MEGHMANI
ORGANICS LIMITED
(Formerly known as Meghmani Organochem Limited)

Ref: MOL/2021-22/05
August 27, 2021
To

| National Stock Exchange of India Limited | BSE Limited |
|---|---|
| "Exchange Plaza", | Floor- 25, P J Tower, |
| Bandra-Kurla Complex, | Dalal Street, |
| Bandra (East) Mumbai 400 051 | Mumbai 400 001 |
| **SYMBOL:- MOL** | **Scrip Code:- 543331** |

Dear Sir/ Madam

**Sub:- Notice of 2nd Annual General Meeting ("AGM") along with Annual Report of the Company for FY2020-21.**

**Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We wish to inform you that 2nd Annual General Meeting of the members of the Company is scheduled to be held on Thursday, September 23, 2021 at 10:00 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") in accordance with to the provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, General Circular dated January 13,2021 read with General Circulars dated April 8,2020, April 13,2020 and May 5, 2020, issued by the Ministry of Corporate Affairs ('MCA Circulars') and Circulars dated January 15, 2021 and May 12, 2020 issued by the Securities and Exchange Board of India ('SEBI Circulars').

We enclose herewith Notice of AGM along with the Annual Report of the Company for FY 2020-21 including Business Responsibility Report for information of Members. The same is also available on Company's website at www.meghmani.com

The above intimation shall be treated as due compliance of respective provisions under the Companies Act, 2013 and SEBl (Listing obligation and Disclosure Requirements) Regulations, 2015.

Please take the above information on record.

Thanking you.

**Yours faithfully,**
**For Meghmani Organics Limited**
**(Formerly known as Meghmani Organochem Limited)**

**Jayesh Patel**
**Company Secretary & Compliance Officer**

MEGHMANI ORGANICS LIMITED AHMEDABAD

**Encl: As above**

CHEMISTRY OF SUCCESS AT WORK

# Resilient Resourceful Rising

**Meghmani Organics Limited**

ANNUAL REPORT 2021

# Contents

## Company Overview



## Statutory Reports



## Financial Statements



To view Annual Report 2020-21 online, visit:

http://meghmani.com

### Cautionary Statement

Certain statements contained in the Management Discussion and Analysis may be statements of the Company's beliefs, plans and expectations about the future and other forward-looking statements that are based on management's current expectations or beliefs as well as a number of assumptions about the Company's operations and factors beyond the Company's control or third party sources and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Forward-looking statements contained in the Management Discussion and Analysis regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. There is no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report.

Dear Shareholders,

We are happy to disseminate first Annual Report of your Company after listing on Indian Stock exchanges. The Hon'ble Company Law Tribunal (NCLT), Ahmedabad Bench, vide its order dated 3rd May, 2021 has approved the Composite Scheme of Arrangement (Scheme) to demerge the Agrochemicals and Pigments Division of Demerged Company and transferred the same to Meghmani Organochem Limited as a going concern. The Scheme has been made effective from 10th May, 2021.

Accordingly, your Company has prepared the Financial Statements for Fiscal 2021 and Fiscal 2020 which have been restated after giving effect of the Scheme in accordance with the requirement of Ind AS 103. The Fiscal 2020 consists of period from 15th October, 2019 to 31st March, 2020. Resultantly, the Financial Statements of your Company for Fiscal 2021 are not strictly comparable with the Fiscal 2020.

As an integral part of the Scheme, the name of your Company has been changed from **Meghmani Organochem Limited** to "**Meghmani Organics Limited**" vide Certificate of Incorporation pursuant to change of name issued by the Registrar of Companies, Gujarat on 3rd August, 2021.

Lastly, the equity shares issued pursuant to the Scheme have been listed on NSE and BSE effective from 18th August, 2021

Wishing you and your family safe and good health.

**Board of Directors**

## Resilient Resourceful Rising

### Resilient

Our strong result in fiscal 2021 came in a year of unprecedented challenges globally, that tested the resilience of the business and of our people. We enter fiscal 2022 with an even more durable foundation and an exciting future. Our formula for market influence has proved to be enduring, as we continually transform our business and embrace change to create more value for our clients with incredibly talented people. Looking forward, we are facing a new reality of abundant opportunities, and we are ready.

### Resourceful

Today, we are blessed with a strong product portfolio; geographically diversified distribution and global market reach; ongoing investments in new products and capacities backed by a prudent capital allocation plan; a robust balance sheet with very low leveraged debt-equity; well-articulated financial policies adhering to stringent working capital norms and conservative forex policies. These resources give us the rights of passage to dream big and to plan an ambitious future.

### Rising

We have the perfect recipe for rising, and we harbour aggressive business growth aspirations. With bold and well-conceived capex plans for investing more than ₹ 75,000 Lakhs spread in next 3 years, we are poised to scale new orbits of growth through innovative products and enhanced capacities. Going forward, we are well set to lead our industry peers and improve our market position. As we rise, we aim to be differentiated by our shared success, based on our commitment to making a positive difference to our clients, our people, our shareholders, our partners and our communities.

# About US

## WHO WE ARE

We are a Leading Diversified Chemicals Company with significant presence worldwide. Our strong customer base includes prominent MNC's, and our geographical reach extends to more than 75 countries globally.

We manufacture three broad categories of Agrochemical products, namely, pesticide intermediates, technical and formulations. Our agrochemical products find primary application in Crop Protection, Veterinary, Public Health and Wood Protection. Within Pigments, we specialize in green and blue pigments, which have varied end use applications in printing inks, paints and coatings and plastics. Most of our products are exported and about 75% of our revenues come from exports.

Our R&D Centre, managed by a team of highly qualified and knowledgeable professionals, is recognized by the Ministry of Science and Technology. Our R&D capabilities allow us to innovate improvements in our processes and to continuously introduce new agrochemicals products to meet the needs of our global customers. Our Inhouse fully equipped GLP lab takes care of all data requirements for mandatory registrations of our product in each country.

### OUR COMPETITIVE ADVANTAGES

- Well integrated Manufacturing facilities strategically located in chemical hub of Gujarat and flexibility of operations
- Backward integration which helps in reducing the dependency on input supplies and in offering cost competitive advantage
- The Company has strong pool of product basket. The product reach and distribution too, are well diversified geographically with presence in almost every continent
- Capability to develop newer molecules at competitive cost backed up by inhouse product development efforts
- Enough Land bank with regulatory approvals along with basic infrastructure for future growth

CHEMISTRY OF SUCCESS AT WORK

## How we aim to grow by FY2024?

We aspire to achieve turnover exceeding ₹.**30,000 Mn by FY2024,** by consistently producing above industry average EBITDA margins.

We are amongst the top 3 Phthalocyanine Pigment players globally and among the Top 10 producers of pesticides in India, with a rich products portfolio across the entire value chain. The commissioning of our ongoing capex and upcoming growth projects in our Agrochemicals and Pigments divisions, and the prudent capital allocation policies – are the pillars for our ambitious growth plans.

As we are growing, we are giving top priority to our Environment, Health and Safety (EHS) practices, and are continuously upgrading our plants from an environment point of view and automation to increase safety standards

### OUR COMMITMENT TO EXCEL EXPECTATIONS AND DELIGHT

1. **Good and transparent business practices**

   We are committed to follow good and transparent business practices. These Ethical Values shall be the base and the backbone for all our endeavors to achieve our 'Corporate Vision'.

2. **Committed to Core Business Strengths**

   We are committed to stick to our core businesses in Organic Chemistry. This segment offers us innumerable growth opportunities and we intend to remain focussed on our core strengths.

3. **Focus on Environment and Safety**

   We place topmost importance to continuously improving our adherence to environmental and safety standards and practices.

4. **Sustainable and Scalable business opportunities**

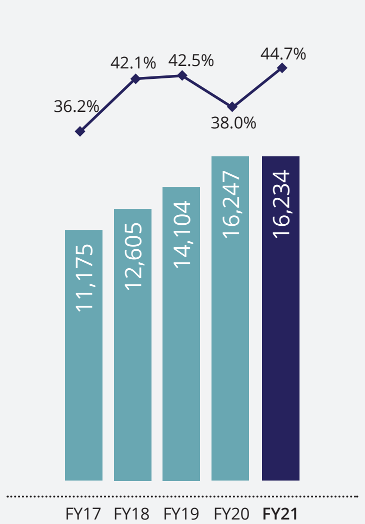
   On the business front, worldwide, India is being seen as a strong option to China in many product categories, more so in Chemicals and Pigments. Strong and adequate manufacturing base - infrastructure; plant compatibility; scope for rapid expansion; wider product range and geographical reach are some of the key virtues which will help MOL to command a sustainable long-term position.

5. **Dividend Pay-out**

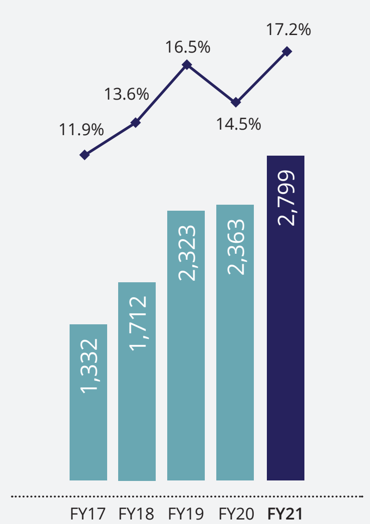
   We have been consistently raising our dividend pay-outs for the past few years. Despite substantial capital expenditure commitments and needing substantial financial resources to support our growth plans , we are committed to a sound and sustainable Dividend Distribution of maintaining around **17% to 20% of PAT** as dividend pay-out to our shareholders.

# **Financial** Highlights

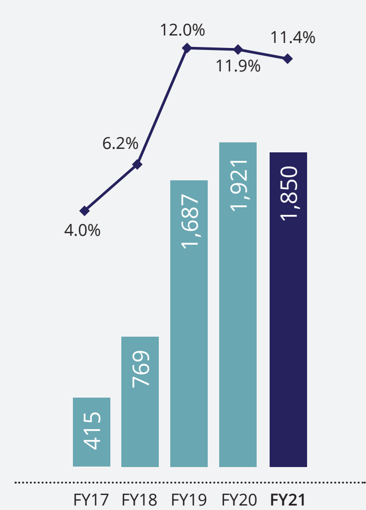
**DESPITE SIGNIFICANT CAPEX COMMITMENTS, MEGHMANI IS COMMITTED TO A VERY SOUND AND SUSTAINABLE DIVIDEND DISTRIBUTION OF AROUND 17% TO 20% OF PAT, AS DIVIDEND PAY-OUT TO THE SHAREHOLDERS.**



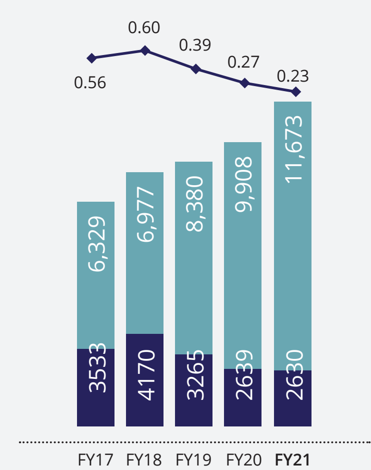

**REVENUES & GROSS MARGIN** *
(₹ MN)




**EBITDA & EBITDA MARGIN***
(₹ MN)

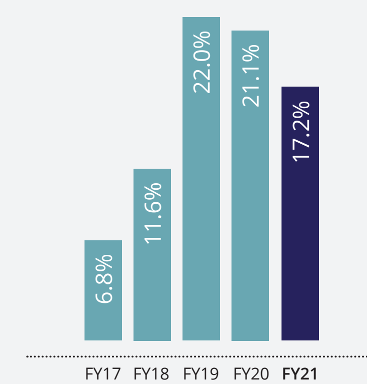



**PAT & PAT MARGIN***
(₹ MN)

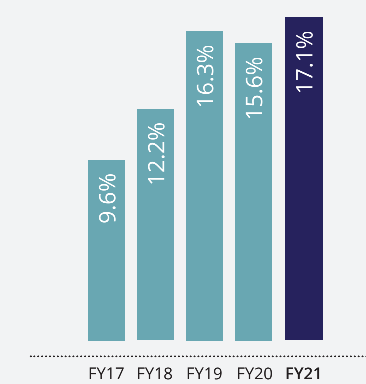



**LEVERAGE ANALYSIS***
(₹ MN)

Debt Equity D/E




**RETURN ON EQUITY***




**RETURN ON CAPITAL EMPLOYED***

*Agrochemicals and Pigment businesses are demerged on going concern basis. Accordingly standalone performance is considered for comparison purpose.

# A Rich Legacy
of value creation

## VISION

To constantly endeavour to create sustainable position as one of the leading but diversified chemical companies with strong manufacturing base in 'Organic Chemistry' aiming global presence with worldwide product acceptability

## MISSION

we will lead.... through

- Empowered work environment
- Speed of decision making
- Ethical way of functioning
- Business integrity
- Honouring commitments
- Focusing on results
- Innovation & efficiency

## VALUES

- Integrity
- Credibility
- Being Human
- Law abiding
- Environment and Safety

### 1986
- STARTED PARTNERSHIP FIRM TO MANUFACTURE PIGMENT GREEN 7AT VATVA

### 1995
- SET UP AGROCHEMICALS MANUFACTURING PLANT AT CHHARODI.

### 1996
- SET UP PIGMENTS MANUFACTURING PLANT AT PANOLI.

### 2003
- ACQUIRED AGROCHEMICALS PLANT AT GIDC ANKLESHWAR.

### 2004
- LISTING OF EQUITY SHARES ON SINGAPORE EXCHANGE THROUGH DEPOSITORY

### 2007
- LISTING OF EQUITY SHARES ON NSE AND BSE .

### 2008
- INCORPORATED MEGHMANI FINECHEM LIMITED (MFL) TO SET UP CAUSTIC CHLORINE PLANT AT DAHEJ

### 2009
- ACQUIRED AGROCHEMICAL FORMULATION PLANT AT GIDC PANOLI.
- SET UP AGROCHEMICAL MANUFACTURING FACILITIES AT GIDC DAHEJ.

### 2013
- SET UP PIGMENT MANUFACTURING FACILITIES AT DAHEJ SEZ LIMITED.

### 2017
- GLP ACCREDITED LAB AND EXPANSION OF R & D FACILITY

### 2020
- EXPANSION IN AGRO DIVISION-DOUBLING CAPACITY OF 2,4D HERBICIDES TO 21600 TPA AND NEW FORMULATION PLANT
- SETTING UP NEW MULTIPURPOSE PLANT AT DAHEJ

### 2021
- DEMERGER AND INDEPENDENT LISTING OF MFL FOR UNLOCKING VALUE FOR SHAREHOLDERS

**WE ARE A LEADING DIVERSIFIED CHEMICALS COMPANY, WITH A DEEP PRODUCT LINE AND GEOGRAPHICALLY WIDESPREAD PRESENCE IN EVERY CONTINENT.**

# Executive Chairman's
## Message

**EVEN AT ONE OF THE MOST CHALLENGING TIMES IN WORLD HISTORY, WE HAVE EMERGED STRONGER.**

**WE ENTER FISCAL 2022 WITH AN EVEN MORE DURABLE FOUNDATION AND AN EXCITING FUTURE.**

**17.2%**

RETURN ON EQUITY

**Dear Shareholders,**

Fiscal 2021 will be forever marked as an outlier year in our annals of history – a year in which we will recall the unimaginable wrath the COVID-19 wreaked upon the whole planet. For Meghmani Organics however, it was also about the year in which our resilience and fortitude shone through - in terms of our people's determination in countering COVID-19; and in terms of our ability to deliver a solid performance as a company in a year that was fraught with challenges. We closed fiscal 2021 with topline of ₹162,344.28 Lakhs and continued to deliver modest results in fiscal 21 despite lockdowns and curfew scenarios during the COVID-19 pandemic, backed by strong secular demand for our various products across our markets. Our ability to rapidly pivot to the pandemic conditions demonstrates the unique value we bring to our global clients, our strong channel and ecosystem relationships, the resilience of our business across geographies, and the importance of scale.

Pursuant to the Composite Scheme of Arrangement, approved by Hon'ble NCLT Ahmedabad Bench, vide an order dated May 3, 2021, the Agrochemical and Pigment business operated by erstwhile Meghmani Organics Limited has been demerged into Meghmani Organochem Limited and therefore the Audited Consolidated Financial Statement for the fiscal 2020 ( comparative period) have been restated to provide the requisite impact of the Scheme as required under Ind AS. The fiscal 2020 refers to the period from October 15, 2019 i.e. date of incorporation to March 31, 2020. Resultantly, your Company's financials of fiscal 2021 are not strictly comparable with the fiscal 2020.

There is a lot to be said for our business model that is able to see us through such a major disruption with resilience. This crisis has once again highlighted the importance of a strong balance sheet, particularly, our cash reserves. In times of distress, a strong cash balance built up prudently has provided Meghmani Organics with a cushion to navigate through these challenging times. Our strong competitive position in terms of cost structure; comfortable leverage levels; and strong liquidity profile, as reflected by free cash balances of ₹ 2111.03 Lakhs and investment in Mutual funds ₹ 10,243.86 Lakhs as on 31st March 2021, gives us confidence to see ourselves through the recovery period in fiscal 2022.

### Good and transparent business practices

We are committed to follow good and transparent business practices. These Ethical Values shall be the base and the backbone for all our endeavors to achieve 'Corporate Vision' of your company.

### Our solid Financial Performance – showing resilience and fortitude

Our strong result in fiscal 2021 came in a year of unprecedented challenges globally that tested the resilience of the business and of our people. I am delighted to inform you that, despite COVID -19's disruptions your Company exhibited good financial performance with Revenue of ₹ 163,665.61 Lakhs in fiscal 2021. EBIDTA Also soared to ₹ 28,245.39 Lakhs during the year. PAT for the year was ₹ 18,647.61 Lakhs.

Your Company has strong competitive position in terms of comfortable leverage levels and strong liquidity position as depicted by Debt Equity of 0.22. Your company continues to deliver strong return ratio, with Return on Equity of 17.2% and Return on Capital Employed of 17.1% in fiscal 2021.

### Dividend

Board of Directors of your company at its meeting held on May 20, 2021, recommended final dividend of ₹ 1.40 per Equity Share for the fiscal 2021 which is subject to approval of shareholders of the Company at ensuing annual general meeting.

Despite huge Capex commitments and needs to support growth plans, your company is committed to formulate a very sound and sustainable Dividend Distribution Policy of around 17% to 20% of PAT, as Dividend pay-out to the Shareholders

### Segmental Performance: delivering secular all around growth

#### Agrochemicals

Meghmani Organics' Agrochemical segment exhibited a strong performance in fiscal 2021 with revenue of ₹ 104,506.08 Lakhs. Exports accounted for 79% of sales during fiscal 2021. EBITDA during the year ₹ 23,443.71 Lakhs and EBITDA margin for the period was 22.4%.

#### Pigments

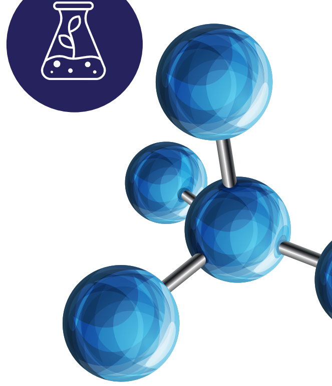
Meghmani Organics' Pigment segment recorded revenue of ₹ 57,838.20 Lakhs in fiscal 2021. Exports accounted for 78% of sales during the year. EBITDA during the year surged to ₹ 10,453.62 Lakhs due to favourable market conditions. EBITDA margin for the period is 18.1%.

### Industry Outlook: Tapping the New Trend

#### Agrochemicals

According to UBS's Report on North America Chemicals, published in Dec 2020, the estimated Global Market for Crop Chemicals for CY2020 stood at $62.4 billion. The Morgan Stanley Research paper, published in December 2020, furthermore projects that the crop science market is estimated to grow at a 3.0% CAGR from 2018 to 2023. Globally,

**FY2021 WILL BE REMEMBERED FOR OUR RESILIENCE AND FORTITUDE SHINING THROUGH - IN TERMS OF OUR PEOPLE'S DETERMINATION IN COUNTERING COVID-19; AND IN TERMS OF OUR ABILITY TO DELIVER A SOLID PERFORMANCE.**



**I AM CONFIDENT THAT WE HAVE THE LEVERS TO PULL TO SUCCESSFULLY REACT TO THE EMERGING DEMAND ENVIRONMENT, INCLUDING TIGHTLY MATCHING OUR SELLABLE CAPACITY TO EXPECTED DEMAND.**

**₹ 750** crore

CAPEX SPREAD IN NEXT 3 YEARS

herbicides and insecticides are expected to record the strongest growth at a 3.1% CAGR, followed by fungicides at 2.7% and other crop protection products at 2.6%. By region, Asia is expected to grow at a 2.3% CAGR, North America and Europe at ~2.7%, and Latin America and the Middle East/Africa at 4.1% and 4.5%, respectively. In recent years, low crop prices and adverse weather conditions have had a negative impact on market development. Price improvement was limited, primarily due to elevated levels of distributor inventory in many markets, as well as oversupply. Looking forward, the global crop protection market is set to move into more positive territory, since firm and steady commodity prices and inventories that are not too high look set to lay a solid path ahead. Companies that focus on building bio-based products would be at a relative advantage.

### Pigments

According to Grand View Research, the global dyes and pigments market size was valued at USD 32.9 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 5.1% from 2021 to 2028. The pigment industry growth is driven by increasing demand from various applications such as packaging inks, textiles, paints and coatings, construction, and plastics. Asia Pacific was the dominant regional market and accounted for over 62% of the global revenue share in 2020. According to Expert Market Research, the Indian dyes and pigments market accounts for nearly 25% of the global market pegged at close to USD 8 billion in 2020. The industry is expected to grow at a CAGR of 11% between 2021 and 2026. The production value of the pigments industry in India reached a volume of 133.52 million tonnes. Organic pigments dominate the industry with a lion's share of 58% of the total pigment production in India. The growth of the pigment market is aided by the cosmetic's industry growth.

### Emerging more resilient from the crisis

Our culture is differentiated by shared success, based on our commitment to making a positive difference together with our clients, our people, our shareholders, our partners and our communities. Our formula for market influence is enduring, as we continually transform our business and embrace change to create more value for our clients with incredibly talented people. For the reasons I have said above, we have appeared from the fiscal 2021 stronger than when we entered, which was our strategy. We view fiscal 2021 as turning a page - we are no longer navigating a crisis - we are facing a new reality, and we are ready.

Today, more than ever, we are blessed with a strong product portfolio; geographically diversified distribution and global market reach; ongoing investments in new products and capacities backed by a prudent capital allocation plan; a robust balance sheet with very low leveraged debt-equity; well-articulated financial policies adhering to stringent working capital norms and conservative forex polices.

Throughout our history, the people of Meghmani Organics have embraced change. Today is no different. I want to thank all our people for their incredible dedication, perseverance and commitment both in fiscal 2021 and as we face our new reality. I also want to thank all our shareholders for their continued trust and support. As a company, we have never been more committed to creating shared success for all.





### Bold Investing for Growth

We are committed to stick to our core businesses in Organic Chemistry. This sector offers innumerable growth opportunities. At the same time, we are seriously concerned and making constant endeavours to improve Environmental and Safety Standards.

On business front, worldwide, India is being seen as a strong option to China in many product categories, more in Chemicals and Pigments. Strong and adequate manufacturing base - infrastructure; plant compatibility; scope for rapid expansion; wider product range and geographical reach are some of the virtues which will help your company to command sustainable long term position.

Your company has ambitious business expansion plans. Capex of ₹ 75000 Lakhs will be spread in next 3 years, largely funded with combination of internal accruals and low cost debts.

### Agrochemicals

Your Company has commissioned two expansion projects in Agro division with capex of ₹ 15000 Lakhs in fiscal 2021. Capacity utilisation of these plants is being ramped up and will add meaningful contribution to the topline in the coming years:

» Capacity of 2,4D (Herbicides) has been doubled to 21600 TPA. With this your company is the largest producer of 2,4D in India.

» New formulation unit to expand its share of value-added products (Branded products).

» New multipurpose plant with backward integration at Dahej with capex of ₹ 31000 Lakhs is progressing as per plan and is expected to be commissioned in Q1 FY 2023.

### Pigments

Your company is confident of sustainable growth in Pigment beyond Phthalocyanine Pigment Blue and Green. Management is seriously considering foraying into new and lucrative variant of Pigment to increase the basket of products in Pigments division in the coming years.

### Closing Remarks

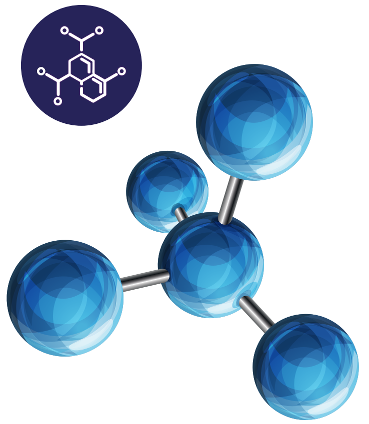
Going forward, your Company is well poised to enhance its market position, given its steady investments in capacity expansion plans supporting new and existing products. Even with our preparedness and swift response to the pandemic in fiscal 2021, we are not standing still. I am confident that Meghmani has the levers to pull to successfully react to the emerging demand environment, including tightly matching our sellable capacity to expected demand. We also have the cushion of our key competitive advantages including our operational reliability, our vast customer's network and loyalty, to fall back on.

As we move along fiscal 2022, there are strong expectations of recovery in the Indian and global economies. In true Meghmani tradition, we promise to remain steadfast in managing costs and cash spending and remain focused on maintaining significant liquidity. I am thankful to all our stakeholders for their continued support and confidence in our journey towards becoming one the best chemicals company in the world. I would like to specially thank our "Human Capital" for their hard work and commitment. On behalf of the board, I would like to thank you for all your unwavering support, trust and perennial belief in our capabilities and competencies.

Best Regards,

**Jayanti Patel**

**Executive Chairman**



# Our manufacturing
strength

## AGROCHEMICALS

We have 6 multifunctional ISO 9001 and 14001 certified production facilities with a wide range of products and backward integration of key raw materials, located in Gujarat, India's prime Chemical belt and having proximity to key ports.

| TOTAL CAPACITY | 49,380 TPA |
|---|---|
| LOCATION | CAPACITY (MTPA) |
| GIDC Panoli | **13,500** |
| GIDC Ankleshwar | **6,840** |
| GIDC Dahej | **29,040** |

**Ankleshwar Plant**

ESTABLISHED
2003

LAND AREA
24,000 sq. m.

MANUFACTURING
Pesticides- Intermediates, Technical and Bulk Formulation

**Dahej Plant**

ESTABLISHED
2009

LAND AREA
1,50,000 sq. m.

MANUFACTURING
Pesticides- Intermediates, Technical and Bulk Formulation

**Panoli Plant**

ESTABLISHED
2003

LAND AREA
49000 sq. mt.

MANUFACTURING
Pesticides – Formulations



## OUR AGROCHEMICALS PORTFOLIO

With a highly integrated manufacturing infrastructure, we are producing our own intermediates and a wide range of crop protection products.

**INSECTICIDES**

| Product Name | Tech Purity Min in % | Formulation Type |
|---|---|---|
| Cypermethrin | 93-95 | EC |
| Chlorpyriphos | 96-98 | EC/GR |
| Alpha Cypermethrin | 97 | EC / SC / WP |
| Permethrin | 94 | EC / SC |
| Bifenthrin | 97 | EC/SC |
| Lambda-Cyhalothrin | 95 | EC / WP |
| Deltamethrin | 98 | EC / SC |
| Profenophos | 93-94 | EC |
| Acetamiprid | 95 | SP |
| Emamectin Benzoate | 95 | SG |
| Fipronil | 95 | EC/SC |

**INTERMEDIATES**

| Product Name | Tech Purity Min in % |
|---|---|
| Cypermethric Acid Chloride | 98.5 |
| Meta Phenoxy Benzaldehyde | 99.0 |
| Meta Phenoxy Benzyl Alcohol | 98.5 |
| Monochloroacetic Acid | 99.0 |
| High Trans Cypermethric Acid Chloride | 98.50 |
| High Cis Cypermethric Acid Chloride | 98.5 |

**UP COMING PRODUCTS**

| Product Name | Tech Purity Min in % |
|---|---|
| Flonicamid | 95 |
| Spiromesifen | 95 |
| Ethiprole | 92-95 |
| Pymetrozine | 98 |
| Pyriproxyfen | 96 |
| Beta Cyfluthrin | 95 |
| Cyfluthrin | 95 |

**WE MANUFACTURE A WIDE RANGE OF PIGMENTS AND AGROCHEMICALS IN INDIA - AND HAVE A FOCUS ON DELIVERING DIFFERENTIATED AND QUALITY PRODUCTS BACKED BY STRONG RESEARCH AND DEVELOPMENT CAPABILITIES.**

# Our manufacturing
strength

## PIGMENTS

We have three Pigment manufacturing facilities at Vatva, Panoli and Dahej SEZ in the state of Gujarat. Safety is the integral part of all our processes and an utmost care is taken by an efficient team of professionals in all the plants.

| TOTAL CAPACITY | 33,180 TPA | |
|---|---|---|
| LOCATION | CAPACITY (MTPA) | PRODUCTS |
| GIDC Vatva, Ahmedabad | 3,180 | Pigment Green |
| GIDC Panoli, Bharuch | 17,400 | CPC Blue, Alpha and Beta Blue |
| Dahej SEZ | 12,600 | CPC Blue, Alpha and Beta Blue |

### Vatva Plant

ESTABLISHED
1986

LAND AREA
13500 sq. mt.

MANUFACTURES
Pigment Green and Azo Pigments

### Panoli Plant

ESTABLISHED
1996

LAND AREA
99000 sq. mt.

MANUFACTURES
CPC, Pigment Blue

### Dahej Plant (SEZ)

ESTABLISHED
2013

LAND AREA
87000 sq.mt.

MANUFACTURES
CPC, Pigment Blue

## OUR PIGMENTS PORTFOLIO

We are the largest manufacturers of Phthalocyanine-based pigments, with 14% global market share, and amongst top 3 (capacity wise) global pigments players. We have a strong global presence in more than 75 countries and serve to end-user industries mainly in the areas of printing inks; paints & coatings; and plastics.

| PRODUCT RANGE | | |
|---|---|---|
| PHTHALOCYANINE PIGMENTS | AZO PIGMENTS | HIGH PERFORMANCE |

### COATINGS

"Meghafast Pigments" exhibits good performance in Decorative, Industrial & Automotive with lasting durability, light & weather fastness as well as good environmental performance.

