) that the Intermediary shall, whether, directly or indirectly lend or invest in other persons/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 Company has not received any fund from any person or entity, including foreign entities ("Funding party") 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.



**Note 24.17 Authorisation for issue of the Financial Statements**

The Financial Statements were authorised for issue by the Board of Directors on May 19, 2023.

**Note 24.18 Compliance with Approved scheme of Amalgamation**

The Board of Directors of the Company at its meeting held on January 15, 2022 has inter-alia considered and approved the Revised Scheme of Amalgamation of Refnol Resins & Chemicals Limited ("the Company" or "Transferor Company") with Indokem Limited ("Transferee Company"), which includes:

- (i) Transfer and vesting of entire undertakings and business of Transferor Company
- (ii) Allotment of equity Shares of Transferee Company to the shareholders of Transferor Company as per provisions of Section 230 to 232 and other relevant provisions of The Companies Act, 2013.

The appointed date for the scheme is April 1, 2021, or such other date as may be fixed or approved by the National Company Law Tribunal. The scheme is duly approved by shareholders of the company in Extra-Ordinary General Meeting (EGM) held on 11<sup>th</sup> October, 2022. NCLT approval is yet to be received, no accounting effect has been given to the above scheme for the year ended March 31, 2023 and for the year ended March 31, 2022.

As per our attached report of even date

**For B. R. Shah & Associates**

Chartered Accountants  
(Registration No. 129053W)

**Mr. Deval Desai**

Partner  
Membership No : 132426  
UDIN: 23132426BGQVND9233

Place: Ahmedabad  
Date : May 19, 2023

For and on behalf of the Board of Directors

**Mr. Vikas Agarwal**  
Chief Financial Officer

**Mr. Bilal Topia**  
Company Secretary

Place: Mumbai  
Date : May 19, 2023

**Mr. Mahendra Khatau**  
Chairman  
DIN: 00062794

**Mr. Arup Basu**  
Managing Director  
DIN: 00906760