### PLASTICS

"Meghafast Pigments" are specially designed for good performance in Polyolefins, Engineering polymers, PVC & Rubber with good dispersion and excellent heat stability.

### PRINTING INKS

Exclusively designed Pigments suitable for paste inks and liquid inks (Flexo and Gravure). "Meghafast Pigments" also exhibit good flow transparency, gloss and high color strength.

Contributing to

# Society, People and Environment

Addressing climate change is one of the major challenges to achieving a sustainable future. As both a major user of energy and a producer of technologies that are essential to a lower-carbon economy, we have a responsibility to act. Within our own operations, we are optimizing efficiency, investing in renewable energy sources and innovating new low-emission production processes. We also are collaborating with our customers to produce products that contribute to a lower carbon footprint. Our Sustainability Goals continue to guide us in driving meaningful change and scaling business solutions that will help lead the transition to a sustainable planet and society, and our World-Leading Operations performance is foundational to our progress.

## OUR FOCUS AREAS

Our sustainability efforts are focused on the Environment are critical to our business and where we believe we can make a difference. With particular focus on air pollution, energy management, water management, wastewater management and biodiversity management, we are making a steady and consistent contribution through a calibrated and measured approach to impact management. MOL is committed to world-class environmental, health and safety (EH&S) performance.

To meet the Company's public commitments, as well as the laws and government regulations related to environmental protection and remediation to which its global operations are subject, MOL has well-defined policies, requirements, and management systems.

# Society

| SOCIETY | WHY IS IT IMPORTANT TO US? | HOW ARE WE RESPONDING? |
|---|---|---|
| People & Philanthropy | Spending time and financial resources enriching your community is a great way to broaden our impact on the world. A majority of people feel that businesses should give back to the community and make addressing global inequalities a high priority. Today, every business needs to play an active role in moving the needle on critical societal issues, like diversity, equity, and sustainability. Making progress in these areas isn't just the right thing to do; it's also a significant business opportunity. | The Company ardently believes in giving something back to the society. Any business is directly related to well–being and development of the society in which it is embedded. With our continuous efforts in Corporate Social Responsibility activities, the Meghmani group has contributed significantly to society with key focus on improvement of Health, Education, social infrastructure, women empowerment specifically in rural areas. We also focus on fulfilling the developmental objectives of neighbouring communities and villages.<br><br>The company partnered with the government and continued to contribute in the field of education & improving healthcare facilities. Incurred CSR expenditure of ₹ 476.06 Lakhs (47.61 Mn) in FY 2021. We are honoured to garner the kind words of appreciation from the Government along with bagging 'Best Company for CSR activities' in the state of Gujarat. |


**OUR SUSTAINABILITY GOALS CONTINUE TO GUIDE US IN DRIVING MEANINGFUL CHANGE AND SCALING BUSINESS SOLUTIONS THAT WILL HELP LEAD THE TRANSITION TO A SUSTAINABLE PLANET AND SOCIETY, AND OUR WORLD-LEADING OPERATIONS PERFORMANCE IS FOUNDATIONAL TO OUR PROGRESS.**

# People

| PEOPLE | WHY IS IT IMPORTANT TO US? | HOW ARE WE RESPONDING? |
|---|---|---|
| Safety | Every MOL story starts with our people. Together, our employees form an inclusive community of problem-solvers that help us deliver innovative solutions and an optimal customer experience, while transforming industries and shaping a sustainable future.<br><br>We're invested in fostering a culture of inclusion, diversity and continuous learning to ensure every MOL employee is respected, valued and encouraged to make their fullest contribution. A commitment to safety, employee health and world-leading environmental performance is engrained in our culture and central to how we work.<br><br>At MOL, we remain committed to pursue our business in a sustainable manner. Pursuing sustainable value creation / growth, we balance our business interest with that of the environment and social well-being of our employees, channel partners, farmers, nearby communities and direct consumers. | As an aspirant of becoming responsible producer, we are aligning our management practices with Responsible Care Principles.<br><br>We are taking decisive steps to strengthen our EHS Management System by integrating requirements of Responsible Care principles, PSM requirements in EHS management systems. We are deploying advanced systems, hardware and improving systems to ensure a safe and healthy workplace and a clean environment for both the employees as well as nearby community. Accreditations in ISO 14001 and ISO 18001 are demonstration of our commitment towards EHS.<br><br>We have been constantly striving to provide a safer workplace to our employees, whom we consider as our greatest assets and part of family. These include providing engineering controls at various stages of operations, the right PPE's, relevant trainings etc.<br><br>Agrochemicals businesses require high degree of process safety measures. As a proactive measure we have started the process of recording and investigating "Process Safety Near Miss" along with general "Near Miss", which we were capturing already. We are confident that analysing and taking corrective action against such near miss will make our systems more robust and fool proof.<br><br>We are in process of establishing role of safety coordinators in each department. They will ensure compliance of occupational safety systems and parameters. We are also considering establishing a dedicated supervisory role in process safety to strengthen process safety of our plants. |

| PEOPLE | WHY IS IT IMPORTANT TO US? | HOW ARE WE RESPONDING? |
|---|---|---|
| Employee Engagement | By investing in employee engagement, MOL believes it will be able to increase productivity, work quality, and retain top talent. Employee engagement is quickly becoming one of the most important indicators in gauging work satisfaction. Employees today are looking for more than just a 9-to-5 job. They want to be involved in their work, enthusiastic about the organization they work for and committed to their fellow workers. | Employees play important role in culture building. The capabilities and well-being of our employees influence our operational performance and leave a significant footprint in the organization's work culture.<br><br>To involve employees actively in EHS system, we have started monthly evaluation of employee involvement in safety. Each department gets evaluated for predefined parameters and ranked. The evaluation parameters are strategically developed to improve leadership abilities of area managers. This system improves compliance, process safety management, minimizes risks and helps in skill improvement. We have implemented this system in all our locations of MOL. The goal of quantification is to improve our safety culture from reactive mode to interdependent.<br><br>Structured Management Review Meeting for EHS review are also vital, evolving as key drivers in improving involvement of site leaders. We are using 30 leading indicators and 10 lagging indicators for quarterly reviews, which have now started yielding results. |

**OUR LONG-TERM SUCCESS IN TODAY'S BUSINESS ENVIRONMENT IS CLOSELY LINKED TO OUR PEOPLE. WE STRIVE TO BECOME AN EMPLOYER OF CHOICE BY CREATING A SAFE AND ENGAGING WORKPLACE.**

# Environment

| ENVIRONMENT | WHY IS IT IMPORTANT TO US? | HOW ARE WE RESPONDING? |
|---|---|---|
| **Climate Change Mitigation and adoption** | World is facing Climate change as one of the principal challenges. Human emissions of greenhouse gases have considerably increased global temperatures since pre-industrial times. | The Company is gradually moving towards implementing projects based on cleaner production technologies and is moving towards addressing issues such as climate change, pollution prevention and management, and emission reduction. |
| **Air Pollution Control & Toxic Emission Management** | Good outdoor air quality is essential to our well-being. The presence of contaminants in this air can adversely affect people's health. Excess emissions of toxic chemicals and hazardous materials, in conjunction with inadequate disposal systems can cause long-term damage to the environment and the quality of air that all living creatures breathe | We keep a vigilant check on our main air emissions, such as SOx, NOx and Particulate Matters (PM), in addition to GHG emission.<br><br>All our plants comply with the National Ambient Air Quality Standards (NAAQS) to ensure ambient air quality parameters. They are also equipped with necessary controls to manage these emissions within the permissible limits.<br><br>We have installed automated monitoring systems for these emissions through a Continuous Emissions Monitoring System (CEMS), complying with the statutory requirements. The CEMS captures round the clock data and is more precise than the off-line monitoring. The data captured is automatically shared with the Central Pollution Control Board and the State Pollution Control Board. |
| **Energy Management** | Energy management is critical for controlling and reducing an organisation's energy consumption, so that one can reduce costs. Energy efficiency also brings a variety of other environmental benefits, such as reducing greenhouse gas emissions, reducing demand for energy imports, and lowering costs, both at a household and at the economy-wide level. | The Company is committed to reduce its negative environment impact in its internal operations. It has installed four wind turbine generators to reduce the dependence on other sources of power and move towards green energy. Most of our offices are installed with LED lights making them very energy efficient.<br><br>The Company, in support of Ministry of Corporate Affairs 'Green Initiative', sends its various notices and documents to its members through electronic mode to their registered e-mail addresses, thus saving a large quantity of paper, as a measure of protecting the environment saving many trees. |

| ENVIRONMENT | WHY IS IT IMPORTANT TO US? | HOW ARE WE RESPONDING? |
|---|---|---|
| **Water Management** | Water conservation and management encompasses the policies, strategies and activities made to manage water as a sustainable resource, to protect the water environment, and to meet current and future human demand. Reducing our use of water reduces the energy required to process and deliver it to homes, business, farms, and communities, which in turn helps to reduce pollution and conserve fuel resources. | Water is one of the most important substances for running our operations.<br>In order to address water-related risks, we have adopted a strategic approach in our operations. As part of the approach, we have taken a holistic view of our water management to encompass fresh and recycled water consumption, water conservation efforts and efforts on water reusing and recycling. This is evaluated through periodic water audits and improvement plans. |
| **Effluent/ Wastewater Management** | Low cost and environmentally favorable reuse of this wastewater stream has become an important topic with the respective national and local regulatory bodies stipulating minimum treatment levels and standards. | The Company focuses on implementing a policy of REDUCE > REUSE > RECYCLE of various chemicals at every stage of our operations.<br>Extending the Company's efforts towards elevated environmental stewardship, we have adopted a strategic approach to managing the effluent discharge at our manufacturing sites.<br>To ensure that statutory water quality parameters are within permissible limits, we monitor our wastewater quality on regular basis. Effluents from all our plants are properly treated, meeting the requirements specified by Central and/or State Pollution Control Boards. Effluents discharged from our plants do not significantly affect any water bodies in our operational surroundings. |
| **Biodiversity Management** | Biodiversity is the variety and variability of life on Earth. It is typically a measure of variation at the genetic, species, and ecosystem level. An Ecosystem is a biological community of interacting organisms and their physical environment. Rapid environmental changes can cause mass extinctions to an ecosystem's biodiversity. Biosecurity consists of procedures or measures designed to protect the population against such threats that are harmful biological or biochemical substances. | In our endeavor to be a responsible and reliable organisation, we try to integrate the principles of biodiversity management to address ecological concerns.<br>Our efforts for ecosystem and biodiversity management contribute towards the achievement UN's Sustainable Development Goal of "protect, restore and promote" the sustainable use of terrestrial ecosystem, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss. The Company participates and encourages the community green development programme by extensive tree plantation in our operational surroundings. |

# Wholetime **Directors**

**Mr. Jayanti Patel**
*Executive Chairman*

- 47 years of experience
- Overseas international marketing
- B.E (Chemical)

**Mr. Ashish Soparkar**
*Managing Director*

- 46 years of experience
- Overseas corporate affairs & finance
- B.E (Chemical)

**Mr. Natwarlal Patel**
*Managing Director*

- 45 years of experience
- Overseas technical matters & marketing in Agrochemical division
- MSc degree

**Mr. Ramesh Patel**
*Executive Director*

- 44 years of experience
- Overseas purchasing function & liaisons with govt. / regulatory bodies
- B.A degree

**Mr. Anand Patel**
*Executive Director*

- 35 years of experience
- Overseas pigments marketing, manufacturing
- BSc degree

# Independent **Directors**

**Mr. Manubhai K. Patel**
*Independent Director*

He is a Chartered Accountants with more than 40 years of experience in the field of Forex, Treasury and Credit Management. He is on board of Meghmani Finechem Limited. Besides he holds directorship in GVFL Trustee Company Private Limited, Paryavaran Edutech, Zydus BSV Pharma Private Limited, Dial for Health Unity Limited, ACME Diet Care Private Limited.

**Prof. (Dr.) Ganapati Yadav**
*Independent Director*

He is a Padmashri Awardee, by President of India.He has recently retired from the position of Vice Chancellor of Institute of Chemical Technology (ICT). With numerous honours and distinctions for his contributions to green chemistry and engineering, catalysis science and engineering, chemical reaction engineering, nanotechnology and energy engineering, he has authored over 300 original research papers in 51 cross-disciplinary international peer-reviewed journals. He is independent director on the board of Aarti Industries, Godrej Industries Ltd, Bhageria Industries Ltd and Clean science and Technology Ltd.

**Ms. Urvashi Dhirubhai Shah**
*Independent Director*

She holds Bachelor of Arts (BA) Degree with Economics and having First class First rank of Gujarat University. She is practicing with Income Tax appellate Tribunal since last 15 years. Ms. Urvashi Shah is on the Board of Brady & Morris Engineering Co Ltd. (Bombay) as Non Executive Independent Director.

**Mr. C S Liew**
*Independent Director*

He is a resident in Singapore, is B.S. in Agronomy & Pest Management from Iowa State University, USA (High Scholarship Student) in 1979. He has also obtained Diploma in Marketing from Institute of Marketing, UK through self-study in 1986. Mr. Liew has 11 years of experience of heading Singapore Representative Office of Uniroyal Chemical Co. Inc., (renamed Chemtura).

Mr. Liew was holding position of Director and Regional Manager of Nufarm (Asia) Pte Ltd, a wholly-owned subsidiary of Nufarm Ltd., Australia. He is Managing Director of Pacific Agriscience Pte Ltd.

**Mr. Bhaskar Rao**
*Independent Director*

He is a resident in Singapore. Mr. Rao holds Post Graduate Diploma in Management (Indian Institute of Management, Calcutta). Presently, Mr. Rao is an Independent consultant in the field of finance, legal and commercial partnerships. He has worked with some of the world's biggest organizations like Unisys, Bristol Myers Squibb, Sara Lee, Samsung, Compaq, New Zealand Milk, and Motorola.

# **Corporate** Information

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | Mr. Jayanti Patel | Executive Chairman |
| | Mr. Ashish Soparkar | Managing Director |
| | Mr. Natwarlal Patel | Managing Director |
| | Mr. Ramesh Patel | Executive Director |
| | Mr. Anand Patel | Executive Director |
| | Ms. Urvashi Shah | Independent Director Appointed from 5th May, 2021 |
| | Mr. Manubhai Patel | Independent Director Appointed from 5th May, 2021 |
| | Mr. Bhaskar Rao | Independent Director Appointed from 5th May, 2021 |
| | Mr. C. S. Liew | Independent Director Appointed from 5th May, 2021 |
| | Prof.(Dr.) Ganapati Yadav | Independent Director Appointed from 5th May, 2021 |
| **AUDIT COMMITTEE**<br>Constituted on 5th May, 2021 | Mr. Manubhai Patel<br>Ms. Urvashi Shah<br>Prof.(Dr.) Ganapati Yadav | Chairman<br>Member<br>Member |
| **NOMINATION & REMUNERATION COMMITTEE**<br>Constituted on 5th May, 2021 | Mr. Manubhai Patel<br>Ms. Urvashi Shah<br>Prof.(Dr.) Ganapati Yadav | Chairman<br>Member<br>Member |
| **SHAREHOLDERS' / INVESTORS' GRIEVANCE, SHARE ALLOTMENT AND SHARE TRANSFER COMMITTEE**<br>Constituted on 5th May, 2021 | Mr. Manubhai Patel<br>Ms. Urvashi Shah<br>Mr. Ashish Soparkar | Chairman<br>Member<br>Member |
| **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**<br>Constituted on 5th May, 2021 | Mr. Manubhai Patel<br>Mr. Jayanti Patel<br>Mr. Ashish Soparkar<br>Mr. Natwarlal Patel | Chairman<br>Member<br>Member<br>Member |
| **CHIEF EXECUTIVE OFFICER** | Mr. Ankit Patel (Appointed from 5th May, 2021) | |
| **COMPANY SECRETARY** | Mr. K. D. Mehta<br>Mr. Jayesh Patel (Appointed from 20th May, 2021) | |
| **CHIEF FINANCIAL OFFICER** | Mr. Gurjant Singh Chahal (Appointed from 5th May, 2021) | |
| **REGISTRAR & SHARE TRANSFER AGENT - INDIA** | Link Intime India Private Limited<br>C 101, 247 Park, L. B. S. Marg, Vikhroli (West),Mumbai - 400083.<br>Tel: +91 22 4918 6270 \| Fax: +91 22 4918 6060 | |

| | |
|---|---|
| **REGISTERED & CORPORATE OFFICE** | 1st to 3rd Floor, Meghmani House, Near Safal Profitaire, Prahlad Nagar, Satellite, Ahmedabad – 380015, Gujarat, India<br>Telephone No. 91-79-2970 9600/ 7176 1000 \| Fax No. 91-79-2970 9605<br>Website: www.meghmani.com E-mail : helpdesk@meghmani.com |
| **PLANT LOCATIONS** | |
| 1. Pigment Green Division | Plot No. 184, Phase II,G.I.D.C. Vatva, Ahmedabad -382 445<br>Telephone No. 91-9979882209<br>Website: www.meghmani.com |
| 2. Pigment Blue Division | Plot No. 21,21/1, G.I.D.C. Panoli, District: - Bharuch<br>Telephone No. 91-9879606337/38/39<br>Website: www.meghmani.com |
| 3. Pigment Blue Division | Plot No. Z-31, Z-32, Dahej SEZ Limited, - Dahej Taluka :- Vagra, District :- Bharuch<br>Telephone No. 91-9099960742,9099958371<br>Website: www.meghmani.com |
| 4. Agro Division – I | Plot No. 402,403,404 & 452, Village Chharodi, Taluka Sanand, District :- Ahmedabad<br>Telephone No. 91-987960330<br>Website: www.meghmani.com |
| 5. Agro Division – II | 5001/B, G.I.D.C. Ankleshwar, District:- Bharuch<br>Telephone No. 91-2646-222971<br>Website: www.meghmani.com |
| 6. Agro Division – III | Plot No - Ch-1+2/A GIDC Dahej, Dahej Taluka – Vagra , District: - Bharuch -392130<br>Telephone No. 91-2641-291017<br>Website: www.meghmani.com |
| 7. Agro Division – IV | Plot No. 22/2, G.I.D.C. Panoli, District: - Bharuch<br>Telephone No. 91-6359605548<br>Website: www.meghmani.com |
| **PRINCIPAL BANKERS** | **ICICI Bank Limited**<br>JMC House, Opposite Parimal Gardens,<br>Ambawadi, Ahmedabad-380006, Gujarat, India<br>**HDFC Bank Limited**<br>Corporate Banking, 3rd Floor HDFC Bank House,<br>Opp Jain Dersar, Navrangpura, Ahmedabad-380009, Gujarat, India<br>**State Bank of India**<br>Overseas Branch, 1st Floor, ISKCON Elegance,<br>Near Shapath V, Prahlad Nagar Cross RoadsAhmedabad - 380015, Gujarat, India<br>**DBS Bank India Limited**<br>19th Floor, Express Towers, Nariman Point, Mumbai – 400021, Maharashtra, India<br>**Axis Bank Limited**<br>Corporate Banking Branch, 2nd Floor, Third Eye One<br>Near Panchvati Crossing, C G Road,Ahmedabad – 380009, Gujarat, India<br>**State Bank of India**<br>29 Hoveniersstraat, 2018 Antwerp, Belgium. |
| **STATUTORY AUDITOR** | **S R B C & CO. LLP**<br>Chartered Accountant<br>21st floor, B Wing, Privilon, Ambli BRT Road, Behind Isckon Temple,<br>Off. S.G. highway, Ahmedabad – 380059 |
| **INTERNAL AUDITOR** | **C N K Khandwala & Associates**<br>Chartered Accountants,<br>2nd Floor, "HRISHIKESH", Vasantbaug Society, Opposite Water Tank,<br>Gulbai Tekra, Ahmedabad – 380006 |

# Directors' Report

Dear Shareholder

Your Directors have pleasure in presenting Second Annual Report and Audited Statement of Accounts of the Company for the Financial Year ended on 31st March, 2021.

## 1. FINANCIAL RESULTS:-

(₹ in Lakhs)

| PARTICULARS | FOR THE YEAR ENDED ON 31st MARCH, 2021 | FOR THE PERIOD 15th OCTOBER, 2019 TO 31st MARCH, 2020* |
|---|---|---|
| **Revenue from Operations** | 159840.31 | 67586.05 |
| Other Operating Revenue | 2503.97 | 1735.72 |
| **Total Revenue from Operations** | 162344.28 | 69321.77 |
| Other Income | 2471.83 | 13847.66 |
| Total Income | 164816.11 | 83169.43 |
| Profit Before Finance Cost & Depreciation | 30463.73 | 24174.57 |
| Finance Cost | 1116.18 | 1824.87 |
| Depreciation and Amortization Expenses | 5064.52 | 2239.81 |
| **Profit Before Exceptional Item & Tax** | 24283.03 | 20109.89 |
| Exceptional item | (650.00) | - |
| **Profit Before Tax** | 24933.03 | 20109.89 |
| Payment and Provision of Current Tax | 6625.00 | 2695.00 |
| Deferred Tax Expenses/(Income) | (193.40) | 1750.57 |
| **Profit After Tax** | 18501.43 | 15664.32 |

*Restated Pursuant to Scheme of Amalgamation

## 2. COMPOSITE SCHEME OF ARRANGEMENT:-

The Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vide its order dated 3 May 2021 (the "Order"), has approved the Composite Scheme of Arrangement ("the Scheme") to demerge the Agrochemicals and Pigments Division of erstwhile Meghmani Organics Limited (MOL) along with its investment in Optionally Convertible Redeemable Preference Shares ("OCRPS") of Meghmani Finechem Limited (MFL) and transferred to the Company as a going concern. The Scheme has been made effective from 10th May, 2021.

## 3. FISCAL 2021 COMPARED TO FISCAL 2020

The Fiscal 2020 refers to the period from October 15, 2019 i.e. date of incorporation to March 31, 2020, while Fiscal 2021 refers to the twelve months ended March 31, 2021. Further, until Fiscal 2020, our Company did not carry on any business activities. Pursuant to Composite Scheme of Arrangement, the Agrochemical and Pigment business operated by erstwhile Meghmani Organics Limited stands transferred to Meghmani Organochem Limited (now known as Meghmani Organics Limited) and the financials as disclosed above are based on the restated impact given to the financials on account of the Composite Scheme of Arrangement.

Accordingly, our results of operations in Fiscal 2021 are not strictly comparable with the Fiscal 2020.

## 4. EFFECT OF SCHEME IN PREPARATION OF ACCOUNTS

The Company has given effect to the Scheme for the year ended March 31, 2021 considering it to be an adjusting event and has accounted the same as per the pooling of interest method since the conditions as per the requirements of Ind AS 103 – Business Combinations of entities under common control are met. The previous year numbers have been restated as per the requirements of Ind AS 103. The Company was incorporated on 15 October 2019 and hence comparative numbers have been restated from the date of incorporation i.e. 15 October 2019 as per the requirements of Ind AS 103.

Accordingly, our results of operations in Fiscal 2021 are not strictly comparable with the Fiscal 2020.

## 5. COVID-19 PANDEMIC & IMPACT ON OUR BUSINESS :-

The Company continues to adopt measures to curb the impact of COVID-19 pandemic in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc. The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of liquidity and going concern assumption and recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets and meet the current financial obligations. However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration. Accordingly, the Company will continue to monitor any material changes to future economic conditions.

## 6. DIVIDEND: -

The Board of Directors has recommended a Final Dividend of ₹ **1.40 per equity share (140%)** on 25,43,14, 211 Equity share (including 11285390 Equity Shares held by Custodian of Singapore Depository Shareholders) of face value of ₹ 1/- each for the Financial year 2020 21, which if declared at the ensuing Annual General Meeting of the Company, will be paid to the shareholders of the Company. The dividend payout amount for the year under review will be **₹3560.40 Lakhs** as compared to **₹2543.14 Lakhs** in the previous year.

During the year, unclaimed dividend amount of ₹ 20.97 Lakhs pertaining to FY 2012-13 of erstwhile Meghmani Organics Limited were transferred to Investor Education & Protection Fund (IEPF) established by the Central Government, while Unclaimed Dividend relating to Financial Year 2013-14 is due for transfer on 10 August, 2021 to IEPF.

**Transfer of Shares in favor of Investor Education and Protection Fund (IEPF) Authority**

Pursuant to the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares on which dividends have not been claimed for 7 consecutive years were required to be transferred in favour of IEPF authority. Accordingly, erstwhile Meghmani Organics Limited has transferred 5207 Equity Shares in favour of IEPF Authority during Financial Year 2020-21 with this total 132529 Equity Shares have been transferred till FY 2020-21.

## 7. AUDITORS' REPORT: -

There is no qualification, reservation or adverse remarks or disclaimer made by the Auditors in their report on the financial statement of the Company for the Financial Year ended on 31 March, 2021.

## 8. SHARE CAPITAL:-

**(A) Authorized Share Capital:**

As per the order of Hon'ble NCLT, Ahmedabad Bench, the Authorised Share Capital representing 11,50,00,000 equity shares of ₹1 each of erstwhile Meghmani Organics Limited have been transferred to the Company. The Company has further increased its authorised share capital represented by 25,45,00,000 equity shares of ₹ 1 each and the Present Authorised Capital is ₹ 37,00,00,000/- divided into 37,00,00,000 equity shares of ₹ 1 each.

**(B) Issued and Paid-up Share Capital:**

As an integral part of the Scheme of Arrangement,

a) the Share Capital amounting to ₹ 5,00,000 stands cancelled automatically and reduced in terms of section 66 of the Companies Act, 2013;

b) The face value of the equity share of the Company has been sub-divided from ₹ 10 to ₹ 1 each without any further act;

c) Issued and allotted 25,43,14211 equity shares to the shareholders of erstwhile Meghmani Organics Limited whose name appears in the register of members of erstwhile Meghmani Organics Limited as on the Record Date i.e. May 19, 2021.

The Paid up Equity Share Capital as of the Company stands to ₹ 2543.14 Lakhs.

During the year under review, the Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. The Company has not issued any convertible instrument during the year.

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013 (Act) in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

## 9. FINANCIAL LIQUIDITY: -

Cash and Cash equivalent as at 31 March, 2021 was ₹ 2033.87 Lakhs (Previous year ₹ 769.39 Lakhs). The Company's working capital management is based on a well-organized process of continuous monitoring and controls on Receivables, Inventories and other parameters.

## 10. CREDIT RATING:-

CRISIL has reaffirmed Long Term Rating CRISIL AA-/ Stable and Short Term Rating CRISIL A1+ to its total Bank loan facility of ₹ **629.00 Crore** by CRISIL Limited (Rating Agency) vide its letter MEGORGN/263796/ BLR/0121/01852 dated January 29, 2021 issued to the erstwhile Meghmani Organics Limited.

## 11. UPDATES ON FIRE INSURANCE CLAIM –AGRO – III – DAHEJ ON 26TH MARCH,2019: -

The Final Claim papers of material loss of ₹ **1300 Lakhs of erstwhile Meghmani Organics Limited** have been submitted to the OIC by Surveyor. The erstwhile Meghmani Organics Limied has already received ₹ 650 lakhs on account from the insurance Company and your Company expects to get the balance amount of ₹**650 Lakhs** of the material claim in the Q2FY2022. The Claim processing has been affected due to severe Covid 19 Pandemic situation and resulting lock down in New Delhi.

The Company has also submitted the Business Interruption claim of around ₹ 600 Lakhs to Surveyor. The same has been also delayed due to lock down situation.

## 12. ANNUAL RETURN: -

The Annual Return of the Company as on 31 March, 2021 is available on the website of the Company at www.meghmani.com in the investor section.

## 13. BOARD MEETINGS: -

During the year, the Board met five times on 01.04.2020, 15.06.2020, 10.08.2020, 02.11.2020 and 29.01.2021. The compositions of the Board and its attendance have been given in the Report on Corporate Governance which forms part of this Annual Report.

## 14. CONSTITUTION OF COMMITTEES:-

To comply with the requirements on listing, the Company has constituted the following Committees at the meeting of the Board of Directors held on 5th May, 2021:-

1. Audit Committee
2. Nomination and Remuneration Committee
3. Shareholders/Investors Grievances, Share Transfer and Stakeholder Relationship committee
4. Corporate Social Responsibility

The details with regard to the composition, terms of reference etc. of above mentioned committees are provided in the Report on Corporate Governance which forms part of this Annual Report.

## 15. PARTICULARS OF LOANS, 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.

## 16. RELATED PARTY TRANSACTIONS (RPT):-

All contracts / arrangements / transactions entered into with Related Parties during the Financial Year under review were in the ordinary course of business and on an arm's length basis.

There were no Materially Related Party Transactions i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements. Hence, no transactions are required to be reported in Form AOC2.

The Company has also taken members' approval at its Extra Ordinary General Meeting held on 7 July, 2021 for entering into the transactions with Related Parties from 1 June, 2021 till decided otherwise.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website may be accessed on the Company's website in the investor section.

## 17. MATERIAL CHANGES:-

The Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vides its Order dated 3 May, 2021 approved the Composite Scheme of Arrangement. The Company has received the certified copy on 5 May, 2021 and the same was filed with the office of the Registrar of Companies vide e-form INC 28 on 8 May, 2021. The Company has also passed the resolution to take NCLT Order on record and other enabling resolutions for business operations.

## 18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO: -

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is is provided as Annexure-A hereto.

## 19. SUBSIDIARY COMPANIES: -

Pursuant to the order of NCLT dated 3 May, 2021 the following four Subsidiaries of erstwhile Meghmani Organics Limited stand transferred to and become the subsidiary of the Company;

| Sr. No. | Name of the Subsidiary | Status |
|---|---|---|
| 1. | Meghmani Organics USA INC. (USA) | Active - Distribution Business |
| 2. | P T Meghmani Organics Indonesia (Indonesia) | Operations Closed - Distribution Business |
| 3. | Meghmani Overseas FZE - Sharjah - Dubai | Operations Closed -Distribution Business |
| 4. | Meghmani Synthesis Limited | Newly Incorporate -Manufacturing Business |

As provided in Section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the Subsidiary companies are not being attached with the Balance Sheet of the Company.

The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies, which will be kept open for inspection at the Registered Office of the Company.

As provided in Section 129(3) of the Companies Act and Rules made thereunder a statement containing the salient features of the financial statements of its subsidiaries in the format **AOC-1** provided as Annexure-B attached hereto.

The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website.

## 20. CONSOLIDATED FINANCIAL STATEMENT:-

In accordance with the Ind AS–110 on Consolidation of Financial Statements read with Ind AS–28 on Accounting for Investments in Associates and Joint Ventures and as provided under the provisions of the Companies Act, 2013 [hereinafter referred to as "Act"] read with Schedule III to the Act and Rules made thereunder and Accounting Standards and regulation as prescribed by Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audited Consolidated Financial Statements are provided in the Annual Report, which shows the financial resources, assets, liabilities, income, profits and other details of the Company, its associate companies and its subsidiaries after elimination of minority interest, as a single entity.

The Consolidated Financial Statements have been prepared on the basis of the Audited Financial Statements of the Company and its Subsidiary Companies, as approved by their respective Board of Directors.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements of the Company, the Consolidated Financial Statements along with all relevant documents and the Auditor's Report thereon form part of this Annual Report.

The Financial Statements as stated above are available on the website www.meghmani.com of the Company.

## 21. DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP):-

**(A) DIRECTORS RETIRING BY ROTATION**

Mr. Jayanti Patel and Mr. Ashish Soparkar are the Directors retiring by rotation and being eligible has offered themselves for re-appointment.

**(B) KEY MANAGERIAL PERSONNEL:-**

Pursuant to Section 2(51) of the Companies Act, 2013, read with the Rules framed there under, the following persons have been designated as Key Managerial Personnel of the Company:

1. Mr. Ankit Patel – Chief Executive Officer (CEO)
2. Mr. Gurjant Singh Chahal – Chief Financial Officer (CFO)
3. Mr. Jayesh Patel – Company Secretary (CS)

**(C) APPOINTMENT OF INDEPENDENT DIRECTORS**

To comply with the SEBI (LODR) Regulations, 2015, your company has appointed following 5 (Five) Independent Directors w.e.f 5 May, 2021.

1) Mr. Manubhai Patel
2) Prof. (Dr) Ganapati Yadav
3) Ms. Urvashi Shah
4) Mr. C S Liew and
5) Mr. Bhaskar Rao

**(D) APPOINTMENT OF EXECUTIVE DIRECTORS**

The following directors have been appointed by the Board of Directors which were ratified by the members in their Extra-Ordinary General meeting held on 7 May, 2021;

| Name | Designation | Terms |
|---|---|---|
| Mr. Jayanti Patel | Executive Chairman | 5 years w.e.f. 1 June, 2021 |
| Mr. Ashish Soparkar | Managing Director | 5 years w.e.f. 1 June, 2021 |
| Mr. Natwarlal Patel | Managing Director | 5 years w.e.f. 1 June, 2021 |
| Mr. Ramesh Patel | Executive Director | 5 years w.e.f. 1 June, 2021 |
| Mr. Anand Patel | Executive Director | 5 years w.e.f. 1 June, 2021 |

The remuneration payable to Executive Directors includes fixed amount of salary and performance based remuneration. The performance based remuneration shall be decided by the Board of Directors collectively considering the performance of the Company.

## 22. INTERNAL AUDIT :-

The Internal Audit (IA) function reports to the Audit Committee of the Board, which helps to maintain its objectivity and independence. The scope and authority of the IA function is defined by Audit Committee. The Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

M/s. C N K Khandwala & Associates, Chartered Accountants has been reappointed as Internal Auditor for the Financial Year 2021-22.

## 23. FIXED DEPOSITS:-

During the year, the Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed there under.

## 24. INDEPENDENT DIRECTORS' DECLARTION OF INDEPENDENCE- :-

The Independent Directors were appointed at the Board meeting held on 5 May, 2021 and hold office for a fixed term not exceeding five years and are not liable to retire by Rotation. In accordance with Section 149(7) of the Companies Act 2013, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of Independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI Regulations.

## 25. CORPORATE SOCIAL RESPONSIBILITY (CSR) :-

Your Company continued the social development schemes initiated in previous years. These projects covered the broad thematic areas of Livelihood, Eradication of Poverty Women Education, Women Empowerment, Support and help to fight Covid – 19 Pandemic, promoting Yoga, Kanya Kelwani Nidhi and Vanvasi Kalyan Yojana that are in compliant with Companies Act 2013.

In accordance with the requirements of Section 135 of the Act, your Company has constituted a CSR Committee. The Annual Report on CSR activities outlining geographical areas for CSR activities, composition of CSR committee, amount of CSR fund expended etc is annexed herewith as **Annexure - C.**

## 26. BOARD EVALUATION:-

The Company has adopted the policy for evaluation of the performance of the Board, its committees and individual directors on 5 May, 2021 in order to comply with the requirement under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as the Company is in the process of listing and hence evaluation of the performance of the Board and its Committees will be carried out for the current financial year.

## 27. REMUNERATION POLICY:-

The Board has adopted a policy for selection and appointment of Directors, Senior Management and their remuneration on 5 May, 2021 in order to comply with the requirement under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as the Company is in the process of listing. Brief information about Remuneration Policy is provided in the Corporate Governance Report which forms part of Annual Report.

## 28. VIGIL MECHANISM / WHISTLE BLOWER POLICY:-

The Company has adopted WHISTLE BLOWER POLICY on 5 May, 2021 to deal with instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct, if any. Further, the mechanism adopted by the Company encourages the whistleblower to report genuine concerns or grievances and provide for strict confidentiality, adequate safeguards against victimization of whistleblower who avails of such mechanism and also provides for direct access to the Chairman of the Audit and Risk Management Committee, in appropriate cases. The WHISTLE BLOWER POLICY is posted on the website of the Company under investor section.

## 29. CORPORATE GOVERNANCE:-

The Report on Corporate Governance for FY 2021, as per Regulation 34(3) read with Schedule V of the SEBI (LODR), Regulations, 2015 forms a part of this Annual Report. The Certificate obtained from Practicing Company Secretary confirming the compliance with the conditions of corporate governance is annexed with the Report on Corporate Governance.



## 30. BUSINESS RESPONSIBILITY REPORT:-

As a good governance practice, the Business Responsibility Report describing the initiatives taken by Meghmani Organics Limited(Demerged Company) from an environment, social and governance perspective in the format specified by SEBI is presented in a separate section which forms part of the Annual Report.

## 31. RISK MANAGEMENT:

The risks are measured, estimated and controlled with the objective to mitigate its adverse impact on the business of the Company. The Company has inherent risk associated with its business apart from credit risk, liquidity risk and market risk. The Company has an effective risk management framework to monitor the risk controls in key business processes. In order to minimize any adverse effects on the bottom line, your Company takes various mitigation measures such as credit controls, foreign exchange forward contracts to hedge foreign currency risk exposures.

## 32. AUDITORS:-

### (A) STATUTORY AUDITORS:-

M/s. SRBC & Co LLP, Chartered Accountants, Ahmedabad (Firm Regn. No. 324982E / E 300003) was appointed as Statutory Auditors on 4 August, 2020, to hold office for a period of five consecutive years from the conclusion of 1st Annual General Meeting (AGM) till the conclusion of 05th AGM.

During the year, the Auditors had not reported any matter under Section 143(12) of the Act and therefore, no detail is required to be disclosed under Section 134(3) (ca) of the Act.

The Statutory Auditor's comment on your Company's account for the year ended 31 March, 2021 are self-explanatory in nature and do not require any explanation. The Auditors Report does not contain any qualification or adverse remarks.

### (B) SECRETARIAL AUDITOR:-

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 Shahs & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY 2021-22. The Secretarial Audit Report for FY 2021 is annexed hereto as Annexure-D.

### (C) COST-AUDITOR:-

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company in respect of Certain Pigment and Agrochemicals products are required to be audited by a Qualified Cost Accountant.

Your Directors have on the recommendation of the Audit Committee, appointed M/s. Kiran J Mehta & Co. Cost Accountants (Firm Registration number 00025) to audit the Cost Accounts of the Company for the Financial Year 2021-22.

A Resolution seeking ratification of remuneration payable to M/s. Kiran J Mehta & Co., Cost Accountants, is included in the Notice convening the Annual General Meeting.

## 33. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:-

As per Clause 34(2) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report, is appended to this report.

## 34. INSURANCE: -

The Company's Plant, Property, Equipment and Stocks are adequately insured under the Industrial All Risk Policy. The Company has insurance coverage for Product Liability, Public Liability, Marine coverage and Commercial General Liability (CGL). The Company has Directors' and Officers' Liability Policy (D&OL) to provide coverage against the liabilities arising on them.

## 35. FINANCE:- RENEWAL OF WORKING CAPITAL FACILITY:-

The Consortium Bank Members have been reconstituted with continuation of State Bank of India, ICICI Bank Limited and HDFC Bank Limited with fresh induction of Axis Bank Limited and DBS Bank Limited. The Working Capital Credit facilities up to ₹40000 Lakhs has remained cunchanged.

## 35. AGROCHEMICAL REGISTRATION:-

The Company has 650 registration of export (including Co-partner Registrations world wide) and Central Insecticides Board (CIB), Faridabad. The company has 31 Trade Marks registrations.

## 36. RESEARCH & DEVELOPMENT:-

The laboratory facility situated at Village Chharodi, Ahmedabad is having Certificate of GLP Compliance from National Good Laboratory Practice (GLP) Compliance Monitoring Authority (NGCMA), Department of Science and Technology, Government of India vide certificate No. GLP/C-106/2017 dated 18 October, 2017, for a period five years up to 17.10.2020. Current GLP Certificate N0: GLP/C-162/2021 (Validity:

Oct-2020 to 2023) Good Laboratory Practice (GLP) refers to a quality system of management controls for research labs to ensure the uniformity, consistency, reliability, reproducibility, quality and integrity of the tests conducted therein

Research and Development (R & D) Center of the Company at Village Chharodi, Taluka: Sanand, District: Ahmedabad is registered by Council of Scientific & Industrial Research (CSIR), New Delhi. R & D Center carries out Development of off-patent molecules, improvements in process parameters, time cycle optimization, and scale up of new technology from laboratory to production level. State of the Art R&D facilities are spread over 5000 sq. feet area with ~35 researchers and scientists and have various sophisticated analytical instruments.

Indian Patent Authority has granted 3 process patents.

## 37. ENVIRONMENT: -

As a responsible corporate citizen and as a chemicals manufacturer environmental safety has been one of the key concerns of the Company. It is the constant endeavor of the Company to strive for compliant of stipulated pollution control norms.

## 38. INDUSTRIAL RELATIONS:-

The relationship with the workmen and staff remained cordial and harmonious during the year and management received full cooperation from employees.

## 39. PARTICULARS OF EMPLOYEES:-

The applicable information required pursuant to Section 197 of the Companies Act, 2013 read with Rule (5) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 in respect of the employees are not presented as the accounts are restated due to approval of Composite Scheme of Arrangement.

## 40. DIRECTORS' RESPONSIBILITY STATEMENT:-

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Companies Act (Act):—

a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2021 and of the profit of the Company for the period ended on 31 March, 2021.

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the Annual Accounts on a Going Concern Basis;

e) The Directors had laid down Internal Financial Controls (IFC) and that such Internal Financial Controls are adequate and have been operating effectively.

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been found adequate and operating effectively.

## 41. OTHER DISCSLOSURE AND INFORMATION: -

### (A) PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

As per the requirement of the provisions of the sexual harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013 read with rules made thereunder, our Company has constituted Internal Complaints Committees at various locations as per requirement of the Act which are responsible for redressal of complaints relating to sexual harassment against woman at workplace. During the year under review, there were no complaints pertaining to sexual harassment against women.

### (B) SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE AUTHORITY:

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status of the Company and its future operations.

### (C) ANNUAL LISTING FEE:-

The Company is in the process of listing with National Stock Exchange of India Limited and BSE Limited and paid initial listing fees to both the Stock exchanges.

### (D) COMPLIANCE WITH SECRETARIAL STANDARDS

The Board affirms that the Company has complied with the applicable Secretarial Standards (SS-1 and SS-2) issued by ICSI relating to meetings of Board, its Committees and meeting of Shareholders.

## ACKNOWLEDGMENT: -

The Board of Directors places on record their grateful appreciation for the assistance and continued support received from various Central and State Government Departments, Organizations and Agencies involved therein. Your Directors also gratefully acknowledge all stakeholders of the Company viz. Customers, Members, Dealers, Vendors, Banks and other business partners for the excellent support received from them during the year under review. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to achieve goals of the Company.

For and on behalf of the Board

**Jayanti Patel**
Executive Chairman
DIN - 00027224

Date: 20 May, 2021
Place: Ahmedabad

# Annexure A – Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

## 1. Conservation of Energy

| | | |
|---|---|---|
| A | Energy conservation measures taken | AGRO - ANKLESHWAR<br>Total 11.95 Lakhs units saved by investing ₹ 45.8 Lakhs in Energy Conservation Initiative. |
| | | AGRO – DAHEJ<br>Total 9.87 Lakhs units saved by investing ₹ 26.4 Lakhs in Energy Conservation Initiative.. |
| | | PIGMENT :- PANOLI<br>Total 7.76 Lakhs units saved by investing ₹ 42.0 Lakhs in Energy Conservation Initiative |
| | | PIGMENT :- VATVA<br>Total 6.43Lakhs units saved by investing ₹ 30.7 Lakhs in Energy Conservation Initiative. |
| | | PIGMENT :- SEZ, DAHEJ<br>Total 7.28Lakhs units saved by investing ₹ 26.9 Lakhs in Energy Conservation Initiative. |
| B | Additional investments and proposals if any being implemented for reduction of consumption of energy | 1) We are using only IE-3 Efficient Induction Motor by investing Total ₹ 97.58 Lakhs<br>2) We have replaced all the conventional lights by efficient LED lights by investing total ₹ 14.08 Lakhs. |
| C | Impact of the measures at (a) & (b) above for reduction of the energy consumption and consequent impact on the cost of production of goods. | AGRO – ANKLESHWAR = ₹ 98.61Lakhs<br>AGRO – DAHEJ = ₹ 84.07 Lakhs<br>PIGMENT :- PANOLI = ₹ 71.82 Lakhs<br>PIGMENT :- VATVA = ₹ 49.97 Lakhs<br>PIGMENT :- SEZ, DAHEJ = ₹ 43.89 Lakhs |
| D | Total energy consumption and energy consumption per unit of production | As per Form – A |

## Form–A

**Form for disclosure of particulars with respect to conservation of Energy**

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| **A Power Consumption** | | |
| 1 Electricity Consumption | | |
| (a) Purchase | | |
| Unit KWH | 8,91,05,727 | 82527117 |
| Total Amount ₹ | 49,58,12,279 | 396023438 |
| Rate/Unit ₹/ KWH | 5.56 | 4.80 |
| (b) Own Generation through Diesel Generator | | |
| Unit KWH | - | - |
| Total Amount KWH | - | - |
| Cost/Unit ₹/ KWH | - | - |
| (c) Own Generation through steam Turbine/Generator | | |
| Unit KWH | 1,94,069 | 39194 |
| Total Amount ₹ | 43,45,587 | 495181 |
| Cost / Unit ₹/ KWH | 22.39 | 12.63 |
| 2 Coal (Specify Quality and Used) | | |
| Stem Generated (MT) | 3,07,045 | 321347 |
| Consumption of Coal /Lignite /Others (MT) | 70,918 | 76338 |
| Gas Consumption (In 1000 Cubic Meter) | 177 | 360 |
| Cost per Unit (KG) | 0.96 | 1.09 |
| 3 Others/Internal Generations | | |
| **B Consumption per unit of** | | |
| Production in (MT) | 52,057 | 43839 |
| Electricity (₹/MT) | 9,608 | 9045 |

## 2. TECHNOLOGY ABSORPTION:

### Form–B

**A. Form for disclosure of particulars with respect to Technology Absorption, Research & Development**

| | | |
|---|---|---|
| 1 | Specific areas in which R & D is carried out by the Company. | • Process Development of new products and cost reduction in existing process.<br>• GLP laboratory activities<br>• CIB registration activities |
| 2 | Benefits derived as a result of the above R & D. | **Scientific benefits:**<br>• We have upgraded our R&D Lab with various precious analytical instruments which help us to develop and analyze our products as per international standard.<br>• We are extracting and identifying product related impurities in our in-house lab.<br>• We have increased focus on new product process development and cost reduction of existing commercial product.<br>**Business benefits:**<br>• CIB registration of new products increased which will benefit in long term.<br>• In-house generated GLP reports lead to faster overseas product registration of our product in future. |
| 3 | Future Plan of Action | Focus on new product development and GLP activities |
| 4 | Expenditure on R & D | ₹ 248.11 Lakhs |

**B. Technology Absorption, Adoption and Innovation:**

| | | |
|---|---|---|
| A | Efforts, in brief, made towards technology absorption, adaptation and innovation. | Indian Patent authority has granted process Patent for three products.<br>One more patent application is under review with Indian Patent authority |
| B | Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc. | We have developed and scaled up process of new products / intermediates for CIB registration and commercial production.<br>Improved quality of commercial product will develop business and increase Customer base |
| C | Imported technology (imported during the last 5 years reckoned from the beginning of the financial year. | During last five years, no technology has been imported by way of foreign collaboration or otherwise for the existing products of the Company. |

## 3. Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings: - ₹ 1,23,988.52 Lakhs

Foreign Exchange Outgo: - ₹ 23974.18 Lakhs

For and on behalf of the Board of Directors

Place : Ahmedabad
Date: 20 May, 2021

**Jayanti Patel**
Executive Chairman
DIN-00027224



# Annexure - B

**Statement of Salient Features of Financial Statement of Subsidiaries/Associates as per Section 129 (3) of the Companies Act, 2013**

**Part - A Subsidiaries**

(₹ in Lakhs)

| Name of Subsidiary | Meghmani USA INC | P T Meghmani Indonesia | Meghmani Overseas FZE | Meghmani Synthesis Limited |
|---|---|---|---|---|
| Financial Period Ended | 31st March, 2021 | 31st March, 2021 | 31st March, 2021 | 31st March, 2021 |
| Reporting currency | INR | INR | INR | INR |
| Share capital | 139.70 | 123.30 | 4.56 | 5.00 |
| Reserves & surplus | 622.30 | (123.30) | (2.70) | - |
| Total assets | 1163.58 | - | 1.86 | 5.00 |
| Total Liabilities | 401.58 | - | - | - |
| Investments | - | - | - | - |
| Turnover | 3891.55 | - | - | - |
| Profit before taxation | 120.05 | - | (8.70) | - |
| Provision for taxation | 46.36 | - | 0.06 | - |
| Profit after taxation | 73.69 | - | (8.77) | - |
| Proposed Dividend | - | - | - | - |
| % of shareholding | 100% | 100% | 100% | 100% |

1. Names of subsidiaries which are yet to commence operations- **Not Applicable**
2. Names of subsidiaries which have been liquidated or sold during the year- **Not Applicable**

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

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

1. Names of associates or joint ventures which are yet to commence operations - **Not Applicable**
2. Names of associates or joint ventures which have been liquidated or sold during the year - **Not Applicable.**

# ANNEXURE B

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

**[Pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]**

**[Refer Note at the end of this report]**

1. **Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

   The Company recognizes its responsibility as an important stakeholder in the society and strives to work towards the betterment of the society constantly. With this objective, on the recommendation of the CSR Committee, the Board of Directors has approved the CSR Policy which is available at:

   http://www.meghmani.com/inv_rel/misc/CSR-Policy.pdf

2. **Composition of the CSR Committee:**

| Sr. No. | Name | Designation |
|---|---|---|
| 1. | Mr. Manubhai Patel | Chairman |
| 3. | Mr. Jayanti Patel | Member |
| 2. | Mr. Ashish Soparkar | Member |
| 4. | Mr. Natwarlal Patel | Member |

3. **Average net profit of the Company for last three financial years:** ₹17962.06 Lakhs
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** ₹ 359.24 Lakhs.
5. **Details of CSR spend during the financial year:**

   (a) **Total amount to be spent for the financial years:-** ₹ 470.91 Lakhs (including unspent of earlier year of ₹ 111.67 lakhs)

   (b) **Amount unspent, if any :-** Nil

   (c) **Amount expended:-** ₹ 476.06 Lakhs

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

(₹ in Lakhs)

| Sr. No. | CSR Project or Activity Identified | Sector in which the Project is Covered | Projects or Programs, Local Area or other specify the State and District where Program of Project was undertaken | Amount spent on Projects | Amount spent on the projects or Programs Sub Heads (1) Direct expenditure on projects or programs (DE) (2) Overheads (OH) | Cumulative Expenditure up to the reporting period | Amount Spent: Direct or through Implementing Agency |
|---|---|---|---|---|---|---|---|
| 1. | Contribution for promotion of education and vocational skills development | Promotion of education and vocational skills development | Ahmedabad | 289.00 | Through Sardardham, Ahmedabad | 289.00 | Amount spent through Sardardham, Ahmedabad |
| 2. | Contribution for conservation of natural resources. | Deeping of village pond | Panoli, Bharuch | 7.40 | Direct expenditure on projects. | 7.40 | Amount spent directly by the Company. |
| 3. | Contribution for promotion of education | Distribution of note books | Various places of Gujarat | 3.64 | Direct expenditure on programs. | 3.64 | Amount spent directly by the Company. |
| 4. | Preventive health care | Distribution of immunity buster tablets. | Various places of Gujarat | 0.29 | Direct expenditure on programs. | 0.29 | Amount spent directly by the Company. |
| 5. | Contribution for promotion of yoga and naturopathy | Construction of Yoga Hall | Rishikesh, Uttarakhand | 21.00 | Through Swarved Mahamandir Trust | 21.00 | Amount spent through Swarved Mahamandir Trust |
| 6. | Promotion of health care | Medical equipment's | Bharuch | 11.00 | Through Jayaben Mody Hospital, | 11.00 | Amount spent through Jayaben Mody Hospital, |
| 7. | Disaster relief and re-habitation | Distribution of Air conditions | Dahej, Bharuch | 0.60 | Direct expenditure on programs. | 0.60 | Amount spent directly by the Company. |
| 8. | Contribution for vocational skills development | Vocational skills development | Jhagadia, Bharuch | 5.00 | Through Sewa Rural. | 5.00 | Amount spent through Sewa Rural. |
| 9. | Promotion of health care | Hearse van | Ahmedabad | 16.17 | Direct expenditure on programs. | 16.17 | Amount spent directly by the Company. |
| 10. | Promotion of health care & research. | Medical equipment's | Kasindra, Ahmedabad | 50.00 | Through Prashant Medical Services (Sri Sathya Sai Health Hospital). | 50.00 | Amount spent through Prashant Medical Services (Sri Sathya Sai Health Hospital) |
| 11. | Contribution for promotion of education | Donation for promotion of education. (Construction of Building) | Ahmedabad | 25.00 | Through Vishwa Samvad Education Foundation | 25.00 | Amount spent through Vishwa Samvad Education Foundation |
| 12. | Promotion of health care | Blood donation camps | Various places of Gujarat | 17.71 | Direct expenditure on various programs. | 17.71 | Amount spent through various programs. |
| 13. | Promotion of health care | Health kit distribution | Various places of | 11.00 | Through Meghmani Charitable Trust. | 11.00 | Amount spent through Meghmani Charitable Trust. |
| 14. | Contribution for promotion of education | Donation for promotion of education. | Palanpur | 2.00 | Through Shri Rajput Kelvani Sahayak | 2.00 | Amount spent through Shri Rajput Kelvani Sahayak |
| 15. | Restoration of building and site of historical and religious importance | Donation for construction of Shri Ram temple. | Ayodhya | 11.00 | Shri Ram Janmbhoomi Teerth Kshetra. | 11.00 | Donation to Shri Ram Janmbhoomi Teerth Kshetra. |
| 16. | Contribution for promotion of education | Donation for promotion of education. | Ahmedabad | 0.25 | Through Achala Education Foundation | 0.25 | Amount spent through Achala Education Foundation |
| 17. | Contribution for promotion of education, research and innovation | Donation for promotion of education, research and innovation | Kolkata | 5.00 | Through Indian Chemical Society. | 5.00 | Amount spent through Indian Chemical Society |
| **TOTAL:** | | | | **476.06** | | **476.06** | |

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:**

   During the year the Company has expended ₹476.06 Lakhs, out of that ₹ 359.24 lakhs towards the obligation for FY 2020-21 and ₹ 111.67 lakhs towards obligation of earlier year. The Company has expended ₹ 5.15 Lakhs over the statutory liabilities under the CSR activities.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

This is to confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**Note:** The above report is prepared based on the applicability of CSR spending to Meghmani Organics Limited (Demerged Company).

**J. M Patel**
Chairman & Managing Director

**Manubhai Patel**
Chairman- CSR Committee

Date: May 20, 2021



# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED ON 31.03.2021

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

To,
The Members,
**Meghmani Organochem Limited**
**Ahmedabad.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Meghmani Organochem Limited** (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon. **It is further stated that in view of COVID-19 pandemic situation and the government guidelines issued in respect thereof, we have also relied up on the scanned documents and other papers in digital/ electronic mode submitted to us by the official of the Company.**

**We report that;**

a. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

c. We have not verified the correctness and appropriateness of the financial statement of the Company.

d. The compliance of the provisions of the corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives **including thereon in digital/ electronic mode** during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2021 ("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 **31st March, 2021** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under **(Not Applicable to the Company during the Audit Period);**

3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under **(Not Applicable to the Company during the Audit Period);**

4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the Audit Period)**

5. 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, as amended from time to time **(Not Applicable to the Company during the Audit Period);**

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time **(Not Applicable to the Company during the Audit Period);**

   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 **(Not Applicable to the Company during the Audit Period);**

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**

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

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

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

h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period) ;**

6. Other laws specifically applicable to the Company **(As per Annexure-1)**

We have also examined compliance with the applicable clauses of the followings:-

i. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange (BSE) Limited **(Not Applicable to the Company during the Audit Period).**

ii. Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 **(Not Applicable to the Company during the Audit Period);**

iii. Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, 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 as on 20th May, 2021. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

The Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

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

**We further report that** during the audit period, there were no instances of:-

1. Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity. **(As noted below)**
2. Redemption/Buy Back of Securities.
3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
4. Merger / Amalgamation / Reconstruction etc. **(As noted below)**
5. Foreign Technical Collaborations.

A Composite Scheme of Arrangement amongst Meghmani Organics Limited -"MOL 1" and Meghmani Organochem Limited -"MOL 2" and Meghmani Finechem Limited -"MFL" and their respective shareholders and Creditors -the 'Scheme' under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and the Rules made there under **were approved by National Company Law Tribunal, Ahmedabad Bench, vide its order dated 3rd May, 2021 and the resulting Company has issued and allotted 25,43,14,211 equity shares to the eligible shareholders of Meghmani Organics Limited (MOL 1).**

For, **SHAHS & ASSOCIATES**
Company Secretaries

**Kaushik Shah**
Partner
FCS No 2420 CP No 1414
UDIN F002420C000662411

Place: Ahmedabad
Date: 20 July, 2021

## ANNEXURE – 1

(1) INSECTICIDES ACT , 1968
(2) ENVIRONMENT PROTECTION ACT, 1986
(3) THE GOODS AND SERVICES TAX ACT, 2016
(4) INDIAN EXPLOSIVE ACT, 1952 – POISON ACT, 1884
(5) INCOME TAX ACT, 1961
(6) PROFESSIONAL TAX, 1976
(7) NEGOTIABLE INSTRUMENT ACT, 1938
(8) THE FACTORIES ACT, 1948
(9) THE APPRENTICE ACT, 1961
(10) THE INDUSTRIAL DISPUTE ACT, 1947
(11) EMPLOYEES PROVIDENT FUND & MISC. PROVISIONS ACT
(12) THE PAYMENT WAGES ACT, 1965
(13) THE PAYMENT OF BONUS ACT, 1965
(14) THE PAYMENT OF GRATUITY ACT, 1972
(15) THE MINIMUM WAGES ACT, 1946
(16) THE TRADE UNION ACT, 1926
(17) THE EMPLOYMENT EXCHANGE ACT 1952
(18) INDIAN STAMP ACT, 1899
(19) THE TRADE MARKS ACT, 1999
(20) FOREIGN TRADE (DEVELOPMENT AND REGULATION )ACT, 1992
(21) ESSENTIAL COMMODITIES ACT 1955
(22) CUSTOMS ACT 1962
(23) INDUSTRIES (DEVELOPMENT AND REGULATION) ACT, 1951
(24) COMPETITION ACT, 2002
(25) COVID-19 GUIDELINES
(26) PETROLEUM ACT 1934, RULES 1976
(27) INDUSTRIAL EMPLOYMENT (STANDING ORDERS) ACT, 946 & RULES 1957
(28) CHILD LABOUR (P&R) ACT,1986 & RULES
(29) OZONE DEPLETING SUBSTANCE (REGULATIONS & CONTROL) RULE 2000
(30) INDIAN BOILER ACT, 1923 & REGULATIONS

For, **SHAHS & ASSOCIATES**
Company Secretaries

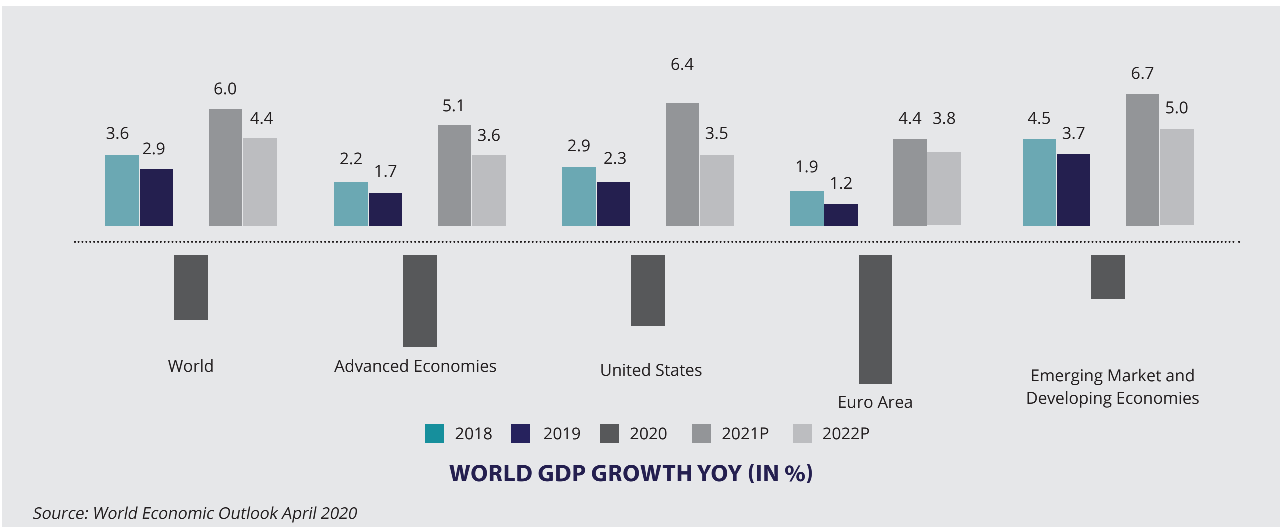
**Kaushik Shah**
Partner
FCS No 2420 CP No 1414

Place: Ahmedabad
Date: 20 July, 2021

# Management Discussion
and Analysis

## Global Economic Overview

After clocking consecutive growth of 3.6% and 2.9% in calendar years (CY) 2018 and 2019, the COVID-19 pandemic halted the global growth momentum in 2020. According to World Economic Outlook April 2020, the world's output contracted by 3.3% in CY2020. However, thanks to the prompt policy adopted by major countries, additional fiscal support and vaccine driven recovery in the second half of CY2020 to overcome the COVID-19 setback averted the 2008 global financial crisis. On the other hand, tourism and commodity export economies have been hardly hit in CY2020.




WEO, April 2021 report states that the Advanced Economies growth contracted by 4.7% in CY2020 while Emerging Market and Developing Economies slipped by 2.2% in CY2020. However, Advanced Economies recovery are expected to out-pace Emerging Market and Developing Economies from the COVID-19 aftereffects due to earlier access to vaccinations and conducive macroeconomic policies. The United States and Japan announced significant fiscal support. The European Union has signalled to distribute the Next Generation EU Fund. The Biden's administration $1.9 trillion rescue package is expected to boost the US economy, also benefiting key US trading allies.

### Outlook

According to WEO, April 2021 estimates the global growth is pegged at 6% in 2021 and 4.4% in 2022 backed by fiscal support in key economies, projected vaccine-powered recovery in the latter part of 2021 and evolving economic activity to subdued mobility. Advanced Economies is expected to clock 5.1% and 3.6% growth in CY2021 and CY2022, respectively due to manageable debt service costs as majority debt is serviced by long-term and at times negative-yielding bonds. Emerging Market and Developing Economies is projected to register 6.7% and 5.0% growth in CY2021 and CY2022, respectively. China is estimated to grow by 8.4% and 5.6% in CY2021 and CY2022, respectively led by effective containment measures, spur in public investment activities and central bank aided liquidity support.



## Indian Economic Overview

According to National Statistics Office (NSO) estimates, COVID-19 pandemic and several containment measures are expected to cause India's Gross Domestic Product (GDP) growth contraction by 7.7% in FY2021 as against 4.2% growth in FY2020. As per the Government Response Stringency Index measured by Oxford University, the contraction mirrored India's stringent lockdown measures enforced by the Government. The contraction indicated a 'once in a century crisis' hit by the pandemic and associated public health measures. GDP at Current Prices or Nominal GDP in FY2021 is estimated to be pegged at ₹. 195.86 trillion vis-a-vis ₹. 203.51 trillion in FY2020, contracting by 3.8%.

Agriculture, Forest & Fisheries and Electricity, Gas, Water Supply & Other Utility services are the only two sectors projected to register positive growth of 3.4% and 2.7%, respectively. On the other hand, Trade, Hotels, Transport, Communication & Services related to Broadcasting, Construction, Mining & Quarrying and Manufacturing sector are estimated to degrow by 21.4%, 12.6%, 12.4% and 9.4%, respectively. India's per capita income is estimated at ₹. 85,929 in FY2021 as compared to ₹. 94,566 in FY2020.

India adopted a four-pillar strategy of containment, fiscal, financial and long-term structural reforms to overcome the COVID-19 led economic setback. The government's calibrated fiscal and monetary support gave a fillip to consumption and unlocked investment opportunities. Additionally, a favourable monetary policy provided adequate liquidity and immediate aid to debtors, thereby smoothening the monetary policy transmission. Despite global adversities, India continued to be a preferred investment destination in FY2021. The Foreign Portfolio Investment (FPI) inflows pumped ₹. 2.74 trillion into the Indian equity markets during FY2021, reflecting the confidence of foreign investors in the sound fundamentals of the Indian Economy. India's Consumer Price Index (CPI) inflation rate stood at 6.2% in FY2021. The Indian Rupee surged by 4% to ₹. 73.1 per US Dollar thanks to the sustained foreign fund inflows into Indian equities, despite higher interest rates and inflation than the US.

India's trade deficit trimmed to USD 98.6 billion in FY2021 from USD 161.4 billion in FY2020. India's exports contracted by 7.3% to USD 290.6 billion in FY2021. On the other hand, India's import declined by 18% to USD 389.2 billion in FY2021. According to Doing Business Report (DBR), India's Ease of Doing Business rankings improved to 63rd position in 2020 from 77th in 2018. India entered into the list of top 50 innovative countries and stood at 48th rank on the Global Innovation Index 2020. India was placed at 52nd position in 2019.

**ACCORDING TO A MORGAN STANLEY RESEARCH PAPER PUBLISHED IN DECEMBER 2021, THE CROP SCIENCE MARKET IS ESTIMATED TO GROW AT A 3.0% CAGR FROM 2018 TO 2023.**

### Outlook

According to the Economic Survey 2021-21, India's GDP growth is estimated to bounce back at 11% in FY2022 led to the government's Atma Nirbhar Bharat Abhiyaan resulting in a stimulus package of ₹. 29.87 trillion translating to 15% of India's GDP. India's V-shaped recovery is augmented by a robust rise in consumption and investment coupled with a mega vaccination drive and bounce-back in the services sector. The reinstatement of inter and intra state movement and record-high monthly GST collections resonate with the unlocking of industrial and commercial activities. Additionally, a surge in commercial paper issuances, easing yields and steady credit growth to Micro, Small and Medium Enterprises (MSMEs) has renewed Government's focus on MSMEs to survive and grow. However, the second wave of COVID-19 infections coupled with reimpositions of lockdown might pose a threat to the sustaining V-shaped recovery dampening market and consumer sentiment. According to the Centre for Economics and Business Research forecasts, India will be the fifth largest economy in 2025 overtaking the United Kingdom.

## Global Crop Protection Industry

### Overview

Crop protection chemicals control pests that compete with crops for nutrients or consume the crop itself. Government-approved and highly regulated chemicals improve the financial returns of growers (farmers) by increasing the value of the crop for a given chemicals cost.

Pests come in many forms: weeds, insects (both visible and microscopic), and diseases. The tools supplied by chemical producers include herbicides (weed killer), insecticides (bug killers), and fungicides (disease killers). While pesticides are toxic to bugs and must be applied safely because they can be toxic to humans, they have increased the affordability of food and the quality of life.

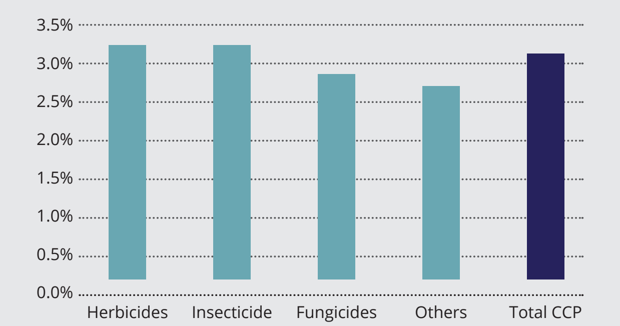
**Figure 7: Crop Chemical 2020 Sales Forecast by Region**

| Region | 2020E ($bil) |
|---|---|
| Asia Pacific | 19.1 |
| Latin America | 17.3 |
| Europe | 12.2 |
| North America | 11.4 |
| Middle East Africa | 2.4 |
| World | 62.4 |

***Source:*** *IHSM UBS*

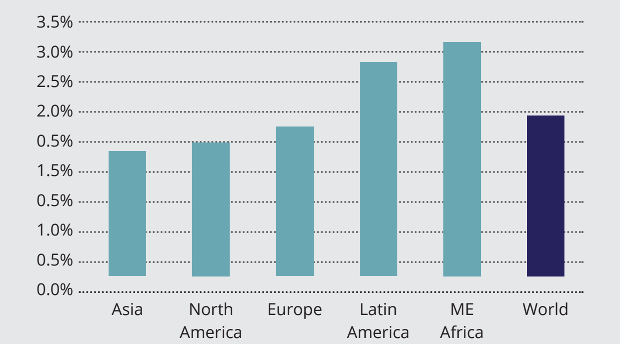
*Source: UBS Report North American Chemicals 15 Dec 2020 Page 6*

According to a Morgan Stanley Research paper published in December 2021, the crop science market is estimated to grow at a 3.0% CAGR from 2018 to 2023. Globally, herbicides and insecticides are expected to record the strongest growth at a 3.1% CAGR, followed by fungicides at 2.7% and other crop protection products at 2.6%. By region, Asia is expected to grow at a 2.3% CAGR, North America and Europe at ~2.7%, and Latin America and the Middle East/Africa at 4.1% and 4.5%, respectively




**CROP PROTECTION FORECASTS BY PRODUCT (2018-23 CAGR)**

2018A-2023E Crop Protection Forcasts by Product (CAGR)




**CROP PROTECTION FORECASTS BY PRODUCT (2018-23 CAGR)**

2018A-2023E Crop Protection Forcasts by Product (CAGR)

**ACCORDING TO MAGNA INFORMATION CENTRE'S REPORT ON GLOBAL CROP PROTECTION CHEMICALS MARKET, THE CROP PROTECTION CHEMICALS MARKET WAS VALUED AT $59,800.0 MILLION IN 2021 AND IS PROJECTED TO REACH $76,979.6 MILLION BY 2030.**

## Sustainability

The global Agri-Food System is transforming itself to meet world demand that is asking for ~50%1 more food commodities by 2050 due to population growth and increased wealth. 20 food, cut malnutrition for 2.5 billion people and cut ~13Gt of greenhouse gas emissions by 2050. From a sustainability perspective, fertilisers increase yields, thus reducing the need to cultivate new land, which may include deforestation. However, application rates have already plateaued in the US and Europe, with limited upside in other regions too. In addition, there is a regulatory headwind, with the EU aiming to reduce fertiliser consumption by 20% by 2030, Organic food is steadily gaining popularity, and is grown without the use of synthetic fertilisers, pesticides, herbicides or fungicides. As such, it helps to protect biodiversity, reduces greenhouse gas emissions and enhances soil quality and growth is only expected to be 1-2% for nitrogen and ~2% for potash. Two new areas to watch will be green ammonia and biofertilisers.

## Industry Drivers

According to Morgan Stanley's Research report, the following key factors are driving the crop protection industry:

1. A growing population: the global population is set to increase by 1.2 billion by 2030 and 2 billion by 2050, while the middle class will more than double to 4.9 billion by 2030.
2. A growing middle class fuels demand for increased food and protein production, which in turn drives demand for grain to support growth.
3. Fewer arable acres per capita means that products need to continue to maximise farmer yields; arable land is expected to decrease from half an acre per person today to less than one-third of an acre per person by 2050.
4. Estimated 17% of harvest losses from climate change through to 2050.
5. Ongoing disruption from biotech traits

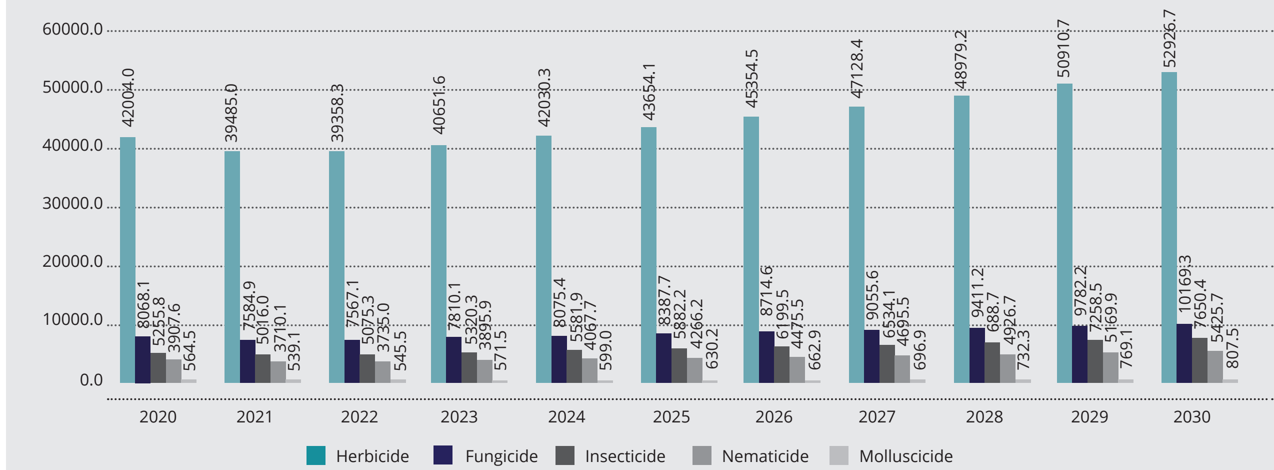




## Outlook

Crop protection products such as fungicides, herbicides and insecticides improve agricultural yields, thus helping with the need to produce more food for a growing and increasingly wealthy population. However, as with fertilisers, the EU wants to reduce the use of chemical pesticides. Annual growth for the crop protection market is expected to be ~3%4, and companies that focus on building bio-based products would be at a relative advantage.

In recent years, low crop prices and adverse weather conditions have had a negative impact on market development. Price improvement was limited, primarily due to elevated levels of distributor inventory in many markets, as well as oversupply. Looking forward, the global crop protection market is set to move into more positive territory, since firm and steady commodity prices and inventories that are not too high look set to lay a solid path ahead.




**GLOBAL CROP PROTECTION CHEMICALS MARKET VALUE BY TYPE 2020 2030 MILLION USD**

***Source:*** *Primary Research Secondary Research Magna Information Centre*

According to Magna Information Centre's report on Global Crop Protection Chemicals Market, the Crop Protection Chemicals market was valued at $59,800.0 Million in 2021 and is projected to reach $76,979.6 Million by 2030 growing at a CAGR of 3.53% from 2021 to 2030. Herbicide segment is expected to be the highest contributor to this market, with $42,004.0 Million in 2021, and is anticipated to reach $52,926.7 Million by 2030, registering a CAGR of 3.31%. Insecticide segment is anticipated to reach $7,650.4 Million by 2030 with the highest CAGR of 4.80%. Herbicide and Fungicide segments collectively expected to account for about 83.7% share of the Crop Protection Chemicals market in 2021, with the former constituting around 70.2% share. Insecticide and Molluscicide segments are expected to witness significant growth rates at a CAGR of 4.80% and 4.59% respectively, during the forecast period. Presently, the share of these two segments is estimated to be around 9.7% in the overall Crop Protection Chemicals market in 2021, and is anticipated to reach 11.0% by 2030.

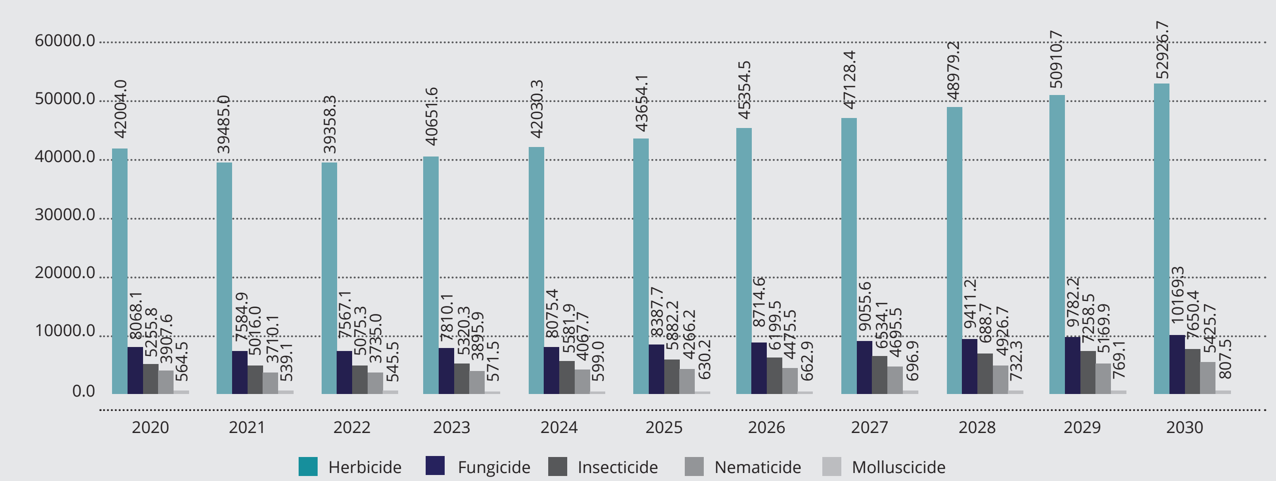
**3.53%**

RETURN ON EQUITY

**4.80%**

CAGR OF INSECTICIDE SEGMENT (2021-30)

## Crop protection market by region




**GLOBAL CROP PROTECTION CHEMICALS MARKET VALUE BY TYPE 2020 2030 MILLION USD**

***Source:*** *Primary Research Secondary Research Magna Information Centre*

### North America

According to Magna Information Centre's report on Global Crop Protection Chemicals Market, the North American Crop Protection Chemicals market was valued at $15,667.6 Million in 2021 and is projected to reach $17,866.7 Million by 2030 growing at a CAGR of 2.28% from 2021 to 2030. Herbicide segment is expected to be the highest contributor to this market, with $10,905.5 Million in 2021, and is expected to reach $12,074.1 by 2030, registering a CAGR of 1.97%. Molluscicide segment is expected to reach $506.5 Million by 2030 with the highest CAGR of 5.34%. Herbicide and Fungicide segments collectively expected to account for about 82.9% share of the North America Crop Protection Chemicals market in 2021, with the former constituting around 69.6% share. Molluscicide and Insecticide segments are expected to see significant growth rates at a CAGR of 5.34% and 3.51% respectively, during the forecast period. Presently, share of these two segments is estimated to be around 10.7% in the overall North America Crop Protection Chemicals market in 2021, and is anticipated to reach 12.6% by 2030.

### Europe

As per Magna Information Centre's report on Global Crop Protection Chemicals Market, the Europe Crop Protection Chemicals market was valued at $8,730.8 Million in 2021 and is projected to reach $9,891.2 Million by 2030 growing at a CAGR of 2.21% from 2021 to 2030. Herbicide segment is expected to be the highest contributor to this market, with $6,150.7 Million in 2021, and is expected to reach $6,852.7 by 2030, registering a CAGR of 2.04%. Insecticide segment is expected to reach $987.1 Million by 2030 with the highest CAGR of 3.43%. Herbicide and Fungicide segments collectively expected to account for about 84.0% share of the Europe Crop Protection Chemicals market in 2021, with the former constituting around 70.4% share. Insecticide and Nematicide segments are expected to see significant growth rates at a CAGR of 3.43% and 2.97% respectively, during the forecast period. Presently, share of these two segments is estimated to be around 15.4% in the overall Europe Crop Protection Chemicals market in 2021, and is expected to reach 17.0% by 2030.

### Asia

According to Magna Information Centre's report on Global Crop Protection Chemicals Market, the Asia Crop Protection Chemicals market was valued at $22,903.4 Million in 2021, and is projected to reach $30,491.7 Million by 2030 growing at a CAGR of 3.87% from 2021 to 2030. Herbicide segment is expected to be the highest contributor to this market, with $16,169.2 Million in 2021, and is anticipated to reach $21,089.7 by 2030, registering a CAGR of 3.66%. Insecticide segment is anticipated to reach $3,063.5 Million by 2030 with the highest CAGR of 5.18%. Herbicide and Fungicide segments collectively expected to account for about 84.2% share of the Asia Crop Protection Chemicals market in 2021, with the former constituting around 70.6% share. Insecticide and Nematicide segments are expected to witness significant growth rates at a CAGR of 5.18% and 4.66% respectively, during the forecast period. Presently, share of these two segments is estimated to be around 15.4% in the overall Asia Crop Protection Chemicals market in 2021, and is anticipated to reach 17.1% by 2030.





### Brazil

As per Magna Information Centre's report on Global Crop Protection Chemicals Market, the Brazil Crop Protection Chemicals market was valued at $3,587.0 Million in 2021 and is projected to reach $4,568.8 Million by 2030 growing at a CAGR of 3.41% from 2021 to 2030. Herbicide segment is expected to be the highest contributor to this market, with $2,529.2 Million in 2021, and is anticipated to reach $3,119.4 Million by 2030, registering a CAGR of 3.08%. Molluscicide segment is anticipated to reach $81.4 Million by 2030 with the highest CAGR of 11.42%. Herbicide and Fungicide segments collectively expected to account for about 84.0% share of the Brazil Crop Protection Chemicals market in 2021, with the former constituting around 70.5% share. Molluscicide and Insecticide segments are expected to witness significant growth rates at a CAGR of 11.42% and 4.69% respectively, during the forecast period. Presently, share of these two segments is estimated to be around 9.5% in the overall Brazil Crop Protection Chemicals market in 2021, and is anticipated to reach 11.6% by 2030.

### Indian Agrochemical Industry

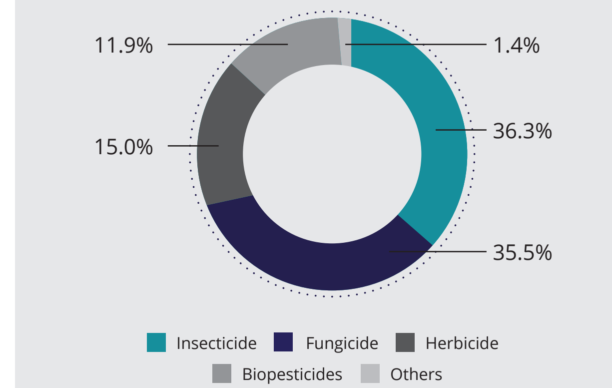
According to FICCI 9th Agrochemical Conference 2020 report, India is the fourth-largest producer of agrochemicals in the world. The Indian agrochemicals industry was valued at around ₹ 42,000 crore in FY20,19 out of which domestic consumption was worth around ₹ 20,000 crore, while exports during the same period were worth around ₹ 22,000 crore. The industry is expected to grow at a CAGR of 8–10% till 2025 and will be driven by several growth levers like increasing population, decreasing arable land, increasing demand for high-value agricultural products and increasing efforts from the industry and the Government to promote awareness and technology penetration.

The industry is represented by large multinational companies, national- and regional-level domestic players, traders and exporters of agrochemicals. Larger firms with strong R&D infrastructure have been the pioneers in bringing better performing and safer molecules to the Indian market. The smaller players in the industry have relied mainly on the manufacturing of off-patented generic molecules.

**₹42,000 crore**

VALUE OF INDIAN AGROCHEMICALS INDUSTRY IN FY2019

### Indian Crop Protection Market




**INDIAN CROP PROTECTION MARKET**

*Source: FICCI 9th Agrochemical Conference 2020 report*

### Major Industry Trends

» Agrochemical enterprises are increasingly focusing on digitisation to drive better analytics, decision making and traceability across the value chain. Digital tools such as farmer apps and dealer management systems (DMS) are helping companies in undertaking tailormade approaches for different market segments. The COVID-19 outbreak has further pushed an already growing trend of technology and internet usage in rural areas, thus creating a favourable digital environment.

» On the regulatory front, the industry has witnessed some emerging trends such as aerial spraying of agrochemicals being allowed on an interim basis for locust control and a proposed ban on 27 agrochemical molecules, amongst several others.

» Some of the evolving go-to-market models are being considered and adopted by the industry. These include directly selling to Farmer Producer Organisations (FPOs) as alternatives to traditional channels and physical/technology-based direct-to-consumer (D2C) platforms such as organised retail and e-commerce.

» Specialty products such as biofertilisers (mycorrhiza, nitrogen fixing bacteria, etc.), micronutrients, biostimulants (humic acid, amino acids, etc.), biopesticides and organic products are being increasingly produced by agrochemical companies to enhance their portfolio-based offerings.

» There is an increased focus by major agrochemical players on monetising farming-related services such as spraying agrochemicals and selling agrochemical products on e-commerce platforms. Farmers have shown an increased interest towards solutions such as a product as a service, mobile app-based farming advisory, access to market information and online purchase of agri-input.

# Management Discussion and Analysis

## Outlook

India's total exports in FY20 were valued at USD 313.4 billion, contributing around 10.9% to the GDP. The export of agrochemicals during the same period was valued at around USD 3.1 billion, accounting for approximately 1% of the total exports and 0.09% of the GDP. Assuming that total exports grow linearly by 2025, the Indian agrochemical industry should export agrochemicals worth approximately ₹ 38,500 crore by 2025. Although minor in comparison to the quantum of growth expected from the agricultural output, the growth in agrochemical exports would help in positioning India as a global manufacturing hub. Efforts by the Government in promoting R&D, relaxing the registration process for new molecules and promoting the Make in India initiative for the agrochemicals industry will help in significantly improving India's agrochemicals exports.

## Pigment Industry

According to Grand View Research, the global dyes and pigments market size was valued at USD 32.9 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 5.1% from 2021 to 2028. Increasing demand from various application industries, such as textiles, paints & coatings, construction, and plastics, is expected to drive the market growth. Major producers are actively venturing into enhancing their products by utilizing advanced technologies for the efficient removal of hazardous pollutants during the manufacturing process. Manufacturers are likely to experience varied production costs due to volatility in the prices of raw materials, such as benzene. A wide distribution network in the market is achieved through both physical retail stores and online retailing.

Availability of the products on e-commerce platforms has increased the client base of market participants. Rapid growth in the global construction industry has also been a key growth-driving factor for the overall market. Countries, such as the U.S., the U.K., China, Indonesia, India, Saudi Arabia, and UAE, are the major countries exhibiting significant global growth potential in the construction sector.

The rising population coupled with rapid industrialization has encouraged governments to increase their construction spending for infrastructural development. Thus, increasing construction expenditure across the world is expected to create massive product demand in the coming years. However, increasing environmental concerns are resulting in policy changes across the globe, which is anticipated to restraint the market growth over the forecast period.

Factors, such as water pollution during the manufacturing processes, high metal content in pigments, and high-water consumption in the textile industry to rinse dyes, are the major environmental threats. Stringent regulations have been imposed in regions, such as Europe, North America, and China, which may challenge the market growth.

**USD32.9billion**

VALUE OF GLOBAL DYES AND PIGMENTS MARKET IN 2020



## Regional Highlights

Asia Pacific was the dominant regional market and accounted for over 62% of the global revenue share in 2020. The market faces strict regulations that obstruct product usage as well as production in North America and Europe. Thus, the production facilities are being shifted to the Asia Pacific region owing to favourable manufacturing conditions and leniency in regulations. This is supported by the easy availability of raw materials and low-cost & skilled workforce. Europe accounted for over 17% of the overall revenue share in 2020. The increasing production capacities of dyes in Europe is an indication of its increasing demand.

## India Pigments Industry

According to Expert Market Research, the Indian dyes and pigments market accounts for nearly 25% of the global market pegged at close to USD 8 billion in 2020. The industry is expected to grow at a CAGR of 11% between 2021 and 2026. The production value of the pigments industry in India reached a volume of nearly 133.52 million tons.

## Major Segments

| Product Type | Pigment Type | Description |
|---|---|---|
| Organics Pigments | Phthalocyanine | Phthalocyanine is the most produced organic pigment type in India |
| | Azo Pigments | Azo Pigments is mainly used as industry colorant in plastics, building paints and inks |
| | HPPs | High Performance Pigments (HPPs) as generally used in automotives, plastics and ink-jet printing |
| Inorganics Pigments | Titanium Oxide | Dyestuff and pigment manufacturers operating within India have started to incorporate the use of natural substance including natural dyes and organic pigments owing to environmentally friendly nature and safe usage of the product |
| | Iron Oxide Pigments | |
| | Chrome Oxide Pigments | |
| | Others | |

Organic pigments dominate the industry with a lion's share of 58% of the total pigment production in India. The growth of the pigment market is aided by the cosmetic's industry growth. Due to improving living standards and evolving lifestyles, the demand for cosmetic products such as skincare, haircare, and perfume is growing rapidly, giving the Indian cosmetics industry a high boost. The cosmetic industry is a major application sector for the pigments market.

The dyes industry in India is expected to witness steady growth in the coming years due to environmental crackdowns in China, resulting in a shutdown of several domestic dye companies. India is better placed due to the availability of the ecosystem, feedstock, technology, and compliance required for the industry. Thus, the consumer base of China is likely to shift to India due to these reasons in the coming years.

Another major factor driving the growth of the industry is the increasing demand from the paints and coatings industries. Paints and coatings account for a significant share of the market and are estimated to be one of the fastest-growing application sectors. Architectural and decorative coatings account for major consumption of pigments. Thus, the rising construction and infrastructure activities in the country act as a significant driver for the market. Then there are advanced ink-based liquids that are being extensively employed in 3D printing operations. Many companies are using these liquids on a small and medium scale to manufacture customized spare parts for machines, gourmet food products, and prosthetics.

Thus, widening the applicability of inks and ink-based liquids and pastes is expected to lead the Dyes and Pigments market trends in the future. Given all its uses, the sector also falls under the purview of petroleum-based products, attracting scrutiny due to the increasing effort to reduce carbon footprint. These concerns have encouraged the emergence of bio-based solvents and pigments for exceptional bio-degradable properties.

## The Second Generation in Charge of Business Operations

**Mr. Ankit Patel**
***CEO (MOL)***

- More than 12 years of experience
- Executive Director at MFL
- M.S. (Engg Management) from Australia & MBA from Singapore

**Mr. Darshan Patel**
***COO (Pigments) MOL***

- More than 10 years of experience
- Executive Director at MFL
- Heads Pigments
- M.S. (Engg Management) from Australia and MBA from USA

**Mr. Karana Patel**
***COO (Agrochemicals) MOL***

- More than 12 years of experience
- Executive Director at MFL
- Heads Operations, Projects & procurement
- Diploma (Chemical), B.E. (Chemical) from USA

## Company Overview

Meghmani's is a leading diversified chemical company poised for growth across its two (Pigment and Agro Chemicals) high potential businesses. Across the two sectors, the Company is one of the leading global pigment players along with a vertically integrated Agro Chemical player. The Company operates 6 facilities in Gujarat, 3 major facilities for Pigments and Agro Chemicals each. Over the years, the Company has built an extensive pan-India and global footprint with a presence in over 75 countries and a portfolio of over 400 marquee clients. The Company continues to strengthen its stance to become one of the leading diversified chemical companies in Organic Chemistry aiming for worldwide presence and product acceptability. The Company has set up world class development centre to facilitate upgrading technical capabilities and cost-effective measures.

The Company is committed to stick to its core businesses in organic chemistry offering innumerable growth opportunities, create and build a high standard manufacturing base, adhere to prescribed 'Environmental & Safety Standards' and strive continuously to upgrade them, respect minority shareholders and their trust in management and create sustainable 'Value' for all the stakeholders.

The Company has a sustainable business model, well-integrated manufacturing base and plants located in the chemical hub of Gujarat, a relatively most stable and peaceful state with a robust infrastructure. The Company has well-balanced plant capacities and layouts with multiple locations that support the economy of scale. Meghmani constantly explores more possibilities for backward integration and try to implement them. This helps sizably in eliminating the dependency on input supplies and the Company can convert effluents into valuable by-products.

The Company has a strong pool of product basket. The product reach and distribution too, are well diversified geographically with a presence in almost every continent, empowering consistency in products off-take all throughout the year.

### Covid-19 Update

Meghmani's' plants and offices are currently operational and functional under strict compliance with the Government's safety and security norms for COVID-19. The Company is ensuring the implementation of government directed measures like wearing masks and gloves, proper sanitization, social distancing, etc. for combating COVID-19. The Company's capacity utilisation during FY21 was pegged at above 75%, despite the challenging pandemic financial year.





### Financial Performance

Pursuant to the Composite Scheme of Arrangement, approved by Hon'ble NCLT Ahmedabad Bench, vide an order dated May 3, 2021, the Agrochemical and Pigment business operated by Meghmani's Limited has been demerged into Meghmani Organochem Limited and therefore the Audited Consolidated Financial Statement for the FY 2020 ( comparative period) have been restated to provide the requisite impact of the Scheme as required under Ind AS. The FY 2020 refers to the period from October 15, 2019 i.e. date of incorporation to March 31, 2020. Resultantly, Company's financials of FY 2021 are not strictly comparable with the FY 2020.

Meghmani's top-line stood at ₹ 16,367 million in FY21. The revenues of agro-chemicals division stood at ₹ 10,451million in FY2021 with Exports accounting for 79% of sales. The revenues for Pigment Division were at ₹ 5,784 millon in FY2021 with exports at 78%.

The Company's EBIDTA surged to ₹ 2,825 million and EBITDA margin at 17.3% in FY21. Meghmani's PAT for the year was ₹ 1,865 million. The Company continues to deliver a strong return ratio, with a Return on Equity of 17.2% and a Return on Capital Employed of 17.1% in FY21.

The Company has a strong net cash and liquid investments of ₹ 1229 million as of March 2021.

### Agrochemical Business

Meghmani's has established itself as one of India's leading vertically integrated Agro Chemicals player with a presence in the entire value chain — Intermediate, Technical grade and Formulations (bulk and branded). The Company effectively manages its raw material costs and ensures a constant supply of consistent quality due to its integrated vertical business integration.

Meghmani's enjoys a competitive advantage via its presence in the entire value chain (less dependent on raw material) in the highly regulated Agrochemicals industry. The Company has a strong portfolio of 310 export registrations, 370 CIB registrations in FY21. Meghmani's diverse global client base accounts 79% of its Agro Chemical export sales. The Company exports Technical as well as Formulation (bulk and branded) products to Africa, Brazil, LATAM, US and European countries.

Meghmani's major products include 2,4D, Cypermethrin, Bifenthrin, Permethrin, Chlorpyrifos and Profenophos.

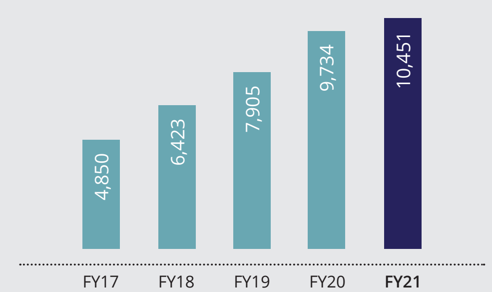
In branded formulations, the Company has established a strong pan India presence with about 3000 channel partners. Megastar, Megacyper, Megaban, Synergy, Courage, Correct and Mega Claim are its key agrochemical brands.

The Company has three state-of-the-art manufacturing facilities located at:

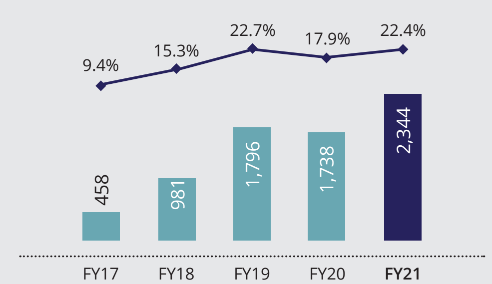
- GIDC Ankleshwar, (6,840 MTPA)
- GIDC Panoli, (13,500 MTPA)
- GIDC Dahej, (29,040 MTPA)

### Agrochemical - Highlights

Meghmani's' agrochemical segment achieved net sales of ₹ 10,451 million in FY21. Exports accounted for 79% of the revenue during FY21. EBITDA during the year was ₹ 2,344 million and EBITDA margin for the period stood at 22.4% in FY21.




**NET SALES (₹ IN MN)**




**EBITDA (₹ IN MN) & EBITDA MARGIN (%)**

# Management Discussion and Analysis

## Outlook and Strategy

Meghmani's's backward integrated facilities put it in an advantageous position, given the current rising raw material prices from China. The Company has doubled its 2,4-D Capacity by 10,800 MTPA and commissioned a new formulation plant by FY21. Meghmani's is planning a New Multipurpose plant (MPP) at Dahej with backward integration with capex of ₹ 3.10 billion which will be spent in next 2 years.The Company is geared to expand its branded products portfolio by the addition of new molecules.

## Pigment Segment

Meghmani's is amongst the top 3 pigment manufacturers of Phthalocyanine-based Pigments with 14% global market share. The Company has vertically integrated facilities manufacturing CPC Blue (an upstream product sold to other Pigments manufacturers) and end products — Pigment Green and Pigment Blue. These Pigments products are used in multiple applications, including paints, plastics and printing inks.

The Company's Pigments business enjoys a strong global presence with exports accounting for 78% of net sales. The Company has forged a deep relationship with its clients resulting in 90% business from its repeat customers. The Company has a global presence in more than 70 countries with a subsidiary in the US which helps in maintaining a front-end presence along with the ability to work closely with end-user customers.

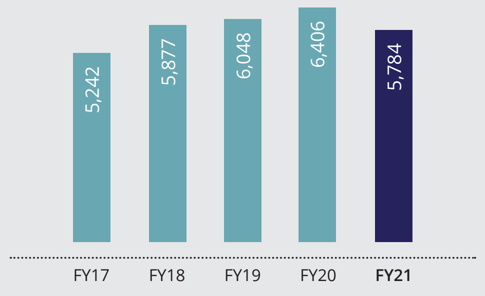
Meghmani's has three dedicated manufacturing facilities for Pigments products at:

» GIDC Vatva, Ahmedabad, (3,180 MTPA) manufacturing Pigment Green and AZO Pigments
» GIDC Panoli, near Ankleshwar, (17,400 MTPA) producing CPC Blue, Alpha and Beta Blue
» Dahej SEZ Ltd, (12,600 MTPA) manufacturing CPC Blue, Alpha and Beta Blue

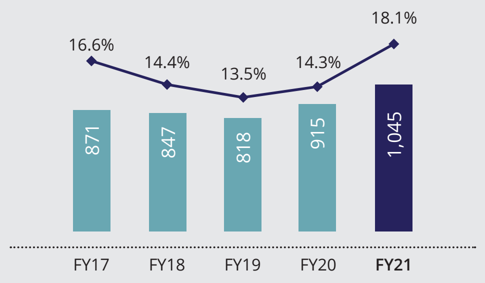
**MEGHMANI ORGANICS IS AMONGST THE TOP 3 PIGMENT MANUFACTURERS OF PHTHALOCYANINE-BASED PIGMENTS WITH 14% GLOBAL MARKET SHARE.**

## Pigments – Highlights

Meghmani's' pigment segment net sales stood at ₹ 5,784 million in FY21. Exports accounted 78% of the revenues during the year. EBITDA during the year was ₹ 1,045 million due to product mix and cost rationalisation. EBITDA margin for the period stood at 18.1% in FY21.




**NET SALES (₹ IN MN)**




**EBITDA (₹ IN MN) & EBITDA MARGIN (%)**

## Outlook and Strategy

Meghmani's is amongst the largest producers for the Copper Phthalocyanine Pigment. Company is confident of sustainable growth in Pigment beyond Phthalocyanine Pigment Blue and Green. Management is seriously considering to foray into new and lucrative variant of Pigment to increase the basket of products in Pigments division in the coming years.

Company continues to focus on strengthening its domestic presence, enhance its global market share tapping the prevailing market opportunities in growing end-user industries.

## Key Risks and Concerns

Meghmani Organics mitigates its key risks across all levels of business operations by structuring and continuously identifying, assessing, deciding and executing the planned course of action.

### Erratic monsoon and Unfavourable weather lowering agrochemical demand

The Indian agrochemical industry is still largely dependent on monsoons. Uneven rainfall affects crop acreages, agrochemical application and overall productivity having a direct impact on the Company's top-line.

Mitigation: The Company's diverse product portfolio backed by established global and national presence can easily navigate through erratic monsoons and unfavourable weather by tapping opportunities in other regions/geographies.

### Changes in government policies

The Company exports its products to multiple countries/ geographies. Any adverse changes in the political, economic, regulatory or social conditions of these countries might bump the Company's business prospects.

Mitigation: Meghmani Organics' de-risked business model reduces its dependency on any single country for selling its multiple products.

### Exchange and Interest Rates Fluctuations

Meghmani Organics' presence in multiple countries exposes to foreign currency revenue. The Company realizes foreign currency gain or loss based on depreciation or appreciation of the US Dollar.

Mitigation: Any adverse movement in the foreign exchange rates might impact the results of operation, cash flows, liquidity, and financial condition of the Company.

### Fluctuations in Raw Material Prices

Drastic changes and continuous fluctuations in the prices of key raw materials can pose critical challenges to the Company's growth.

Mitigation: Meghmani Organics diversified business verticals follows prudent procurement, backward and forward integration, quality control measures, technical competence, logistics facilities, prompt after-sales service and deep customer relationship. The Company's high degree of product customization, consistent quality coupled with strict compliance adds to client stickiness.

## Internal Control System

The Company has a proper and adequate system of Internal Controls commensurate with the size and nature of its operations to ensure that all assets are safeguarded against unauthorized use or disposal, safeguarding true and fair reporting and compliance with all applicable regulatory laws and company policies. Internal Audit Reports are reviewed by the Audit Committee of the Board.

## Financial Overview

| Particulars | (₹ in mn) |
|---|---|
| Net Sales | 16,367 |
| EBITDA | 2,825 |
| PBT | 2,518 |
| PAT | 1,865 |
| Key Ratios | |
| EBITDA Margin | 17.3% |
| ROE | 17.2% |
| ROCE | 17.1% |
| D/E Ratio | 0.22 |

## Human Capital

The Company considers its employees as the most valuable resource and provides a healthy and competitive work environment to enable the employees to excel and create new benchmarks of quality, productivity, efficiency and customer delight. The Company always believes in maintaining mutually beneficial, healthy and smooth industrial relations with the employees and the Unions which is an essential foundation for achieving collective organisational success. The consistent HR Policies of the company helps in attracting the best talent pool; retention and controlling low attrition rate.

## Cautionary Statement

Certain statements contained in the Management Discussion and Analysis may be statements of the Company's beliefs, plans and expectations about the future and other forward-looking statements that are based on management's current expectations or beliefs as well as a number of assumptions about the Company's operations and factors beyond the Company's control or third party sources and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Forward-looking statements contained in the Management Discussion and Analysis regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. There is no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report.

# CORPORATE GOVERNANCE

## 1. PHILOSOPHY AND SCHEME OF ARRANGEMENT

The Management of the Company is committed to maintain high standards of Corporate Governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of our various Stakeholders i.e. Investors, Customers, Suppliers and Government. During the Current Financial Year 2022, the Company is in the process of listing of its equity shares on BSE Limited and National Stock Exchange of India Limited pursuant to the Composite Scheme of Arrangement approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench, vide its order dated 3rd May, 2021. Though it is not applicable but as a part of good governance, we set out below report on Corporate Governance in accordance with applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulation").

## 2. BOARD OF DIRECTORS

### a) Composition of the Board

The Company has a balanced and diverse Board of Directors ('the Board'). The Board comprises of an appropriate mix of Executive, Non-Executive and Independent Directors as required under Companies Act, 2013 ('the Act') and Listing Regulations to maintain the independence of the Board and to maintain an optimal mix of professionalism, knowledge and experience to enable it to discharge its responsibilities. The Board of Directors presently comprises of ten directors, out of which five are Non-Executive Directors including one woman director and five are Executive Director, headed by Mr. Jayanti Patel as Executive Chairman. The Board presently, does not have any nominee directors. The details of directorship and other details are set out below;

| Name of Director | Category Designation | Age | Date of Initial appointment | *Directorship including this Listed Companies | **No of Directorship and Chairmanship of Committees, Including this listed entity | | No of Equity shares held |
|---|---|---|---|---|---|---|---|
| | | | | | Membership | Chairmanship | |
| Mr. Jayanti Patel | Executive Chairman | 69 | 05/10/2019 | 1 | 0 | 0 | 1,80,24,390 |
| Mr. Ashish Soparkar | Executive Managing Director | 68 | 05/10/2019 | 1 | 1 | 0 | 2,54,40,396 |
| Mr. Natwarlal Patel | Executive Managing Director | 67 | 05/10/2019 | 1 | 0 | 0 | 2,07,39,850 |
| Mr. Ramesh Patel | Executive Director | 65 | 05/10/2019 | 1 | 0 | 0 | 1,58,85,567 |
| Mr. Anand Patel | Executive Director | 58 | 05/10/2019 | 1 | 0 | 0 | 78,93,200 |
| Ms. Urvashi Shah | Non - Executive Independent Director | 65 | 05/05/2021 | 1 | 2 | 0 | 0 |
| Mr. Manubhai Patel | Non - Executive Independent Director | 70 | 05/05/2021 | 1 | 2 | 2 | 0 |
| Mr. Bhaskar Rao | Non - Executive Independent Director | 62 | 05/05/2021 | 1 | 0 | 0 | 0 |
| Mr. C. S. Liew | Non - Executive Independent Director | 65 | 05/05/2021 | 1 | 0 | 0 | 0 |
| Prof. (Dr.) Ganapati Yadav | Non - Executive Independent Director | 69 | 05/05/2021 | 4 | 3 | 0 | 0 |

* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 8 Companies:

** Committees considered are Audit Committee & Shareholders and Stakeholder's Relationship Committee.

### b) Maping of the Skils, Expertise and Competence among the Directors

| Name of the Director | Skill / Expertise/ competence |
|---|---|
| Mr. Jayanti Patel | International Marketing & Corporate Affairs, Policy decision making, Human Resource Management |
| Mr. Ashish Soparkar | Corporate Finance & Banking. |
| Mr. Natwarlal Patel | Technical & Production, Marketing (Agro & Pigments) |
| Mr. Ramesh Patel | Sourcing of Material (Domestic & Import) , Liaison with regulatory authorities. |
| Mr. Anand Patel | Technical & Production and Marketing (Pigment) |
| Mr. Manubhai Patel | Finance, Accounts and Taxation. |
| Ms. Urvashi Shah | Taxation, Economics. |
| Prof (Dr) G D Yadav | Scientific – Research, Educationalist. |
| Mr. C S Liew | Entrepreneur - Agrochemical Marketing – Singapore |
| Mr. Bhaskar Rao | Marketing, Communications & Advertising – Singapore |

### c) Number of Board Meeting held

During the financial year ended on 31st March, 2021, 5 (five) meetings of the Board of Directors were held and the gap between two meetings did not exceed One hundred and Twenty (120) days. The meeting of Board of Directors were held on 01.04.2020, 15.06.2020, 10.08.2020, 02.11.2020 and 29.01.2021.

The first Annual General Meeting of the Company was held on 4th August, 2020.

### d) Attendance of Board and AGM

The Board conducts regular scheduled meetings on a quarterly basis. An ad-hoc meeting is convened as and when circumstances require. Details as to the number of Board and Committee meetings are disclosed in this Report.

The Company in consultation with the Directors prepares the Annual calendar of meetings and circulates a tentative Schedule for the meeting of the Board and Committee in order to facilitate the Directors to plan their schedules.

The Board meetings are normally held at Registered Office of the Company situated at 1st to 3rd Floor, Meghmani House, Nr. Raj Bunglow B/h. Safal Profitaire, Corporate Road, Prahlad Nagar, Ahmedabad – 380 015.

The details of attendance of the Directors at the Board Meeting/AGM held during the year and at Annual General Meeting are given below:

| Name of Director | Position | Details of the Board | | AGM held on 04.08.2021 |
|---|---|---|---|---|
| | | Held during FY 2021 | Attended | |
| Mr. Jayanti Patel | Director | 5 | 5 | Yes |
| Mr. Ashish Soparkar | Director | 5 | 5 | Yes |
| Mr. Natwarlal Patel | Director | 5 | 5 | Yes |
| Mr. Ramesh Patel | Director | 5 | 5 | Yes |
| Mr. Anand Patel | Director | 5 | 5 | Yes |
| Mr. Manubhai Patel | Independent Director | All Independent Directors are appointed as on 5th May, 2021 | | |
| Ms. Urvashi Shah | Independent Director | | | |
| Prof (Dr) G D Yadav | Independent Director | | | |
| Mr. C S Liew | Independent Director | | | |
| Mr. Bhaskar Rao | Independent Director | | | |

### e) Limit on number of Directorship:-

None of the Director of the Company is appointed in more than 10 Committees or is acting as Chairman in more than 5 (Five) Committees across all the Companies in which he is a Director.

None of the Director of the Company is holding Directorship in more than 10 Public Limited Companies. None of an Independent Directors serve as an Independent Director in more than 7 (Seven) Listed Companies.

## f) Independent Director

Independent Directors play an important role in the governance processes of the Board. They bring with them their expertise and experience for fruitful discussions and deliberations at the Board. This betters the decision-making process at the Board.

The Independent Directors have been appointed for a fixed term of not exceeding 5 (five) years from their respective dates of appointment with an option to retire from the office at any time during the term of appointment. Their appointment has been approved by the Members of the Company. The Independent Directors have confirmed that they meet with the criteria of independence laid down under the Act, the Code and SEBI Listing Regulation.

## g) Familiarisation Programme to Independent Directors:-

In order to comply with the SEBI Listing Regulation, the Board has appointed five independent directors including woman independent directors in their meeting held on 5th May, 2021 and the Company has in place familiarization program for the Independent Directors with respect to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The Company would also encourage existing directors to attend seminars and trainings to enable them to keep pace with changes of regulatory and financial reporting standards that have a material bearing on the Company and its industry. The policy on familiarization program for Independent Directors are available on the Company's website at https://www.meghmani.com in the investor section. The Company shall ensure to provide familiarization programme during FY 2022 in accordance with SEBI Listing Regulation.

## h) Separate Meeting of Independent Director:-

As the Board has appointed independent directors recently on 5th May, 2021, the Company shall ensure to have a separate meeting of Independent Directors in the current Financial Year 2021-22 in accordance with provisions of Regulation 25(3) of the SEBI Listing Regulation read with Schedule IV of the Companies Act, 2013.

## i) Issuance of Letter of Appointment:-

A formal letter of appointment was issued to all Independent Directors.

All newly appointed directors would be provided an induction program on his duties as a director and how to discharge those duties. Briefings would also be provided by management on the Group's history, business operations and corporate governance practices.

## j) Performance Evaluation of the Board and Individual Directors

The Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vide its order dated 3 May 2021 (the "Order"), has approved the Scheme of Arrangement ("the Scheme") to demerge the Agrochemicals and Pigments Division of erstwhile Meghmani Organics Limited (Demerged Company) along with its investment in Optionally Convertible Redeemable Preference Shares ("OCRPS") of Meghmani Finechem Limited (MFL) and transferred to the Company as a going concern. The Company did not carry out any business activities during Financial Year 2020-21 but the Company has given effect to the Scheme for the year ended March 31, 2021 considering it to be an adjusting event and has accounted the same as per the pooling of interest method since the conditions as per the requirements of Ind AS 103 – Business Combinations of entities under common control are met.

In view of the above and reconstitution of Board by appointment of Executive Directors and Independent Directors which took place on 5th May, 2021, the performance evaluation of the Board, its committees and independent Directors will take place in the current Financial Year 2021-22 in accordance with provisions of Companies Act, 2013 and SEBI Listing Regulation.

## k) Board's Role:-

**The Board's role is to:**

(1) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(2) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(3) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(4) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

(5) Consider sustainability issues, e.g. environmental, governance and social factors, as part of its strategic formulations

(6) review and approve the recommended remuneration framework and packages for the Board and key management personnel;

(7) review the performance of the Board, set the criteria for selection of directors and to nominate directors for shareholders' approval; and

(8) Ensure communications with shareholders are accurate, adequate and timely.

To assist the Board in the execution of its responsibilities, the Board has constituted various Board committees, namely the Audit Committee, Nomination and Remuneration Committee etc.

The role and function of each committee is described in subsequent sections in this report. While these committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

All Board Committees are constituted with clear Terms of Reference to assist the Board in discharging its functions and responsibilities.

## l) Chairman and Managing Director

The Chairman and Managing Director is the different person. The Chairman and Managing Directors have defined responsibilities which, during his tenure so far, have not been conflicted with each other. Major business proposals are discussed at Board meetings before decisions are made.

The Board believes that there is sufficient element of independence and adequate safeguards against a concentration of power in one single person.

The Chairman is responsible to, among others:–

(a) lead the Board to ensure its effectiveness on all aspects of its role;

(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promote a culture of openness and debate at the Board;

(d) ensure that the directors receive complete, adequate and timely information;

(e) ensure effective communication with shareholders;

(f) encourage constructive relations within the Board and between the Board and management;

(g) facilitate the effective contribution of non-executive directors in particular; and

(h) promote high standards of Corporate Governance.

## m) Agenda for Board Meeting:-

Agenda and Notes on Agenda are circulated to the Directors in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful discussion. Where it is not practicable the same is tabled before the meeting.

The followings are generally tabled for information, review and approval of the Board.

» Annual Operating Plans & Budgets.

» Quarterly Results and its Operating Divisions or Business Segments.

» Minutes of meetings of Audit Committee and Other Committees of the Board of Directors.

» The information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including Appointment or Removal of Chief Financial Officer and the Company Secretary.

» Show cause, Demand, Prosecution Notices and Penalty Notices, which are materially important.

» Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

» Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the entity.

» Details of any Joint Venture or Collaboration Agreement.

» Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.

» Significant labour problems and their proposed solutions.

» Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.

» Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

» Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

» The Board works with management to achieve this objective and the management remains accountable to the Board.

## n) Post meeting follow-up mechanism:-

The Company has an effective post meeting follow-up, review and reporting process mechanism for the decisions taken by the Board/Committees. Important decisions taken at the Board/Committee meetings are communicated to the concerned Functional Heads promptly. Action Taken Report on previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee members.

**o) Recording minutes of proceedings of Board and Committee meetings:-**

As per Secretarial Standard 1 (SS-1) issued by The Institute of Company Secretaries of India (ICSI), the Company Secretary records the minutes of the proceedings of each Board and Committee meeting. The Draft minutes are circulated to the members for their comments.

**p) Compliance Report:**

While preparing the Agenda adequate care is taken to ensure adherence to all applicable laws and regulations including the Companies Act, 2013 read with the Rules made there under, Secretarial standard issued by ICSI. The Board periodically reviews all statutory compliance reports of all laws applicable to the Company. The Company has Installed Legatrix module for better legal compliance & monitoring.

**q) Acess to Information**

The Directors have separate and independent access to the Company's management and the Company Secretary at all times. Directors are entitled to request from management and should be provided with such information as needed to make informed decisions in a timely manner. The Board is informed of all material events and transactions as and when they occurred.

Should the Directors, whether individually or collectively, require independent professional advice; such professionals (who will be selected with the approval of the Chairman of the respective Committees requiring such advice) will be appointed at the expenses of the Company.

The Company Secretary attends all the Board and Board Committee meetings and attends to the Corporate Secretarial Administration matters, ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

**r) Relationship between Directors and KMP:-**

Except Mr. Jayanti Patel, Mr. Natwarlal Patel and Mr. Ramesh Patel who are brothers, none of our Directors are related to each other as per the provisions of Companies Act, 2013.

Further, except Mr. Natwarlal Patel who is father of Ankit Natwarlal Patel, CEO of our Company, none of our Directors are related to any of the Key Managerial Personnel.

**s) Chairman and CEO:–**

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a clear separation of the roles and responsibilities of the Chairman and the CEO to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making.

Mr. Jayanti Patel - Executive Chairman, leads the Board to ensure effectiveness of all aspects of its role. The Chairman sets the meeting agenda and ensures that the Directors are provided with complete, adequate and timely information. The Chairman ensures that discussions and deliberations are effective and promote a culture of openness and debate at Board meetings. The Chairman encourages constructive relations within the Board and between the Board and Management.

The Chairman also facilitates the effective contribution of the Non-Executive Directors and promotes high standards of corporate governance.

Mr. Ankit Patel - CEO, is responsible for the day-to-day management affairs. He also executes the strategic plans set out by the Board and ensures that the Directors are regularly kept updated and informed of the Group's business.

**t) Number of shares held by Non-Executive Directors:-**

None of the Independent Directors hold equity shares of the Company.

## 3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted, recently on 5th May, 2021, the following four Committees:–

(1) Audit Committee (AC).

(2) Nomination & Remuneration Committee (NRC).

(3) Shareholders/ Investors Grievances Share Allotment, Share Transfer & Stake Holders Relationship Committee.

(4) Corporate Social Responsibility Committee (CSR).

The Risk Management Committee is not applicable as the Company was not listed during the financial years under review.

The terms of reference of the Committees are determined by the Board from time to time. The respective Chairman of the Committees also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are tabled at the respective Committee Meetings. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### 3.1 AUDIT COMMITTEE: -

The Audit Committee acts as a link between the Statutory Auditors, Internal Auditors and the Board. The Committee is governed by regulatory requirements mandated by Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) 2015. The Committee has full access to financial information.

#### 3.1.1 Terms of Reference

The terms of reference of the Audit Committee include the following:

(1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

   (b) Changes, if any, in Accounting Policies and practices and reasons for the same;

   (c) Major accounting entries involving estimates based on the exercise of judgment by management;

   (d) Significant adjustments made in the Financial Statements arising out of audit findings;

   (e) Compliance with listing and other legal requirements relating to financial statements;

   (f) Disclosure of any related party transactions;

   (g) Modified opinion(s) in the draft audit report;

(5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) Approval or any subsequent modification of transactions of the listed entity with related parties;

(9) Scrutiny of inter-corporate loans and investments;

(10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) Evaluation of internal financial controls and risk management systems;

(12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) Discussion with internal auditors of any significant findings and follow up there on;

(15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(16) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) To review the functioning of the whistle blower mechanism;

(19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(21) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

Further, the Audit Committee shall mandatorily review the following information:

(1) Management Discussion and Analysis of financial condition and results of operations;

(2) statement of significant related party transactions (as defined by the audit committee), submitted by management;

(3) management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) Internal Audit Reports relating to internal control weaknesses; and

(5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(6) statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### 3.1.2 Composition and its attendance :-

The Audit Committee comprises of three Independent Non Executive Directors.

| Name of the Director | Category of directorship | Qualification |
|---|---|---|
| Mr. Manubhai Patel | Chairman - Independent Director | ACA - Institute of Chartered Accountant of India (ICAI) |
| Ms. Urvashi Shah | Member – Independent Director | Bachelor of Arts (BA) with Economics Intermediate Exam of Institute of Chartered Accountants of India. |
| Prof. (Dr). Ganapati Yadav | Member – Independent Director | B. Chem. Eng. Ph.D. (Tech.), D.Sc. (Hon. Causa, DYPK), FTWAS, FNA, FASc, FNASc, FNAE, FRSC (UK), FISTE, FIChemE (UK ), FIIChE, FIC |

Mr. Jayesh Patel, Company Secretary, acts as the Secretary of the Audit Committee.

As the said Committee constituted on 5th May, 2021, no meeting Audit Committee was held during the year under review.

### 3.1.3 Internal Audit Function:-

The Company has outsourced the Internal Audit function to a professional firm M/s. C N K Khandwala & Associates, Chartered Accountants, Ahmedabad. The Internal Auditor reports directly to the Chairman of the Audit Committee ("AC") on internal audit matters.

### 3.1.4 Non Audit Services :-

The Audit Committee has reviewed and confirmed that all non-audit services provided by the auditors have not affected the independence of the auditors.

### 3.1.5 Total fees for all services paid by the Company to the Statutory Auditors is given below:

(₹ in Lakhs)

| M/s. S R B C & Co. LLP | FY 2020-21* |
|---|---|
| Audit Fees | 32.40 |
| Other Services | 1.60 |
| Reimbursement of Expenses | 1.07 |
| Total | 35.07 |

*includes the fees paid by Meghmani Organics Ltd (Demerged Company)

### 3.1.6 Maintenance of Financial Records:-

Based on reports submitted by the external and internal auditors, the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems maintained by the management that was in place throughout the financial year and up to date of this report, the Board, with the concurrence of the Audit Committee and assurance of the management (including Chief Executive Officer and Chief Financial Officer) as well as the Internal Auditors, are of the opinion that

(a) the financial records have been properly maintained and financial statements give a true and fair view of the Company's operations and finances and

(b) the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at the date of this report.

To ensure the adequacy of the internal audit function, the Audit Committee reviews and approves, on an annual basis, the internal audit plans and the resources required to adequately performing this function.

However, the Board and management acknowledge that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision- making, human errors, losses, fraud or other irregularities.

### 3.1.7 Assurance from CEO AND CFO:-

The Board has received assurance from Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to ensure that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the effectiveness of the Company's risk management and internal control systems are operating effectively in all material respects, based on the criteria for effective internal control established.

## 4. NOMINATION & REMUNERATION COMMITTEE (NRC)- :-

### Terms of Reference

The terms of reference of the Nomination and Remuneration Committee include the following:

a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.

b) To recommend to the Board on the appointment of new executive and non-executive directors;

c) To recommend to the Board the appointment and removal of Senior Management.

d) To carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.

e) To review the Board structure, size and composition, having regard the principles of the Code;

f) Assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;

g) Put in place plans for succession, in particular, for the Chairman of the Board and Chief Executive Officer of the Group;

h) Determine, on an annual basis, whether a director is independent taking into account the circumstances set forth in Guideline 2.1 of the Code and any other salient factors;

i) Make recommendations to the Board for the continuation in services of any Executive Director who has reached the age of seventy years;

j) Recommend directors who are retiring by rotation to be put forward for re-election;

k) Decide whether or not a director is able to and has been adequately carrying out his duties as a director of the Company, particularly when he has multiple board representations;

l) Recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple boards; and

m) Assess the effectiveness of the Board as a whole and for assessing the contribution of each individual director to the effectiveness of the Board on an annual basis

n) Devising a policy on Board diversity;

o) To recommend the Board on policy and framework relating to remuneration for (i) Directors (ii) Executive Directors (iii) Key Managerial Personnel and (iv) Senior Management remuneration and incentive package.

p) All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee.

q) Reviewing and enhancing on the compensation structure to incentive performance base for key executives;

r) Ensure that the remuneration packages are comparable within the industry and comparable companies and include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive director's performance.

s) To facilitate the transparency, accountability and reasonableness of the remuneration of Director and Senior Management Personnel.

t) To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

u) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,

v) Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the NRC by the Board of Directors from time to time;

w) to develop a succession plan for the Board and to regularly review the plan;

Composition and its attendance :

| Name of the Director | Status |
|---|---|
| Mr. Manubhai K Patel | Chairman - Independent Director |
| Ms. Urvashi Shah | Member – Independent Director |
| Prof.(Dr.) Ganapati Yadav | Member – Independent Director |

Mr. Jayesh Patel, Company Secretary, acts as the Secretary of the Audit Committee.

As the said Committee constituted on 5th May, 2021, no meeting of Audit Committee was held during the year under review.

### 4.2 Nomination process for new Directors

The search and nomination process for new Directors are through personal contacts and recommendations of the Director. NRC will review and assess candidates before making recommendation to the Board.

NRC will also take the lead in identifying, evaluating and selecting suitable candidate for new Directorship. In its search and selection process, NRC considers factors such as commitment and the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees.

### 4.4 Pecuniary Relationship or Transaction:-

There is no other pecuniary relationship or transaction by the Company with Non-Executive Directors.

### 4.5 Payment to Executive Directors:-

The Company pays remuneration to its Executive Chairman, Managing Directors and Executive Directors by way of Salary, perquisites and Performance Bonus.

### 4.6 Non-Executive Director's compensation and Disclosure:-

The Non-Executive Directors were not paid any Compensation except sitting fees. The Board has fixed the sitting fees payable to Non-Executive Directors within the limits prescribed under the Companies Act, 2013 (hereinafter referred to as Act). Therefore, requirement of obtaining prior approval of shareholders in General Meeting was not required.

### 4.7 Remuneration to Directors:-

The members at the Extra Ordinary General Meeting held on 7th May, 2021 has approved the appointment and terms of remuneration payable to Mr. Jayanti Patel Executive Chairman, Mr. Ashish Soparkar and Mr. Natwarlal Patel Managing Directors, Mr. Ramesh Patel and Mr. Anand Patel – Executive Directors (collectively referred to as Working Directors") for a period of 5 years from 01 June, 2021.

During the year under review, over and above salary, the Meghmani Organics Limited (Demerged Company) paid Performance Bonus of ₹ 1500 Lakhs collectively to Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel for the financial year FY 2020-21. The remuneration paid is within the limits approved by the Shareholders.

Currently, the Company does not have any contractual provisions to allow the Company to reclaim incentive from Executive Directors and Key Management Personnel in exceptional cases of wrongdoings.

Remuneration paid during the FY 2020-21 to Executive Directors by Meghmani Organics Limited(Demerged Company) are under:-

| Name of Director | Salary, Perquisites (₹in lakhs) | Performance Bonus (₹ In Lakhs) |
|---|---|---|
| Mr. Jayanti Patel | 76.67 | 375.00 |
| Mr. Ashish Soparkar | 76.35 | 375.00 |
| Mr. Natwarlal Patel | 76.69 | 375.00 |
| Mr. Ramesh Patel | 75.77 | 225.00 |
| Mr. Anand Patel | 76.27 | 150.00 |
| **Total** | **381.75** | **1500.00** |

The Company does not have any Employee Share Option Scheme or Employee Stock Option or any long-term incentive scheme in its place.

All independent Directors are appointed from 5th May, 2021 by the Company hence, no sitting fees has been paid to the Directors. However, the following sitting fees have been paid to the Independent Directors by Meghmani Organics Limited (Demerged Company) during FY 2020-21.

| Name of Independent Directors | Amount of sitting fees paid (₹in lakhs) |
|---|---|
| Ms. Urvashi Shah | 4.15 |
| Mr. Manubhai Patel | 4.15 |
| Mr. Bhaskar Rao | 1.50 |
| Mr. C. S. Liew | 0.97 |
| Prof. (Dr.) Ganapati Yadav | 3.05 |

## 5 SHAREHOLDERS'/INVESTORS' GRIEVANCES, SHARE ALLOTMENT, SHARE TRANSFER AND STAKE HOLDER RELATIONSHIP COMMITTEE

Terms of Reference:

The terms of reference of the Shareholder's/ Investors Grievances Share Allotment, Share Transfer and Stake Holders Relationship Committee include the following:

(a) To allot equity shares of the Company,

(b) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;

(c) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc;

(d) Issue of duplicate / split / consolidated share certificates;

(e) Allotment and listing of shares;

(f) Review of cases for refusal of transfer / transmission of shares and debentures;

(g) Reference to statutory and regulatory authorities regarding investor grievances;

(h) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Composition and its Attendance:

| Name of the Director | Status |
|---|---|
| Mr. Manubhai Patel | Member - Independent Director |
| Mr. Ashish Soparkar | Member – Executive Director |
| Ms. Urvashi Shah | Member - Independent Director |

Mr. Jayesh Patel, Company Secretary, acts as the Secretary of the Audit Committee.

As the said Committee constituted on 5th May, 2021, no meeting of Stakeholders Relationship Committee was held during the year under review.

Details of Shareholders' complaints

| Detail of Complaints received | Nos. |
|---|---|
| Number of Complaints received from Shareholders' 01.04.2020 to 31.03.2021 | 0 |
| Number of Complaints not solved to the satisfaction of shareholder | 0 |
| Number of Pending Complaints on 31.03.2021 | 0 |

## 6 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company has always been mindful of its obligations vis-à-vis the communities it impacts and has been pursuing various CSR activities long before it became mandated by law.

Terms of Reference:

The terms of reference of the Corporate Social Responsibility Committee include the following:

a. To formulate and recommend to the board of directors, the CSR Policy, indicating the CSR activities to be undertaken as per Companies Act, 2013, as amended;

b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken;

c. To monitor the CSR Policy of the Company from time to time;

d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time

Composition and its Attendance:

| Name of Member | Category |
|---|---|
| Mr. Manubhai Patel | Non-Executive/ Independent |
| Mr. Jayanti Patel | Executive / Non-independent |
| Mr. Ashish Soparkar | Executive / Non-independent |
| Mr. Natwarlal Patel | Executive / Non-independent |

As the said Committee constituted on 5th May, 2021, no meeting of CSR Committee was held during the year under review.

However, the Meghmani Organics Limited (Demerged Company) has spent ₹ 476.06 Lakhs towards CSR activities during the financial year 2020-21, the details whereof is being given in the Annexure to the Directors Report.

## 7 GENERAL BODY MEETINGS :-

**7.1** The details as to date, time and location of Annual General Meetings (AGM) held in last year and Special resolutions passed thereat are as under :-

| Year ended | Category-Date & Time | Venue | Special Resolutions passed |
|---|---|---|---|
| 31.03.2020 | 1st AGM on 4th August, 2020 at 11.00 a.m. | 1st to 3rd Floor, Meghmani House, Near Raj Bunglow, Near Safal Profitaire, Prahlad Nagar, Satellite, Ahmedabad-380015 | Nil |

7.2 No Special resolution was passed last year through Postal Ballot during the year review. No Special Resolution is proposed to be passed in the ensuing Annual General meeting of the Company.

## 8 OTHER DISCLOSURES:-

### 8.1 Related Party Transactions :-

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable

Disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements in this Annual Report. The Policy on Related Party Transaction has been placed on the Company's website.

### 8.2 Vigil Mechanism / Whistle Blower Policy:-

The Company has a Whistle Blower Policy to deal with instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct, if any. The Whistle Blower Policy is posted on the website of the Company.

### 8.3 Prevention of Sexual Harassment (PSH) of Women at workplace:-

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on prevention of sexual harassment of women at workplace and constituted Internal Complaints Committee. There were no complaints received during FY 2020-21.

### 8.4 Accounting Treatment:-

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 2013 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

### 8.5 Certificate on Corporate Governance:-

The Company has obtained a certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance prescribed under the Listing agreement with Stock Exchanges which forms part of this report.

### 8.6 Shareholder's Information:-

This Chapter read with the information given in the section titled General Shareholders' information constitutes the compliance report on Corporate Governance.

### 8.7 Code of Conduct :-

The Company has recently on 5th May, 2021, adopted a code of conduct for its Directors and designated Senior Management Personnel. All the Board Members and Senior Management Personnel have agreed to follow compliance of code of conduct. The code has been posted on the Company's website.

### 8.8 Management Discussion and Analysis Report:-

The Management Discussion and Analysis Report on Company's financial and operational performance, Industry trends etc. is presented in a separate section which forms part of the Annual Report.

### 8.9 Insider Trading :-

As the Company is in the process of listing, your Company has recently on 5th May, 2021 adopted Insider Trading code applicable to all the Directors and Senior Management Personnel.

The management shall ensure to comply with said Insider Trading Code after listing of equity shares on the stock exchanges.

### 8.10 Disclosures regarding Re-appointment of Directors

As per the Articles of Association of the Company, one third of the Directors are liable to retire by rotation every year and if eligible, they offer themselves for re-election by the shareholders at the General Meeting. There is no Alternate Director being appointed to the Board.

### 8.11 Appointment & Removal of Company Secretary:-

The appointment and removal of the Company Secretary is subject to the approval of the Board.

### 8.12 Credit Rating

CRISIL has reaffirmed Long Term Rating CRISIL AA-/ Stable and Short Term Rating CRISIL A1+ to its total Bank loan facility of ₹ 629.00 Crore by CRISIL Limited (Rating Agency) vide its letter MEGORGN/263796/ BLR/0121/01852 dated January 29, 2021 issued to the erstwhile Meghmani Organics Limited.

## 9 Reminders to Unpaid Dividend:-

Reminders for unpaid dividend of Meghmani Organics Limited (Demerged Company) are sent to the shareholders every year.

## 10 MEANS OF COMMUNICATION:-

### 10.1 Quarterly Results:-

The Unaudited Quarterly/Half yearly financial statements are announced within 45 (Forty Five) days of the end of the Quarter.

The aforesaid financial statements reviewed by the Audit Committee are taken on record by the Board of Directors and are communicated to the Indian where the Company's securities are listed. Once the Stock Exchanges have been intimated, these results are given by way of a press release to news agency and published within 48 hours in two leading daily news papers – one in English and one in Gujarati.



### 10.2 Announcement of Financial Result:-

The Audited Annual Financial Results after giving effect to the Scheme as approved by Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vide its order dated 3rd May, 202l and as per the requirements of relevant accounting standards were announced on 20th May, 2021.

The aforesaid Audited Annual Results are taken on record by the Board of Directors and to maintain good corporate governance the results are communicated to the Stock Exchanges.

### 10.3 Website Display:-

The Company's Official news releases, presentation, policies, financial results, shareholder's general information etc. are displayed on the Company's website www.meghmani.com. News Releases are placed on Stock Exchanges and displayed on website. The presentations prepared for the investors and analysts are submitted to Stock Exchanges and displayed on the Company's website www.meghmani.com.

### 10.4 Green Initiative for paperless communication:-

To support the "Green Initiative in the Corporate Governance", an initiative has been taken by the Ministry of Corporate Affairs (MCA).

The Company has sent the soft copies of Annual Report 2020-21 to those members whose Email IDs were registered with the Depository Participants (DP) after informing them suitably.

## 11 General Shareholder Information :-

### I. Annual General Meeting :-

| | |
|---|---|
| Date | 23rd September, 2021 |
| Venue | The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020, hence there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM |
| Time | 10.00 am. |
| Last date of receipt of Proxy | Not Applicable |
| Posting of Annual Report | On or before 27 September, 2021 |

### II. Financial Year :-

The financial year of the Company is from 01 April to 31 March. The tentative schedule of Board Meeting for approval of Quarterly financial results is as under;

Financial Calendar 2021-22:-

| | |
|---|---|
| First Quarter Results - 30.06.2021 | Within 45 days from the close of quarter |
| Second Quarter Result - 30.09.2021 | Within 45 days from the close of quarter |
| Third Quarter Results - 31.12.2021 | Within 45 days from the close of quarter |
| Fourth Quarter - 31.03.2022 | Within 60 days from the close of quarter |

Date of Book Closure:-

| | |
|---|---|
| Book Closure | 17 September, 2021 to 23 September, 2021 |

### III. Dividend payment :-

The Board of Directors at their meeting held on 05th May, 2021 had declared Final Dividend of ₹ 1.40 per Equity shares of the face value of ₹ 1/- each for the financial year 2020-2021.

The information of unclaimed dividend of erstwhile Meghmani Organics Limited (Transferor Company) is as under:-

| Particulars | Dividend% | 31/03/2021 ₹ | Payment Date | Transfer due date |
|---|---|---|---|---|
| Un paid Dividend - 2014 | 10% | 197265.40 | 11.08.2014 | 10.08.2021 |
| Un paid Dividend - 2015 | 40% | 617659.20 | 27.02.2015 | 26.02.2022 |
| Un paid Dividend – 2016 | 30% | 629555.13 | 23.03.2016 | 22.02.2023 |
| Un paid Dividend – 2017 | 40% | 563949.50 | 07.08.2017 | 06.08.2024 |
| Un paid Dividend – 2018 | 40% | 645159.09 | 11.08.2018 | 10.08.2025 |
| Un paid Dividend – 2019 (Interim) | 60% | 697609.00 | 25.03.2019 | 24.03.2026 |
| Un paid dividend – 2019 (Final) | 40% | 648961.20 | 05.08.2019 | 04.08.2026 |
| Un-paid dividend – 2020 (Interim) | 100% | 2115189.00 | 20.03.2020 | 19.03.2027 |
| **Total** | | **6115347.52** | | |

## IV. Stock Code :-

ISIN allotted to the Company's equity shares of face value of ₹ 1/- each is INE0CT101020.

## V. Payment of Listing Fees

The Company is in the process of listing and paid initial listing fees to both the Stock Exchanges, NSE and BSE. The Equity Shares of the Company shall be listed on both the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.

## VI. Share Transfer System :-

Link Intime India Private Limited, Mumbai, is Registrar & Share Transfer Agent of the Company. The Share Transfer and Share Dematerialization is processed by Link Intime India Private Limited, Mumbai. The transfer of shares in Depository mode need not be approved by the Company.

## VII. Shareholding Pattern

The shareholding patters as on date of allotment of shares on 20th May, 2021, pursuant to the approval of the Composite Scheme of Arrangement, approved by National Company Law Tribunal, Ahmedabad Bence vide Order dated 3rd May, 2021, is as under;

| Category | Shares | % |
|---|---|---|
| Alternate Invst Funds - III | 240000 | 0.09 |
| Body Corporate - Ltd Liability Partnership | 2670773 | 1.05 |
| Clearing Members | 648830 | 0.26 |
| Foreign Portfolio Investors (Corporate) | 3320184 | 1.31 |
| Global Depository Receipts | 11285390 | 4.44 |
| Investor Education & Protection Fund | 132529 | 0.05 |
| Hindu Undivided Family | 5695616 | 2.24 |
| NBFCs registered with RBI | 60681 | 0.02 |
| Non Resident (Non Repatriable) | 860380 | 0.34 |
| Non Resident Indians | 6286855 | 2.47 |
| Other Bodies Corporate | 11223276 | 4.41 |
| Promoters | 95976713 | 37.74 |
| Public | 86886772 | 34.17 |
| Relatives Of Director | 27248412 | 10.71 |
| Relatives Of Promoters | 1777042 | 0.70 |
| Trusts | 758 | 0.00 |
| **TOTAL** | **254314211** | **100.00** |

## VIII. Dematerialization of Shares:

As on date of allotment of shares on 20th May, 2021, pursuant to the approval of the Composite Scheme of Arrangement, approved by National Company Law Tribunal, Ahmedabad Bence vide Order dated 3rd May, 2021.

| Share Capital | No. of shares | % |
|---|---|---|
| Listed Capital | 254314211 | 100.00 |
| Held in Dematerialized form :- | 254314211 | 100.00 |
| National Securities Depository Limited (NSDL) | 199930167 | 78.62 |
| Central Depository Services (India) Limited (CDSL) | 54384044 | 21.38 |
| Held in Physical Form | 00 | 0.00 |
| **Total** | **254314211** | **100.00** |

## IX. Distribution of Shareholding

| Shareholding of Shares | Number of Shareholders | % of Total Shareholders | Shares | % of Total Share Capital |
|---|---|---|---|---|
| 1 to 500 | 97428 | 81.88 | 14170766 | 5.57 |
| 501 to 1000 | 10283 | 8.64 | 8606908 | 3.38 |
| 1001 to 2000 | 5031 | 4.23 | 7847940 | 3.09 |
| 2001 to 3000 | 1942 | 1.63 | 5084238 | 1.99 |
| 3001 to 4000 | 920 | 0.77 | 3349269 | 1.31 |
| 4001 to 5000 | 858 | 0.72 | 4110637 | 1.62 |
| 5001 to 10000 | 1298 | 1.09 | 9819647 | 3.87 |
| 10001 & above | 1235 | 1.04 | 201324806 | 79.17 |
| **TOTAL** | **118995** | **100.00** | **254314211** | **100.00** |

## X. RTA AND COMPANY

| **Link Intime India Private Limited** | **Mr. Jayesh Patel, Company Secretary** |
|---|---|
| 506 To 508, Amarnath Business Centre – 1,<br>Beside Gala Business Centre,<br>Nr. St. Xavier's College Corner,<br>Off, C. G. Road, Ahmedabad- 380006<br>Contact No.: 91-79-2646 5179<br>Email: ahmedabad@linkintime.co.in | 1st to 3rd Floor,<br>Meghmani House,<br>B/h Safal Profitaire, Corporate Road,<br>Prahaladnagar, Ahmedabad 380 015<br>Contact No. 91-79-2970 9600/ 7176 1000<br>E-mail: helpdesk@meghmani.com |

## XI. LOCATION OF MANUFACTURING FACILITY:-

| | | |
|---|---|---|
| **1.** | Pigment Division - Green | Plot No. 184, Phase II,<br>G.I.D.C. Vatva, Ahmedabad -382 445 |
| **2.** | Pigment Division – Blue | Plot No. 21, 21/1,<br>G.I.D.C. Panoli, District :- Bharuch |
| **3.** | Pigment Division - Blue | Plot No. Z-31 Z-32,<br>Dahej SEZ Limited, District :- Bharuch |
| **4.** | Agro Division – I | Plot No. 402,403,404 & 452,<br>Village Chharodi, Taluka Sanand,<br>District :- Ahmedabad |
| **5.** | Agro Division – II | Plot No. 5001/B,<br>G.I.D.C. Ankleshwar, District:- Bharuch |
| **6.** | Agro Division – III | Plot No. CH-1+2/A<br>G.I.D.C., Dahej, District :- Bharuch |
| **7.** | Agro Division – IV | Plot No. 20,<br>G.I.D.C. Panoli, District :- Bharuch |

## XIII. SHARES LYING IN THE DEMAT SUSPENSE ACCOUNT

Pursuant to the approval of the Composite Scheme of Arrangement approved by National Company Law Tribunal, Ahmedabad Bence vide Order dated 3rd May, 2021, the Company has allotted 254314211 Equity Shares of ₹ 1/ each on 20th May, 2021 to the shareholders whose name appeared in the register of the members of the Demerged Company on Record Date i.e. 19th May, 2021.

During the process of allotment, there were total 48 cases aggregating 126946 equity shares parked in Demat escrow account of the Company due to various reasons i.e. BO closed etc. The Company is in the process of sending letters to the respective shareholders to claim their shares from Demat Escrow account of the Company.

The voting right of 126946 shares lying in the demat suspense account shall remain frozen till the rightful owner of such shares claims the shares.

The shareholders whose shares are lying in the demat suspense account are requested to contact Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company to claim the shares from the suspense account.

### XIII. Company's Recommendations to the Shareholders

The Company has the following recommendations to members to mitigate/ avoid risks while dealing with shares and related matters:

**Encash your Dividends on time**

Members who have not registered their bank details with Company or DP are requested to encash their dividend warrants promptly to avoid problems of revalidation/losing your right of claim due to transfer of unclaimed dividends to Investor Education and Protection Fund.

**Claim of unclaimed dividend**

Members who have not claimed their dividend declared and paid by Meghmani Organics Limited(Demerged Company), are requested to claim their dividend in order to avoid to transfer the same into the Investor Education and Protection Fund. Your Company sends the reminder to claim the unclaimed dividend and if not claimed, to transfer the amount of dividend together with shares thereof into the Investor Education and Protection Fund.

20th May, 2021
Ahmedabad

**Ashish Soparkar**
Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

**To**
**The Members,**
**Meghmani Organochem Limited**

We have examined the compliance of conditions of Corporate Governance by Meghmani Organochem Limited, as on 11th June, 2021, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015on voluntarily basis.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on voluntarily basis.

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

For, **SHAHS & ASSOCIATES**
Company Secretaries

**Kaushik Shah**
Partner
FCS No 2420 CP No-1414
UDIN F002420C000662442

Place: Ahmedabad
Date: 20 July, 2021



## CEO and CFO certification

### In terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

To,
The Board of Directors

Dear Sir/Madam,

**CEO/CFO Certification in terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015.**

In terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, we hereby certify to the Board of Directors that:

A) We have reviewed the Financial Statements and the Cash flow Statement of the Company for the year ended March 31, 2021 and to the best of our knowledge and belief:
   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the auditors and the Audit Committee:
   i) Significant changes in internal control, if any, over financial reporting during the year;
   ii) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting wherever needed.

**Ankit N. Patel**
CEO

**G. S. Chahal**
CFO

Date: 20 May, 2021
Place: Ahmedabad

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
Meghmani Organochem Limited
Ahmedabad.

We have examined the relevant registers, records, forms, returns and disclosures including thereon in digital/ electronic mode received from the Directors of Meghmani Organochem Limited having CIN U24299GJ2019PLC110321 and having registered office at 1st+2nd+3rd FL, Meghmani House, Nr. Raj Bunglow,Nr.safal Profitaire, Prahlad Nagar, Satellite Ahmedabad 380015 (hereinafter referred to as 'the Company'), as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on 17th June, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, New Delhi or any such other Statutory Authority.

| S. N. | Name of Director | DIN | Date of appointment in Company |
|---|---|---|---|
| 1 | JAYANTILAL MEGHJIBHAI PATEL | 00027224 | 15/10/2019 |
| 2 | ASHISHBHAI NATAWARLAL SOPARKAR | 00027480 | 15/10/2019 |
| 3 | NATWARLAL MEGHJIBHAI PATEL | 00027540 | 15/10/2019 |
| 4 | RAMESHBHAI MEGHJIBHAI PATEL | 00027637 | 15/10/2019 |
| 5 | ANANDBHAI ISHWARBHAI PATEL | 00027836 | 15/10/2019 |
| 6 | MANUBHAI KHODIDAS PATEL | 00132045 | 05/05/2021 |
| 7 | GANAPATI DADASAHEB YADAV | 02235661 | 05/05/2021 |
| 8 | URVASHI DHIRUBHAI SHAH | 07007362 | 05/05/2021 |
| 9 | PALAKODETI VENKATRAMANA BHASKAR RAO | 08058946 | 05/05/2021 |
| 10 | CHING SENG LIEW | 08065615 | 05/05/2021 |

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

For, **SHAHS & ASSOCIATES**
Company Secretaries

**Kaushik Shah**

Partner
FCS No 2420 CP No 1414
UDIN F002420C000662354

Place: Ahmedabad
Date: 20th July, 2021



# **Business** Responsibility Report

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | | |
|---|---|---|---|
| 1. | Corporate Identity Number (CIN) | : | U24299GJ2019PLC110321 |
| 2. | Name of the Company | : | Meghmani Organics Limited (formerly known as Meghmani Organochem Limited) |
| 3. | Registered office address | : | 1st to 3rd Floor, Meghmani House, Nr.safal Profitaire,Prahlad Nagar, Satellite Ahmedabad-380015 Phone No 91-79-29709600/ 71761000 |
| 4. | Website | : | www.meghmani.com |
| 5. | E-mail id | : | helpdesk@meghmani.com |
| 6. | Financial Year reported | : | FY 2020-21 |

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

| Group | Class | Sub-class | Description |
|---|---|---|---|
| 201 | 2011 | 20114 | Manufacture of Dyes and Pigments from any source in basic form or as concentrate. |
| 202 | 2021 | 20211 | Manufacture of Insecticides, Rodenticides, Fungicides, Herbicides. |

As per National Industrial Classification – 2008 (NIC-2008)

8. List three key products/services that the Company manufactures / provides (as in balance sheet)

**Manufacturer of Green Pigment and Blue Pigment and Agro Chemicals (Technical, Intermediates & Formulations)**

9. Total number of locations where business activity is undertaken by the Company

(a) Number of International Locations : Three subsidiaries

(b) Number of National Locations : The Company has seven manufacturing facilities as set out below;

| | |
|---|---|
| 1. Pigment Division - Green | Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad :-382 445 |
| 2. Pigment Division – Blue | Plot No. 21, 21/1, G.I.D.C. Panoli, District :- Bharuch |
| 3. Pigment Division - Blue | Plot No. Z-31 Z-32, Dahej SEZ Limited, District :- Bharuch |
| 4. Agro Division – I | Plot No. 402,403,404 & 452, Village Chharodi, Taluka Sanand, District :- Ahmedabad |
| 5. Agro Division – II | 5001/B, G.I.D.C. Ankleshwar, District:- Bharuch |
| 6. Agro Division – III | Plot No. CH-1+2/A GIDC Industrial Estate, Dahej, District :- Bharuch |
| 7. Agro Division – IV | Plot No. 20, G.I.D.C. Panoli, District :- Bharuch |

10. Markets served by the Company –

The Company has spread its wings both in the domestic and international market espacialy Europe, China, & Japan market.



# Business Responsibility Report *Contd...*

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): Rs. 2543.14 Lakhs
2. Total Turnover (INR): Rs. 159840.30 Lakhs (On a standalone basis)
3. Total Profit after taxes (INR): Rs. 18501.43 Lakhs (On a standalone basis)
4. Total Spending on Corporate Social Responsibility (CSR) as % of profit after tax (%): Rs. 476.86 spent on CSR which is 2.57% of PAT of FY 2021.
5. List of activities in which expenditure in 4 above has been incurred:- Refer Report on CSR given as **Annexure C** to the Directors' Report, for detailed activities of CSR. The CSR activities, inter alia includes following;
   a) Education and Skill Development – Promoting education among girls, youth and children.
   b) Contribution towards Disaster Management for COVID-19,
   c) Promote and Develop infrastructure for health care including preventive health care facilities.
   d) Community Development etc.

## SECTION C: OTHER DETAILS

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

   Yes, the Company has following 4 subsidiaries as on March 31, 2021.

| |
|---|
| Meghmani Synthesis Limited |
| Meghamni Organics USA INC |
| P T Meghmani Organics Indonesia |
| Meghmani Overseas FZE |

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

   No, as there were no business activities carried by our subsidiaries during FY 2021.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

   No

## SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

| No. | Name of Director | DIN | Designation |
|---|---|---|---|
| 1. | Mr. Jayanti M. Patel | 00027224 | Executive Chairman |
| 2. | Mr. Ashish N. Soparkar | 00027480 | Managing Director |

(b) Details of the BR head:-

| No. | Particulars | Details |
|---|---|---|
| 1. | Name | Mr. Ashish N. Soparkar |
| 2. | DIN | 00027480 |
| 3. | Designation | Managing Director |
| 4. | Telephone number | 91-79-25831210. |
| 5. | e-mail id | helpdesk@meghmani.com |

# Business Responsibility Report *Contd...*

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

| | |
|---|---|
| Principle 1 (P-1) | Businesses should conduct and govern with Ethics, Transparency and Accountability. |
| Principle 2 (P-2) | Businesses should provide products that are safe and contribute to sustainability throughout their life cycle. |
| Principle 3 (P-3) | Businesses should promote the welfare of all employees. |
| Principle 4 (P-4) | Businesses should respect the interests of the Stakeholder Engagement |
| Principle 5 (P-5) | Businesses should respect and encourage Human Rights |
| Principle 6 (P-6) | Business should respect, protect, and make efforts to restore the Environment |
| Principle 7 (P-7) | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| Principle 8 (P-8) | Businesses should support inclusive growth and equitable development. |
| Principle 9 (P-9) | Businesses should provide value to their customers and consumers in a responsible manner. |

Details of compliance (Reply in Y/N)

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Have the policies been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All applicable national and international laws and policies are complied. | | | | | | | | |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD /owner / CEO/ appropriate Board Director? | The policies are approved by the Board / Competent Authority who is attending the matters. | | | | | | | | |
| 5 | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | The Company has set-up various Committees of the Board of Directors or of Senior Executives to oversee implementation of these policies and Codes. | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | The policies are not yet made available online. | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The policies have been communicated to many relevant internal and external stakeholders. | | | | | | | | |
| 8 | Does the Company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | Company`s Vigil Mechanism / Whistle Blower Policy is a tool of grievance redressal mechanism. | | | | | | | | |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |



# Business Responsibility Report *Contd...*

2a. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) :-

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The Company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The Company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The BR related performance is reviewed by the Board and the Corporate Social Responsibility ("CSR") Committee annually. The CEO of the Company assesses the BR performance with the Head of Departments (HOD's) on a periodical basis at review meetings.

(b) Does the Company publish a BRR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company does not publish Sustainability Report, however the Board publish annually BRR which is part of Annual Report and the same is available at http://www.meghmani.com/inv_rel/ar.html

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

   The Company continues to stay committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of honesty, integrity, governance, ethical and transparency in all its businesses.

   The Company has adopted and implemented Codes of Conduct, Whistle Blower Policy and various governance policies which forms the foundation of all the conduct, binds us uniformly, and defines the principles of ethics, transparency and governance to be followed within the organisation, its subsidiaries as well as while dealing with external stakeholders.

   The Board of Directors, Senior Management and employees of the Company also annually affirm compliance with the Code of Conduct.

   These do not extend to other entities.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   There was no stakeholder complaint in the reporting period with regard to ethics, bribery, corruption and sexual harassment.

## Principle 2: Businesses should provide products that are safe and contribute to sustainability throughout their life cycle.

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

   The Company is in the business of agrochemicals and pigment. The manufacturing process of these products are environmental friendly and comply with applicable norms. The Company is committed to conduct its business in an Eco-Friendly manner. The Company is carring out environmental impact assessment during construction and operational stage. Emission from all the operation is monitored and controlled as per Environmental Guidelines of the CPCB/ SPCB.

   The key motto of the Company is "SAFETY FIRST" for workers and employees in all our operations. The Company arranges from time to time Fire, Security and safety mock drills, awareness programs covering Safety, Health care, Environment protection and Emergency Preparedness etc. The Company implemented harmonized safety and healthcare standards at all the workplaces and has composed "SAFETY THEME SONG".

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   The Company is operated with the three R' s philosophy, Reduce, Reuse and Recycle. this philosophy prevents the emissions of hazardous greenhouse gases and water pollutants, saves energy and help to conserve the natural resources and environment. The Company has developed EMS with inbuilt mechanism of systems and is periodically monitored and reviewed for its continual improvement and resource reduction.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Reduced energy consumption by shifting to LED lighting, infrastructure design to facilitate natural lighting and ventilation in certain facilities.

   The consumption of water is regularly monitored and regulated through the Environment Audit Scheme. The specific consumption of the resource is reduced using the capacity improvement and technology up-gradation in our processes from time to time.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company is practicing sustainable procurement for its needs of goods, services, utilities etc. with a view to maximising benefit to itself as well as society. At the time of selection of vendor, Company is considering environmental, economic and social impact.

   The Company has developed tools and techniques for the same. Company is establishing long term relationship with its vendors and makes sure to include them in Company's growth.

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

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Key raw material and service providers are indigenous. Major raw materials are procured from nearby manufacturers which assure timely supply of raw material at the optimized cost as well as it support the local economy.

   All of the employee base is Indian and most of the service provider's workers, professionals and technical consultants are local which helps to increase local employment and bust up local economic growth.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   The Company ensures the 95% recovery of the solvents from the processes. The usage of all the raw materials and intermediates are optimized to enhance the productivity and is periodically reviewed.





## Principle 3 Businesses should promote the welfare of all employees.

The Company works continues to provide workplaces free of any discrimination and harassment on the basis of gender, caste or religion. All employees deserve mutual respect and integrity.

1. Please indicate the Total number of employees: 1873 as on March 31, 2021
2. Please indicate the Total number of employees hired on temporary /contractual / casual basis: No Employee hired on temporary /contractual / casual basis
3. Please indicate the Number of permanent women employees : 15
4. Please indicate the Number of permanent employees with disabilities : NIL
5. Do you have an employee association that is recognized by management : NO
6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

   There were no complaints of this nature during the financial year.
8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

   Employee training and skills development is a focus area of the Company's human resource strategy. The Company is committed in ensuring the wellbeing of all its employees, their safety and health.

   It considers employee wellbeing as imperative ingredient to achieve a sustained growth of the organisation. The Company's training programs extend to all permanent and contractual employees. All employees, including women are given mandatory safety training on induction as well as the job skills related training through the Contractors and the Company

## Principle 4: Businesses should respect the interests of the Stakeholder Engagement

1. Has the Company mapped its internal and external stakeholders? Yes/No.

   Yes the Company has mapped its internal and external stakeholders
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.

   The Company has identified poor, tribal, women and children as the disadvantaged, marginalised and vulnerable stakeholders.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof.

   Yes, the Company has taken initiatives to engage with its vulnerable and marginalized stakeholders through its Corporate Social Responsibility projects.

   The Company focuses on key development parameters, which are;

   1. Primary education, empowerment and skill development and
   2. Health care development
   3. Conservation of natural resources

## Principle 5 : Businesses should respect and encourage Human Rights

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

   Yes, the human rights policy is applicable to the employee and contractors associated with the Company. The Company prohibits indulgence of business and the value chain with any kind of child labor in any of its operation supported and complied by Child Labor (Prohibition and Regulation) Act, 1996. The Company is committed to fair employment practices and freedom of expression.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   No stakeholder complaints were received during the last financial year.

# Business Responsibility Report *Contd...*

## Principle 6 : Business should respect, protect, and make efforts to restore the Environment

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

   The policy applies to the Company, its Contractors and the Company expects its Suppliers to implement this policy. The Company does not have any joint ventures.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   The Company has installed wind mills for the partial power requirement for our manufacturing sites, provided energy efficient equipment and LED light fittings to mitigate global warming.

3. Does the Company identify and assess potential environmental risks? Y/N

   Yes, all the sites have undergone the risk assessment studies and hazop studies, and the outcome is implemented to minimize and mitigate the environmental risk.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   The Company had provided phenol recovery system from the effluent at 2,4 D plant ( Herbiscide). The projects were reported under the Environment Assistance Scheme under the Industrial Policy.

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

   Yes, the Company has taken below mentioned various initiatives to make its processes clean and energy efficient;

   » Recycle of steam condensate;
   » Installed water recycling system (RO) & water recycled in to process;
   » MDC residue (Spent Solvent) sold to recyclers / end users;
   » Use of energy efficient LED lighting system across MOL sites;
   » Recovery of products from waste streams.
   » Installed two wind mills to generate green energ

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

   The Company always monitors its waste generation limits, which helps the Company to ensure that generated waste is within the limits specified by CPCB / SPCB. The Company also monitors the emissions from all the plants of the Company to ensure the same within the limits specified by GPCB.

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

   **NIL**

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

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

   (a) Gujarat Chamber of Commerce and Industry
   (b) Vatva Industrial Association
   (c) Panoli Industrial Association
   (d) Crop Care Federation of India
   (e) Ankleshwar Industrial Association



# Business Responsibility Report *Contd...*

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   Yes, through membership in the above industry bodies, the Company has advocated on the key issues of industries such as water, drainage and effluent treatment channel.

## Principle 8 : Businesses should support inclusive growth and equitable development

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

   The Company has formulated and implemented a Corporate Social Responsibility Policy (CSR). The CSR activities are monitored by Board appointed CSR committee. The key focus areas of the CSR programs are promotion of education, preventive healthcare, skill enhancement, Environment protection and other areas as defined in Schedule VII of the Companies Act 2013. Detailed information about the specified programs and initiatives undertaken during the FY 2021 in pursuit of the CSR Policy has been given in **Annexure – C** to the Directors' Report.

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

   The programmes / projects are undertaken through in-house team/other organisation.

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

   The CSR programs and their impacts / outcomes are monitored and reviewed by the CSR Committee of the Board and management periodically, to understand the impact of these programs.

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

   During the Financial Year 2020-21, the Company has spent ₹ 476.06 Lakhs on various CSR initiatives, the details thereof is given in Annexure – C to the Directors' Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   The Community participation is encouraged at various stages of our CSR initiatives.

## Principle 9 :- Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   No customer complaints/cases are pending on close of financial year 2020-21.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

   The Company's product labels display all information that is essential to ensure safe and efficacious use of our products. Product labels are compliant with all CIB regulations and legal metrology guidelines applicable from time to time for retail and bulk packages. Labeling of products include "Direction for Use (DFU) to enable our customers to utilize our products in ways that generate utmost value for their enterprises including safety standards.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   No cases of unfair trade practices, irresponsible advertising and/or anti-competitive behavior filed during the last five years or pending as on March 31, 2021.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

   No consumer survey/ consumer satisfaction trends are carried out by the Company. But the Company has adopted a process through which regular feedback is being taken from our existing customers / stakeholders and an immediate action is taken on any issues, if any.

# **Standalone**
# Financial Statements

# Independent Auditor's Report

To the Members of Meghmani Organochem Limited

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

## Opinion

We have audited the accompanying standalone financial statements of Meghmani Organochem Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the Standalone financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition** (as described in Note 2 of the standalone financial statements) | |
| The Company majorly operates in two segments viz: Agro Chemicals and Pigment. The Company recognises revenue from sales of goods in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, measured at fair value of the consideration received or receivable in the ordinary course of its activities. Revenue from sale of goods is recognised net of discounts, rebates and taxes.<br><br>Certain terms in sales arrangements relating to timing for transfer of control to the customer and delivery specifications including incoterms, involves significant judgment in determining whether the revenue is recognised in the correct period. | Our audit procedures included the following:<br>• Read and evaluated the Company's policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'.<br>• Assessed the design and tested the operating effectiveness of internal controls related to revenue.<br>• Performed sample test of sales transactions and inspected the underlying sales orders, invoice copies, terms of delivery, lorry receipts, bill of lading and collection as per the terms of the contract with customers.<br>• Performed sample test of transactions near year end date as well as credit notes issued after the year end date.<br>• Assessed the relevant disclosures in the standalone financial statements for compliance with disclosure requirements. |
| **Business combination –** Demerger of Agro and Pigment division from Meghmani Organics Limited (MOL) and merged into the Company (as described in Note 48 of the financial statements) | |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| As per the Scheme of Arrangement, Agro Chemicals and Pigment division has demerged from Meghmani Organics Limited (MOL) and merged into the Company ('the Scheme'). The Scheme was approved by National Company Law Tribunal ('NCLT') vide order dated May 3, 2021. The Company has given effect of the Scheme in the standalone financial statements considering business combination under common control as per the requirements of Ind AS 103.<br><br>The Scheme has a significant impact on the standalone financial statements of the Company including revenue, profit, tax, reserve and comparative figures basis which the same is considered as a key audit matter for the year. | Our audit procedure included the following:<br>• Obtained and read the Scheme, and compared the assets and liabilities pertaining to Agro Chemicals and Pigment division considered for accounting as per the Scheme.<br>• Assessed the accounting as per applicable accounting standards including, for cancellation of shareholding of MOL and issuing of equity shares to shareholders of MOL as per the share swap ratio approved in the Scheme.<br>• Obtained and read the approval of National Company Law Tribunal (NCLT) giving effect to the Scheme.<br>• Assessed accounting in accordance with Scheme.<br>• Tested underlying workings used in accounting calculations, including for previous year (March 31, 2020) restated financial information of the Company.<br>• Read and assessed the disclosures in the standalone financial statements for compliance with disclosure requirements. |

**Information other than the Standalone financial statements and Auditor's report thereon:**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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.

## Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 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.

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 for the financial year ended March 31, 2021 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these

standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 41 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sukrut Mehta**
Partner
Membership Number: 101974
UDIN: 21101974AAAACD1727

Place of Signature: Ahmedabad
Date: May 20, 2021




## Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Meghmani Organochem Limited for the year ended March 31, 2021.

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment have not been physically verified by the management during the year. However, there is a regular programme of verification once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies noticed on such verification have been appropriately dealt with in the books of accounts.

(c) According to the information and explanations given by the management, all the immovable properties included in property, plant and equipment (PPE) were acquired pursuant to the process of demerger of Agrochemical and Pigment division of Meghmani Organics Limited as per the scheme of arrangement. As explained to us, the company is in the process of changing to the titles for all the applicable PPE acquired as mentioned in note 3 in accordance with the requirement of the scheme. Consequently disclosure under this clause is mentioned in note 3.

ii. The inventory (except goods in transit) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made have been complied with by the Company. Further, in our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.

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 agrochemicals and pigment products, 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 on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, professional tax, cess and other statutory dues are generally regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of professional tax and provident fund.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, duty of excise, duty of customs, goods and service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

| Name of statue | Nature of dues | Amount involved (INR lakhs) | Period | Forum where the dispute is pending |
|---|---|---|---|---|
| Central Excise Act | Excise duty demand | 1,721.87 | 2003-04 to 2008-09 and 2011-12 to 2016-17 | Gujarat High court, Central Excise and Service Tax Appellate Tribunal, Commissioner (Appeals) |
| Goods and Service Act, 2017 | Goods and service tax | 2,951.63 | 2017-18 and 2018-19 | Gujarat High Court |
| Income tax Act, 1961 | Income tax demands | 1,339.83 | 2002-03, 2008-09, 2012-13 to 2016-17 | Gujarat High Court, Income tax Apellate Tribunal, Commissioner Appeals, Income tax |

*Net of amount paid under protest amounting to INR 172.47 lakhs and adjustment of the amount of Income tax refunds pertaining to other assessment years amounting to INR 18.01 lakhs.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings from banks. The Company did not have any due payable to the financial institutions, debenture holders and government during the year.

ix. According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised, though idle funds which were not required for immediate utilization have been invested in fixed deposits with bank. The maximum amount of idle funds invested during the year was Rs 10,000 lakhs, of which Rs Nil was outstanding at the end of the year. The Company has not raised money by way of initial public offer, further public offer and debt instrument during the year.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management on certain transactions entered with related parties being of specialized nature, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable, and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sukrut Mehta**
Partner
Membership Number: 101974
UDIN : 21101974AAAACD1727

Place of Signature: Ahmedabad
Date: May 20, 2021.



## Annexure 2 to the Independent Auditor's report of even date on the Standalone financial statements of Meghmani Organochem Limited

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

We have audited the internal financial controls over financial reporting of Meghmani Organochem Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Act.

### Auditor's 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 as specified under section 143(10) of the Act , to the extent 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 system over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls System Over Financial Reporting with reference to these standalone financial statements**

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sukrut Mehta**
Partner
Membership Number: 101974
UDIN : 21101974AAAACD1727

Place of Signature: Ahmedabad
Date: May 20, 2021

# Standalone Balance sheet

as at 31st March 2021

₹ In Lakhs

| PARTICULARS | Notes | 31st March 2021 | 31st March 2020* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 3.1 | 62,856.03 | 47,126.45 |
| (b) Capital Work-in-Progress | 3.2 | 10,586.68 | 9,637.37 |
| (c) Other Intangible Assets | 3.3 | 478.79 | 924.95 |
| (d) Intangible Assets under development | 3.2 | 632.36 | 438.90 |
| (e) Investments in Subsidiaries | 4 | 149.26 | 144.26 |
| (f) Financial Assets | | | |
| (i) Investments | 5 | 20,203.16 | 19,079.16 |
| (ii) Other Financial Assets | 6 | 1,061.72 | 1,065.48 |
| (g) Income Tax Assets (Net) | 7 | 1,283.41 | 663.30 |
| (h) Other Non-Current Assets | 8 | 800.14 | 1,492.28 |
| **Total Non-Current Assets** | | **98,051.55** | **80,572.15** |
| **Current Assets** | | | |
| (a) Inventories | 9 | 37,324.15 | 29,618.18 |
| (b) Financial Assets | | | |
| (i) Investments | 10 | 10,243.86 | - |
| (ii) Trade Receivables | 11 | 40,587.23 | 46,355.16 |
| (iii) Cash and Cash Equivalents | 12 | 2,033.87 | 769.39 |
| (iv) Bank Balances other than (iii) above | 13 | 77.16 | 63.35 |
| (v) Loans | 14 | 39.86 | 39.64 |
| (vi) Other Financial Assets | 15 | 3,593.71 | 3,665.83 |
| (c) Other Current Assets | 16 | 4,761.01 | 4,154.96 |
| **Total Current Assets** | | **98,660.85** | **84,666.51** |
| **TOTAL ASSETS** | | **196,712.40** | **165,238.66** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 17 | 2,543.14 | 2,543.14 |
| (b) Other Equity | 18 | 114,183.17 | 95,661.39 |
| **Total Equity** | | **116,726.31** | **98,204.53** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 12,323.08 | 5,558.30 |
| (ii) Other Financial Liabilities | 20 | 667.14 | 626.43 |
| (b) Provisions | 21 | 1,349.32 | 1,147.07 |
| (c) Deferred Tax Liabilities (Net) | 22 | 4,433.05 | 4,619.61 |
| **Total Non-Current Liabilities** | | **18,772.59** | **11,951.41** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 23 | 9,878.19 | 16,725.93 |
| (ii) Trade Payables | 24 | | |
| Total outstanding dues of micro and small enterprise | | 3,176.23 | 1,784.41 |
| Total outstanding dues of creditors other than micro and small enterprise | | 30,728.08 | 21,634.41 |
| (iii) Other Financial Liabilities | 25 | 13,243.45 | 9,635.52 |
| (b) Other Current Liabilities | 26 | 2,243.03 | 3,512.75 |
| (c) Provisions | 27 | 11.46 | 9.63 |
| (d) Current Tax Liabilities (Net) | 28 | 1,933.06 | 1,780.07 |
| **Total Current Liabilities** | | **61,213.50** | **55,082.72** |
| **Total Liabilities** | | **79,986.09** | **67,034.13** |
| **TOTAL EQUITY AND LIABILITIES** | | **196,712.40** | **165,238.66** |
| Summary of Significant Accounting Policies | 2 | | |

*Restated pursuant to Scheme of Arrangement (refer note 48)

The accompanying notes are an integral part of these Standalone Financial Statements.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

Place : Ahmedabad
Date : 20th May 2021

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021



# Standalone Statement of Profit and Loss

for the year ended on 31st March 2021

₹ In Lakhs

| | PARTICULARS | Notes | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| I | Revenue From Operations | 29 | 162,344.28 | 69,321.77 |
| II | Other Income | 30 | 2,471.83 | 13,847.66 |
| **III** | **Total Income (I+II)** | | **164,816.11** | **83,169.43** |
| **IV** | **Expenses** | | | |
| | Cost of Materials Consumed | 31 | 94,947.63 | 38,149.29 |
| | Purchase of Stock-in-Trade | | 1,555.52 | 1,627.09 |
| | Changes in Inventories of Finished Goods, Work-in- Progress and Stock-in-Trade | 32 | (6,753.95) | 811.67 |
| | Employee Benefits Expense | 33 | 10,041.21 | 3,784.37 |
| | Finance Costs | 34 | 1,116.18 | 1,824.87 |
| | Depreciation and Amortization Expenses | 3 | 5,064.52 | 2,239.81 |
| | Other Expenses | 35 | 34,561.97 | 14,622.44 |
| | **Total Expenses (IV)** | | **140,533.08** | **63,059.54** |
| **V** | **Profit Before Exceptional items and Tax (III-IV)** | | **24,283.03** | **20,109.89** |
| VI | Exceptional Items | 36 | (650.00) | - |
| **VII** | **Profit Before Tax (V-VI)** | | **24,933.03** | **20,109.89** |
| **VIII** | **Tax Expense** | 22 | | |
| | 1 Current Tax | | 6,625.00 | 2,695.00 |
| | 2 Deferred Tax Charge / (Credit) (Net) | | (193.40) | 1,750.57 |
| | **Total Tax Expenses (VIII)** | | **6,431.60** | **4,445.57** |
| **IX** | **Profit For The Year (VII-VIII)** | | **18,501.43** | **15,664.32** |
| X | Other Comprehensive Income | | | |
| | Items that will not be reclassified to profit or loss in Subsequent periods | | | |
| | Remeasurement gain / (loss) on defined benefit plans | 37&22 | 27.20 | (212.45) |
| | Income tax effect on above | | (6.85) | 53.47 |
| | **Total other comprehensive income / (loss) for the year, net of tax (X)** | | **20.35** | **(158.98)** |
| **XI** | **Total Comprehensive Income For The Year (IX + X)** | | **18,521.78** | **15,505.34** |
| XII | Earnings Per Equity Share (Face Value Per Share - Re 1 Each, 31st March 2020* : Re 1 Each) (In ₹) | 38 | | |
| | Basic and Diluted | | 7.28 | 6.16 |
| | Summary of Significant Accounting Policies | 2 | | |

*Restated pursuant to Scheme of Arrangement (refer note 48)

The accompanying notes are an integral part of these Standalone Financial Statements.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

Place : Ahmedabad
Date : 20th May 2021

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021

# Standalone Cash Flow Statement

for the year ended 31st March 2021

₹ In Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **A. Cash Flow from Operating Activities** | | |
| Profit Before Tax | 24,933.03 | 20,109.89 |
| **Adjustment to reconcile profit before tax to net cash flows :** | | |
| Depreciation and Amortisation Expenses | 5,064.52 | 2,239.81 |
| Unrealised Foreign Exchange (Gain) / Loss (Net) | 2,059.25 | (1,723.67) |
| Liability no longer Required written back | (158.14) | - |
| Finance Cost | 1,116.18 | 1,824.87 |
| Dividend Income | (0.35) | (2,460.72) |
| Interest Income | (264.78) | (121.12) |
| Bad Debts Written off | - | 2.23 |
| Provision for Doubtful Debt | 167.61 | 771.97 |
| Sundry Balance Written off | 5.45 | - |
| Net gain on Investment in Mutual Funds | (179.44) | (63.67) |
| Fair Value Gain on investment in OCRPS measured at FVTPL (refer note 48) | (1,124.00) | (8,035.40) |
| Loss on Sale of Property, Plant & Equipment (Net) | 80.96 | 65.13 |
| **Operating Profit Before Working Capital Changes** | **31,700.29** | **12,609.32** |
| **Adjustment for:** | | |
| (Increase)/Decrease in Inventories | (7,705.97) | 4,572.42 |
| (Increase)/Decrease in Trade Receivables | 3,389.69 | (10,564.03) |
| (Increase) in Short Term Loans and Advances | (0.22) | (5.27) |
| (Increase)/Decrease in Other Current Financial Assets | 72.12 | (192.21) |
| Increase in Other Current Assets | (606.05) | (245.43) |
| Decrease in Other Non-Current Financial Assets | 0.99 | 2.13 |
| Decrease in Other Non-Current Assets | - | 46.19 |
| Increase/(Decrease) in Trade Payables | 10,795.01 | (4,720.25) |
| Increase in Other Current Financial Liabilities | 3,664.83 | 76.70 |
| Increase/(Decrease) in Other Current Liabilities | (1,269.72) | 2,955.95 |
| Increase in Other Non Current Financial Liabilities | 151.46 | - |
| Increase/(Decrease) in Provisions | 231.28 | 136.69 |
| **Working Capital Changes** | **8,723.42** | **(7,937.11)** |
| **Cash Generated from Operations** | **40,423.71** | **4,672.21** |
| Direct Taxes Paid (Net of Refund) | (7,092.13) | (2,844.27) |
| **Net Cash Generated from Operating Activities** | **33,331.58** | **1,827.94** |
| **B. Cash Flow from Investment Activities** | | |
| Purchase of Property, Plant & Equipment | (20,891.92) | (7,081.10) |
| Proceeds from sale of Property, Plant & Equipment | 46.55 | 31.15 |
| (Investment in) Fixed Deposits & Margin Money (net) | (4,001.62) | (514.63) |
| Redemption of Fixed Deposits & Margin Money (net) | 4,000.00 | - |
| (Investment)/ Redemption of earmarked balances with Banks | - | (10.17) |
| Dividend Received | 0.35 | 2,460.72 |
| Interest Received | 264.79 | 407.27 |
| Proceeds from Sale of Non-Current Investments | - | 0.20 |
| Proceeds from sale of mutual fund | 16,784.27 | 9,755.91 |
| Investment in Mutual fund | (26,848.68) | (4,600.00) |
| **Net Cash (Used in) / Generated from Investing Activities** | **(30,646.26)** | **449.35** |





# Standalone Cash Flow Statement

for the year ended 31st March 2021 *Contd...*

₹ In Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **C. Cash Flow from Financing Activities** | | |
| Dividend Paid | - | (2,532.97) |
| Dividend Distribution Tax Paid | - | (16.95) |
| Finance Cost Paid | (879.11) | (634.22) |
| Repayment of Finance Lease Liability | (157.32) | (92.15) |
| (Repayment)/Proceeds from Short Term Borrowings | (7,067.81) | 1,956.98 |
| Proceeds from Bank Borrowing (Term Loan) | 10,997.25 | - |
| Repayment of Bank Borrowing (Term Loan) | (4,313.85) | (1,318.48) |
| **Net Cash (Used in) Financing Activities** | **(1,420.84)** | **(2,637.79)** |
| **Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)** | **1,264.48** | **(360.50)** |
| **Cash and Cash Equivalent at the beginning of the year** | **769.39** | **-** |
| Transfer Pursuant to Scheme of Arrangement (refer note 48) | - | 1,129.89 |
| **Cash and Cash Equivalent at the end of the year** | **2,033.87** | **769.39** |
| **Cash and Cash Equivalent Comprises as under :** | | |
| Balance with Banks in Current Accounts | 726.50 | 758.11 |
| Bank deposit with orignal maturity of less than 3 months | 1,300.00 | - |
| Cash on Hand | 7.37 | 11.28 |
| **Cash and Cash Equivalent at the end of the year (Refer Note 12)** | 2,033.87 | 769.39 |

**Notes to the Cash Flow Statement for the year ended on 31st March 2021.**

1) The Cash Flow Statement has been prepared under the Indirect Method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows issued by the Institute of Chartered Accountants of India.

2) Changes in liabilities arising from financing activities

(₹ in Lakhs)

| Particulars | April 1, 2020 | Cash flows | Other | March 31, 2021 |
|---|---|---|---|---|
| Current borrowings (Note 22) | 16,725.93 | (7,067.81) | 220.07 | 9,878.19 |
| Lease liabilities (Note 44) | 699.74 | (157.32) | 55.57 | 597.99 |
| Non- current borrowings (Note 18) | 5,558.30 | 6,683.40 | 81.38 | 12,323.08 |
| Accrued interest (Note 25) | 35.41 | (35.41) | 26.33 | 26.33 |
| **Total liabilities from financing activities** | **23,019.38** | **(577.14)** | **383.35** | **22,825.59** |

(₹ in Lakhs)

| Particulars | Opening as on October 15, 2019* | Cash flows | Other | March 31, 2020 |
|---|---|---|---|---|
| Current borrowings (Note 22) | 13,933.77 | 1,957.00 | 835.16 | 16,725.93 |
| Lease liabilities (Note 44) | 747.47 | (92.15) | 44.42 | 699.74 |
| Non- current borrowings (Note 18) | 6,768.38 | (1,318.48) | 108.40 | 5,558.30 |
| Accrued interest (Note 25) | 112.31 | (112.31) | 35.41 | 35.41 |
| **Total liabilities from financing activities** | **21,561.93** | **434.06** | **1,023.39** | **23,019.38** |

The 'Other' column includes the effect of reclassification of non-current portion of borrowings, including lease liabilities to current due to the passage of time and effect of Unrealised foreign currency amount on external commercial borrowings.
*Restated pursuant to Scheme of Arrangement (refer note 48)

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

Place : Ahmedabad
Date : 20th May 2021

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021

# Standalone Statement Of Changes In Equity

For The Year Ended 31st March 2021

## (a) Equity Share Capital

| Particulars | Note | No of Shares | ₹ in Lakhs |
|---|---|---|---|
| **Issued, Subscribed and fully paid equity shares of ₹10 each** | | | |
| **As at 15th October 2019** | | **50,000** | **5.00** |
| Shares to be cancelled Pursuant to Scheme of Arrangement.(refer note 48) | 17 | (50,000) | (5.00) |
| **Balance as at March 31, 2020*** | | **-** | **-** |
| Changes during the year | 17 | - | - |
| **Balance as at March 31, 2021** | | **-** | **-** |

| Particulars | Note | No of Shares | ₹ in Lakhs |
|---|---|---|---|
| **Issued, Subscribed and fully paid equity shares of Re 1 each** | | | |
| **As at 15th October 2019** | | **-** | **-** |
| Shares to be issued Pursuant to Scheme of Arrangement.(refer note 48) | 17 | 254,314,211 | 2,543.14 |
| **Balance as at March 31, 2020*** | | **254,314,211** | **2,543.14** |
| Changes during the year | 17 | - | - |
| **Balance as at March 31, 2021** | | **254,314,211** | **2,543.14** |

## (b) Other Equity

(₹ in Lakhs)

| Particulars | Other Equity (Refer Note18) | | | | | Total Other Equity |
|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | General Reserve | Retained Earning | |
| **Opening Balance at October 15, 2019** | **-** | **-** | **-** | **-** | **-** | **-** |
| Pursuant to Scheme of Arrangement (refer note 48) | (6,991.82) | 15,650.48 | 184.33 | 11,267.18 | 62,605.96 | 82,716.13 |
| Profit for the year | - | - | - | - | 15,664.32 | 15,664.32 |
| Other Comprehensive Income for the year (net of taxes) | - | - | - | - | (158.98) | (158.98) |
| **Total Comprehensive Income for the year** | **(6,991.82)** | **15,650.48** | **184.33** | **11,267.18** | **78,111.30** | **98,221.47** |
| Transfer to General Reserve | - | - | - | 1,200.00 | (1,200.00) | - |
| Dividend Paid | - | - | - | - | (2,543.14) | (2,543.14) |
| Dividend Distribution Tax | - | - | - | - | (16.94) | (16.94) |
| **As at 31st March 2020*** | **(6,991.82)** | **15,650.48** | **184.33** | **12,467.18** | **74,351.22** | **95,661.39** |
| Profit for the year | - | - | - | - | 18,501.43 | 18,501.43 |
| Other Comprehensive Income for the year (net of taxes) | - | - | - | - | 20.35 | 20.35 |
| Total Comprehensive Income for the year | - | - | - | - | 18,521.78 | 18,521.78 |
| **As at 31st March 2021** | **(6,991.82)** | **15,650.48** | **184.33** | **12,467.18** | **92,873.00** | **114,183.17** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

The accompanying notes are an integral part of these Standalone Financial Statements.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

Place : Ahmedabad
Date : 20th May 2021

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021





# Notes to the Standalone Financial Statements

for the year ended 31st March 2021

## 1. Corporate information

Meghmani Organochem Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 2013. The registered office of the company is located at 1st, 2nd, 3rd floor, Nr. Raj Bunglows, Nr. Safal Profitaire, Prahlad Nagar, Satellite, Ahmedabad 380015. The company is engaged in manufacturing and selling of pigment and agrochemicals products.

The Financial Statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 20th May 2021.

## 2. Significant Accounting Policies

### 2.1 Basis for Preparation of Accounts

The Standalone financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended from time to time) and presentation requirements of Division II of schedule III to the Companies Act, 2013 (Ind As compliant Schedule III), as applicable to the standalone financial statements..

The financial statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

» Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

» Derivative financial instruments

In addition, the financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated.

### 2.2 Significant accounting estimates, assumptions and judgements

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes:**

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

**Defined benefit plans (gratuity benefits)**

A liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 40 for details of the key assumptions used in determining the accounting for these plans.

**Useful economic lives of Property, plant and equipment**

Property, plant and equipment as disclosed in note 3 are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

**Intangible assets**

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable. The costs which can be capitalised include laboratory testing expenses that are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

amounts may not be recoverable. Refer note 2.3 (f) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in note 3.3.

**Impairment of non- financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

**2.3 Summary of Significant accounting policies**

a. Business Combination involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method based on the predecessor values retrospectively for all periods presented.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonies accounting policies and tax adjustments if any.

(iii) The components of other equity of the acquired companies are added to the same components within other equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings.

(iv) The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

b. Current Vs. Non-Current classification:

The Company presents assets and liabilities in the statement of Assets and Liabilities based on current/ non-current classification.

An asset is treated as current when it is:

» Expected to be realised or intended to be sold or consumed in normal operating cycle
» Held primarily for the purpose of trading
» Expected to be realised within twelve months after the reporting period, or
» Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

» Expected to be settled in normal operating cycle
» Held primarily for the purpose of trading
» Due to be settled within twelve months after the reporting period, or
» There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

c. Revenue recognition

Revenue from contract with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

1) Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on dispatch/ delivery of the goods or terms as agreed with the customer. The normal credit term is 30 to 180 days from the date of dispatch. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at the time of completion of performance obligation and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with cash discount in accordance with the company policy. The cash discount component gives rise to variable consideration.

Volume rebates:

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract.

(ii) Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the

Company performs its obligation by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(a) Trade receivables

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

(iii) Contract liabilities

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

2) Interest Income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss

3) Export Incentives

Export incentives under various schemes notified by government are accounted for in

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in revenue in the statement of profit and loss due to its operating nature.

4) Dividend

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

5) Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is virtually certain of their ultimate collection

6) Rental income

Rental income arising from operating leases is accounted on the basis of lease terms and is included in other income in the statement of profit and loss.

d. Foreign Currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit or loss are also recognised in OCI or profit or loss, respectively).

e. Fair Value Measurement

The Company measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

» In the principal market for the asset or liability, or

» In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:

» Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

» Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.



# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

» Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the board of directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Refer note 44.

» Disclosures for valuation methods, significant estimates and assumptions.

» Quantitative disclosures of fair value measurement hierarchy.

» Investment in equity shares.

» Financial instruments (including those carried at amortised cost).

f. Property, Plant and Equipment

Property, plant and equipment (PPE) and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Items of stores and spares that meet the definition of Property, Plant and equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery pertaining to power generating units which are based on independent technical evaluation, the useful life of which has been estimated as 20 years (on single shift basis) which is different from that prescribed in schedule II of the Act. Depreciation is not provided on freehold land. Leasehold land is amortized over the lease period on a straight line basis. The management believes that

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

| Asset | Estimated Useful life |
|---|---|
| Right to use – Leasehold Land | 99 Years |
| Right to use – Building | 9 Years |
| Building | 30 Years |
| Plant & Machinery | 15 Years |
| Reactors / Storage Tanks | 20 Years |
| Wind Power Generation Plant | 22 Years |
| Furniture and Fixtures | 10 Years |
| Vehicles | 8 Years |
| Computers | 3 Years |
| Other equipments | 5 Years |

g. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost include acquisition and other incidental cost related to acquiring the intangible asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable. The costs which can be capitalised include laboratory testing expenses that are directly attributable to development of the asset for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Research and development costs

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

» The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

» Its intention to complete and its ability and intention to use or sell the asset

» How the asset will generate future economic benefits

» The availability of resources to complete the asset

» The ability to measure reliably the expenditure during development

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

During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Company's intangible assets is as follows:



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

| Assets | Amortisation Method | Amortisation period |
|---|---|---|
| Software licenses | On Straight-line basis | 5 years |
| Product licenses | On Straight-line basis | 5 -25 years |
| Usage rights | On Straight-line basis | 5 years |

Intangible assets under development

Expenditure incurred on acquisition / development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

h. IMPAIRMENT OF NON- FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI upto the amount of any previous revaluation surplus.

i. FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) Financial Asset

Initial Recognition and Measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Debt instruments at amortised cost

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at Fair Value Through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTOCI. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:





a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables and
- Other receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

» All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

» Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

» Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

**(B) Financial Liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Trade and other payables

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

These amounts represent liability for good and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derivatives and hedging activities

The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

OFF-SETTING FINANCIAL INSTRUMENT

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 group or the counterparty.

j. INVENTORIES

Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-finished products, finished products and by-products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

k. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs..

l. Retirement and other employee benefits

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the statement of profit and loss in the year when employee rendered related services.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an insurance Company in the form



# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

of a qualifying insurance policy.

Re-measurements, comprising of acturial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

m. ACCOUNTING FOR TAXES ON INCOME

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

n. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. CONTINGENT LIABILITIES

Provisions are not recognised for future operating losses.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed 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 is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contigent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

p. LEASES

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

Where the Company is the lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments have been classified as financing activities in Statement of Cash Flow.



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

q. EARNING PER SHARE

Basic earnings per share

Basic earnings per share are 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.

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. .

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. .

s. DIVIDEND

The Company recognises a liability for dividends to equity holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

t. SEGMENT REPORTING

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

u. New Standards, Interpretations and amendments adopted by the company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended March 31, 2020, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2020 and do not have material impact on the financial statements of the Company.

a) Amendments to Ind AS 1, Ind AS 8 and Ind AS 10: Definition of Material;

b) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform;

c) Amendments to Ind AS 103 Business Combinations: Clarification on Definition of Business;

d) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

**Note - 3**

**Property, Plant and Equipment, Capital Work In Progress, Other Intangible Assets, Intangibles under development as on 31st March 2021**

(₹ In Lakhs)

| Sr. No. | Particulars | Gross Block | | | | Depreciation / Amortisation | | | | Net | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Opening as at 1st April 2020 | Addition | Deduction | Closing as at 31st March 2021 | Opening as at 1st April 2020 | Charge for the Year | Deduction | Closing as at 31st March 2021 | As at 31st March 2021 | As at 31st March 2020* |
| **3.1** | **Tangible Assets** | | | | | | | | | | |
| 1 | Freehold Land | 558.40 | - | - | 558.40 | - | - | - | - | 558.40 | 558.40 |
| 2 | ROU - Leasehold Land | 3,704.09 | - | - | 3,704.09 | 42.48 | 42.48 | - | 84.96 | 3,619.13 | 3,661.61 |
| 3 | ROU - Building | 797.13 | - | - | 797.13 | 131.03 | 131.03 | - | 262.06 | 535.07 | 666.10 |
| 4 | Building | 16,910.46 | 3,099.50 | - | 20,009.96 | 3,091.95 | 681.88 | - | 3,773.83 | 16,236.13 | 13,818.51 |
| 5 | Plant & Machinery | 40,601.20 | 16,904.99 | 210.28 | 57,295.91 | 13,860.83 | 3,426.36 | 116.50 | 17,170.69 | 40,125.22 | 26,740.37 |
| 6 | Furniture & Fixtures | 797.96 | 261.71 | 21.30 | 1,038.37 | 263.43 | 78.00 | 9.84 | 331.59 | 706.78 | 534.53 |
| 7 | Vehicles | 1,483.88 | 20.66 | 68.47 | 1,436.07 | 630.48 | 156.56 | 48.19 | 738.85 | 697.22 | 853.40 |
| 8 | Computers | 179.23 | 28.62 | 3.50 | 204.35 | 106.42 | 27.69 | 1.95 | 132.16 | 72.19 | 72.81 |
| 9 | Other Equipments | 450.70 | 162.47 | 13.96 | 599.21 | 229.98 | 74.36 | 11.02 | 293.32 | 305.89 | 220.72 |
| | **Sub Total** | **65,483.05** | **20,477.95** | **317.51** | **85,643.49** | **18,356.60** | **4,618.36** | **187.50** | **22,787.46** | **62,856.03** | **47,126.45** |
| **3.3** | **Intangible Assets** | | | | | | | | | | |
| 1 | Software Licenses | 140.67 | - | - | 140.67 | 86.39 | 16.06 | - | 102.45 | 38.22 | 54.28 |
| 2 | Product Licenses | 2,137.72 | - | - | 2,137.72 | 1,394.22 | 393.50 | - | 1,787.72 | 350.00 | 743.50 |
| 3 | Usage Rights | 356.81 | - | - | 356.81 | 229.64 | 36.60 | - | 266.24 | 90.57 | 127.17 |
| | **Sub Total** | **2,635.20** | **-** | **-** | **2,635.20** | **1,710.25** | **446.16** | **-** | **2,156.41** | **478.79** | **924.95** |
| | **Total** | **68,118.25** | **20,477.95** | **317.51** | **88,278.69** | **20,066.85** | **5,064.52** | **187.50** | **24,943.87** | **63,334.82** | **48,051.40** |

**3.2 Capital Work In Progress/Intangibles under development**

(₹ In Lakhs)

| Particulars | Capital Work In Progress | | |
|---|---|---|---|
| | Tangible | Intangible | Total |
| Cost | | | |
| **As at March 31, 2020*** | **9,637.37** | **438.90** | **10,076.27** |
| Addition | 8,971.81 | 193.46 | 9,165.27 |
| Capitalisation | 8,022.50 | - | 8,022.50 |
| **As at March 31, 2021** | **10,586.68** | **632.36** | **11,219.04** |

(i) Capital Work-In-Progress for Tangible Assets as at 31st March 2021 comprises expenditure for the Plant & Machineries and Buildings in the course of construction.

(ii) Intangible Assets under Development as at 31st March 2021 comprises expenditure for the development and registration of product licenses.

*Restated pursuant to Scheme of Arrangement (refer note 48)







Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Note - 3**

**Property, Plant and Equipment, Capital Work In Progress, Other Intangible Assets, Intangibles under development as on 31st March 2020**

(Rs. In Lakhs)

| Sr. No. | Particulars | Gross Block | | | | | Depreciation / Amortisation | | | | | Net |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Opening as at 15th October 2019 | Pursuant to Scheme of Arrangement (refer note 48) | Addition | Deduction | Closing as at 31st March 2020 | Opening as at 15th October 2019 | Pursuant to Scheme of Arrangement (refer note 48) | Charge for the Period | Deduction | Closing as at 31st March 2020 | As at 31st March 2020* |
| **3.1** | **Tangible Assets** | | | | | | | | | | | |
| 1 | Freehold Land | - | 558.40 | - | - | 558.40 | - | - | - | - | - | 558.40 |
| 2 | ROU - Leasehold Land | - | 3,704.09 | - | - | 3,704.09 | - | 23.04 | 19.44 | - | 42.48 | 3,661.61 |
| 3 | ROU - Building | - | 797.13 | - | - | 797.13 | - | 32.76 | 98.27 | - | 131.03 | 666.10 |
| 4 | Building | - | 16,432.57 | 477.89 | - | 16,910.46 | - | 2,792.21 | 299.74 | - | 3,091.95 | 13,818.51 |
| 5 | Plant & Machinery | - | 36,762.10 | 4,337.10 | 498.00 | 40,601.20 | - | 12,806.04 | 1,455.61 | 400.82 | 13,860.83 | 26,740.37 |
| 6 | Furniture & Fixtures | - | 722.17 | 86.41 | 10.62 | 797.96 | - | 238.60 | 31.36 | 6.53 | 263.43 | 534.53 |
| 7 | Vehicles | - | 1,448.91 | 48.03 | 13.06 | 1,483.88 | - | 568.24 | 72.54 | 10.30 | 630.48 | 853.40 |
| 8 | Computers | - | 183.93 | 23.29 | 27.99 | 179.23 | - | 120.14 | 12.87 | 26.59 | 106.42 | 72.81 |
| 9 | Other Equipments | - | 389.39 | 62.31 | 1.00 | 450.70 | - | 200.72 | 30.21 | 0.95 | 229.98 | 220.72 |
| | **Sub Total** | **-** | **60,998.69** | **5,035.03** | **550.67** | **65,483.05** | **-** | **16,781.75** | **2,020.04** | **445.19** | **18,356.60** | **47,126.45** |
| **3.3** | **Intangible Assets** | | | | | | | | | | | |
| 1 | Software Licenses | - | 124.32 | 16.35 | - | 140.67 | - | 80.24 | 6.15 | - | 86.39 | 54.28 |
| 2 | Product Licenses | - | 2,137.72 | - | - | 2,137.72 | - | 1,210.06 | 184.16 | - | 1,394.22 | 743.50 |
| 3 | Usage Rights | - | 356.81 | - | - | 356.81 | - | 200.18 | 29.46 | - | 229.64 | 127.17 |
| | **Sub Total** | **-** | **2,618.85** | **16.35** | **-** | **2,635.20** | **-** | **1,490.48** | **219.77** | **-** | **1,710.25** | **924.95** |
| | **Total** | **-** | **63,617.54** | **5,051.38** | **550.67** | **68,118.25** | **-** | **18,272.23** | **2,239.81** | **445.19** | **20,066.85** | **48,051.40** |

**3.2 Capital Work In Progress/Intangibles under development**

| Particulars | Capital work in progress (Rs in lakhs) | | |
|---|---|---|---|
| | Tangible | Intangible | Total |
| Cost | | | |
| **As at October 15, 2019** | **-** | **-** | **-** |
| Pursuant to Scheme of Arrangement (refer note 48) | 5,828.00 | 383.02 | 6,211.02 |
| Addition | 4,819.10 | 55.88 | 4,874.98 |
| Capitalisation | 1,009.73 | - | 1,009.73 |
| **As at March 31, 2020** | **9,637.37** | **438.90** | **10,076.27** |

(i) Capital Work-In-Progress for Tangible Assets as at 31st March 2020 comprises expenditure for the Plant & Machineries and Buildings in the course of construction.

(ii) Intangible Assets under Development as at 31st March 2020 comprises expenditure for the development and registration of product licenses.

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 4 INVESTMENTS IN SUBSIDIARIES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Investment at cost** | | |
| **Investments in Equity Shares of Subsidiaries (Unquoted)** | | |
| (i) 2,92,500 (31st March 2020* - 2,92,500) Equity Shares of Meghmani Organics Inc., USA of USD 1 each | 139.70 | 139.70 |
| (ii) 1 (31st March 2020* - 1) Equity Shares of Meghmani Overseas FZE of AED 35,000 each | 4.56 | 4.56 |
| (iii) 50,000 (31st March 2020*- Nil) Equity Shares of Meghmani Synthesis Limited of ₹ 10/- each fully paid** | 5.00 | - |
| (iv) 2,50,000 (31st March 2020*- 2,50,000) Equity Shares of PT Meghmani Organics Indonesia of USD 1 each | 123.30 | 123.30 |
| Less - Impairment of Investments in Equity Shares of PT Meghmani Organics Indonesia (Refer Note below) | (123.30) | (123.30) |
| **TOTAL** | **149.26** | **144.26** |

**TOTAL INVESTMENTS IN UNQUOTED EQUITY SHARES OF SUBSIDIARIES**

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Aggregate Value Of Investments in Subsidiaries (Gross) | 272.56 | 267.56 |
| Aggregate Value of Impairment of Investments in Subsidiary | 123.30 | 123.30 |

Note - The Subsidiary has discontinued business operations and the management is awaiting approval from regulatory authorities of Indonesia to formally close down the Entity

** Subscribed during the year w.e.f. 27th January 2021

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 5 FINANCIAL ASSETS : INVESTMENTS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Investment at fair value through Other Comprehensive Income** | | |
| **(I) Investments in Equity Shares (Unquoted)** | | |
| (i) 4 (31st March 2020* - 4) Equity Shares of Alaukik Owners Association of ₹100/- each # | 0 | 0 |
| (ii) 5,17,085 (31st March 2020* - 5,17,085) Equity Shares of Narmada Clean Tech of ₹10/- each | 51.71 | 51.71 |
| (iii) 14,000 (31st March 2020* - 14,000) Equity Share of Bharuch Eco Enviro Infrastructure Limited of ₹10/- each | 1.40 | 1.40 |
| (iv) 500 (31st March 2020* - 500) Equity Shares of Green Environment Services Co-operative Society Limited of ₹10/- each | 0.05 | 0.05 |
| (v) 30,000 (31st March 2020* - 30,000) Equity Shares of Panoli Enviro Technology of ₹10/- each | 3.00 | 3.00 |
| (vi) 100 (31st March 2020* - 100) Equity Shares of Sanand Eco Project Limited of ₹10/- each | 0.01 | 0.01 |
| (vii) 2,000 (31st March 2020* - 2,000) Equity Shares of Suvikas Peoples Co-operative Bank Limited of ₹50/- each | 1.00 | 1.00 |
| (viii) 10 (31st March 2020* - 10) Equity Shares of Vellard View Premises Co-operative Society Limited of ₹50/- each | 0.01 | 0.01 |
| **Total (I)** | **57.18** | **57.18** |
| | | |
| **Investment at fair value through Profit and Loss** | | |
| **(II) Investments in Optional Convertible Redeemable Preference Shares (OCRPS) (Unquoted)** | | |
| 210,919,871 (31st March 2020* - 210,919,871) 8% OCRPS of Meghmani Finechem Limited of ₹ 10/- each (Refer Note 48) | 20,145.95 | 19,021.95 |
| **Total (II)** | **20,145.95** | **19,021.95** |
| | | |
| **Investment at Amortised Cost** | | |
| **(III) Investments in Government Securities (Unquoted)** | | |
| National Savings Certificates | 0.03 | 0.03 |
| **Total (III)** | **0.03** | **0.03** |
| **Total (I+II+III)** | **20,203.16** | **19,079.16** |

Note - # Amount is less than ₹ 0.01 Lakh

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Aggregate Value Of Investments in unquoted Investments | 20,203.16 | 19,079.16 |

Note - i) Aggregate and Fair value of Quoted investment is ₹ Nil
ii) Aggregate value of impairment of Investment is ₹ Nil

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

### 6 OTHER FINANCIAL ASSETS (NON CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Security Deposits | 505.04 | 511.49 |
| Bank Deposits with original maturity of more than 12 months (including interest accrued) (Refer Note below) | 556.68 | 553.99 |
| **TOTAL** | **1,061.72** | **1,065.48** |

Note : -

Margin money deposits amounting ₹ 556.68 Lakhs are given as security against guarantees with Banks (31st March 2020 - ₹ 553.99 Lakhs). These deposits are made for varying periods of 1 year to 5 years and earns interest ranging between 4.90% to 6.75% (31st March 2020 - 6.00% to 6.90%).

### 7 INCOME TAX ASSETS (NET)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Advance payment of Income Tax (Net of Provision) | 1,283.41 | 663.30 |
| **TOTAL** | **1,283.41** | **663.30** |

### 8 OTHER NON-CURRENT ASSETS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Capital Advances | 475.68 | 1,167.82 |
| Balances with Government Authorities (Amount Paid Under Protest) | 324.46 | 324.46 |
| **TOTAL** | **800.14** | **1,492.28** |

### 9 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Raw Materials | 8,834.62 | 7,325.49 |
| Raw Materials in Transit | 487.39 | 1,041.39 |
| Work In Process | 2,206.81 | 1,319.76 |
| Finished Goods | 9,150.02 | 10,599.73 |
| Finished Goods in Transit | 14,815.16 | 7,382.50 |
| Stock in Trade | 68.21 | 184.26 |
| Stores and Spares | 888.95 | 911.00 |
| Others (Packing Material and Fuel Stock) | 872.99 | 854.05 |
| **TOTAL** | **37,324.15** | **29,618.18** |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

### 10 INVESTMENTS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Investment at fair value through Profit and Loss** | | |
| **Investments in Mutual Funds (Quoted) (Fully Paid)** | | |
| Axis Liquid Fund | 4,809.79 | - |
| LIC MF Liquid Fund Direct Plan Growth | 5,133.86 | - |
| SBI Mutual Fund | 300.21 | - |
| **TOTAL** | **10,243.86** | **-** |

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Aggregate Carrying value Of Quoted Investments | 10,243.86 | - |
| Aggregate Market value Of Quoted Investments | 10,243.86 | - |

### 11 TRADE RECEIVABLES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Trade receivables** | | |
| Secured, Considered Good | 134.88 | 178.80 |
| Unsecured, Considered Good | 40,452.35 | 46,176.36 |
| Trade receivables which have significant increase in credit risk | 237.00 | 430.34 |
| Trade receivables - credit impaired | 1,325.01 | 964.06 |
| | 42,149.24 | 47,749.56 |
| **Impairment allowance (allowance for bad and doubtful debts)** | | |
| Unsecured, Considered Good | - | - |
| Trade receivables which have significant increase in credit risk | (237.00) | (430.34) |
| Trade receivables - credit impaired | (1,325.01) | (964.06) |
| **TOTAL** | **40,587.23** | **46,355.16** |

Trade receivable are secured to the extent of deposit received from the customers.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

For amounts due and terms and conditions relating to related party receivables, Refer Note 43.

For information about Credit Risk and Market Risk related to Trade Receivables, please Refer Note 44

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 12 CASH AND CASH EQUIVALENTS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Balance with Banks in current accounts | 726.50 | 758.11 |
| Cash on hand | 7.37 | 11.28 |
| Bank deposits with original maturity of less than three months | 1,300.00 | - |
| **TOTAL** | **2,033.87** | **769.39** |

**Note**

Fixed bank deposits amounting ₹ 1,300 Lakhs (31st March 2020 - ₹ Nil) are for period varying between 1 day to 3 months and earns interest approximately @ 6.25%.

## 13 OTHER BANK BALANCES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Deposits with original maturity of more than three months but less than twelve months (Refer Note below) | 16.01 | 17.08 |
| Earmarked balances for Unclaimed Dividend | 61.15 | 46.27 |
| **TOTAL** | **77.16** | **63.35** |

Note

Deposits amounting ₹ 16.01 Lakhs are given as security against guarantees with Banks (31st March 2020 - ₹ 17.08 Lakhs). These deposits are made for varying periods of 3 months to 12 months and earns interest ranging between 5.80% to 7.00%. (31st March 2020 6.25% to 7.00%).

## 14 LOANS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Loans to Employees (Refer Note below) | 39.86 | 39.64 |
| **TOTAL** | **39.86** | **39.64** |

**Notes**

The loans to employees are interest free and are generally for a tenure of 6 to 12 months.

Since all the above loans given by the company are unsecured and considered good, the bifurcation of loan in other categories as required by Schedule III of Companies Act 2013 viz: a) secured, b) loans which have significant increase in credit risk and c) credit impaired is not applicable.

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 15 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Export Benefit Receivable | 2,083.62 | 1,999.94 |
| Security Deposit | 0.20 | 0.20 |
| Other receivable from related party (refer note 43) | - | 86.66 |
| Balance with Government Authorities (GST Refund) | 1,509.89 | 1,579.03 |
| **TOTAL** | **3,593.71** | **3,665.83** |

## 16 OTHER CURRENT ASSETS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Balance with Government Authorities (Refer Note below) | 3,631.73 | 2,958.57 |
| Advances to Suppliers | 413.86 | 224.64 |
| Advances to Employees | - | 3.35 |
| Prepaid Expenses | 595.64 | 807.20 |
| Others | 119.78 | 161.20 |
| **TOTAL** | **4,761.01** | **4,154.96** |

Note: Balance with Government Authorities includes VAT / Cenvat / Service Tax credit receivable and GST.

## 17 SHARE CAPITAL

| AUTHORISED SHARE CAPITAL | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of ₹ 10 each. | | |
| **As at 15th October 2019** | **50,000** | **5.00** |
| Cancellation of Authorised Share Capital Pursuant to Scheme of Arrangement.(refer note 48) | 50,000 | 5.00 |
| **As at 31st March 2020*** | **-** | **-** |
| Changes during the year | - | - |
| **As at 31st March 2021** | **-** | **-** |
| | | |
| Equity shares of Re. 1 each. | | |
| **As at 15th October 2019*** | **-** | |
| Transfer of Authorised Share Capital Pursuant to Scheme of Arrangement. (refer note 48) | 115,000,000 | 1,150.00 |
| Increase during the period (refer note 48) | 255,000,000 | 2,550.00 |
| **As at 31st March 2020*** | **370,000,000** | **3,700.00** |
| Changes during the year | - | - |
| **As at 31st March 2021** | **370,000,000** | **3,700.00** |

| ISSUED, SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of Re. 1 each. | 254,314,211 | 2,543.14 |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

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

| PARTICULARS | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of ₹ 10 each. | | |
| **As at 15th October 2019** | **50,000** | **5.00** |
| Shares to be cancelled Pursuant to Scheme of Arrangement.(refer note 48) | 50,000 | 5.00 |
| **As at 31st March 2020*** | **-** | **-** |
| Changes during the year | - | - |
| **As at 31st March 2021** | **-** | **-** |

| PARTICULARS | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of Re. 1 each. | | |
| **As at 15th October 2019** | **-** | **-** |
| Shares to be issued Pursuant to Scheme of Arrangement.(refer note 48) | 254,314,211 | 2,543.14 |
| **As at 31st March 2020*** | **254,314,211** | **2,543.14** |
| Changes during the year | - | - |
| **As at 31st March 2021** | **254,314,211** | **2,543.14** |

**Terms / Rights attached to Equity shares**

The Company had issued 50,000 Equity Shares of ₹ 10 each which will be cancelled pursuant to the Scheme of Arrangement. Consequent to the Scheme of Arrangement the Company is in the process of issuing 25,43,14,211 shares of Re. 1 each. (refer note 48)

The Company has one class of Equity Shares having par value of Re 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Shares held by the Holding Company and Details of Shareholding (more than 5% Equity Shares):**

The shares held by erstwhile Company Meghmani Organics Limited (MOL) consisting of 50,000 shares have been cancelled pursuant to the Scheme of Arrangement. Further as per the Scheme, the Company is in the process of issuing shares to share holders of MOL. Accordingly, disclosures pertaining to shares held by the Company and Details of Shareholding (more than 5% Equity Shares) is not made. Refer note 48 for further details.

**Distribution made and proposed**

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Cash dividends on Equity shares declared and paid:** | | |
| Final dividend for 31 March 2020: ₹ Nil per share (31 March 2019: ₹ Nil per share) | - | - |
| DDT on Final Dividend | - | - |
| Interim Dividend for 31 March 2021: ₹ Nil per share ( 31 March 2020: ₹ 1.00 per share) | - | 2,543.14 |
| DDT on Interim Dividend | - | 16.94 |
| **Proposed dividends on Equity shares:** | | |
| Proposed cash dividend for 31 March 2021: ₹ 1.40 per share (31 March 2020: ₹ Nil per share) | 3,560.40 | - |
| DDT on Proposed Dividend | - | - |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 18 Other Equity

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **(1) Securities Premium** | | |
| Balance as at the Beginning of the year / period | 15,650.48 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 48) | - | 15,650.48 |
| **Balance as at the end of the year** | **15,650.48** | **15,650.48** |
| | | |
| **(2) Capital Reserve** | | |
| Balance as at the Beginning of the year / period | (6,991.82) | - |
| Add : Pursuant to Scheme of Arrangement (refer note 48) | - | (6,991.82) |
| **Balance as at the end of the year** | **(6,991.82)** | **(6,991.82)** |
| | | |
| **(3) General Reserve** | | |
| Balance as at the Beginning of the year / period | 12,467.18 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 48) | - | 11,267.18 |
| Add : Transferred from Retained Earning | - | 1,200.00 |
| **Balance as at the end of the year** | **12,467.18** | **12,467.18** |
| | | |
| **(4) Capital Redemption Reserve** | | |
| Balance as at the Beginning of the year / period | 184.33 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 48) | - | 184.33 |
| **Balance as at the end of the year** | **184.33** | **184.33** |
| | | |
| **(5) Retained Earning** | | |
| Balance as at the Beginning of the year / period | 74,351.22 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 48) | - | 62,605.96 |
| Add : Profit for the Year | 18,501.43 | 15,664.32 |
| Add : Other Comprehensive Income for the Year (Net) | 20.35 | (158.98) |
| | **92,873.00** | **78,111.30** |
| Less : Appropriation | | |
| Transfer to General Reserve | - | 1,200.00 |
| Dividend Paid | - | 2,543.14 |
| Dividend Distribution Tax | - | 16.94 |
| | - | 3,760.08 |
| **Balance as at the end of the year** | **92,873.00** | **74,351.22** |
| **TOTAL** | **114,183.17** | **95,661.39** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Nature and purpose of reserves :**

**Securities premium**

In cases where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares has been transferred to "Securities Premium". The Company may issue fully paid-up bonus shares to its members out of the securities premium and to buy-back of shares.

**Capital Reserve**

The Capital Reserve represents difference between consideration paid and net assets acquired under common control business combination transaction.

**General reserve**

General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid-up bonus shares.

**Capital Redemption Reserve**

Capital Redemption Reserve was created for buy-back of shares in earlier years.

## 19 BORROWINGS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **SECURED** | | |
| Term Loan Facilities from Banks : | | |
| In Indian Currency (Refer Note - i below) | - | 598.20 |
| In Foreign currency (Refer Note - ii, iii and iv below) | 16,315.10 | 9,063.00 |
| **TOTAL** | 16,315.10 | 9,661.20 |
| Current maturity of long term borrowing clubbed under 'current financial liabilities (Refer Note 25) | 3,992.02 | 4,102.90 |
| **Total non-current borrowing** | 12,323.08 | 5,558.30 |
| The above amounts includes: | | |
| Secured borrowing | 12,323.08 | 5,558.30 |
| Unsecured borrowing | - | - |

Refer Note No - 44 for Interest rate Risk and Liquidity Risk.

**Details of Security and Repayment Terms :**

i The Company had Rupee Term Loan facility of ₹ 3,000.00 Lakhs (31 March 2020*: ₹ 3,000.00 Lakhs). The facility was secured by First Pari Passu charge on specific movable and immovable fixed assets of the Company. Loan was repayable in 20 Quarterly installments of ₹ 150.00 Lakhs each commencing from 30th April 2016 and interest rate is linked to one year MCLR with monthly rests. Interest rate was 7.75% during the year. (31 March, 2020*: 8.15% to 8.75%). The outstanding amount of loan as at March 31, 2021 is ₹ Nil (March 31, 2020*: ₹ 600.00 Lakhs).

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

ii The Company had Rupee Term Loan facility of ₹ 10,675.00 Lakhs (31 March 2020*: ₹ 10,675.00 Lakhs). The facility was secured by First charge on all the Holding Company's movable and immovable fixed assets and exclusive charge on specific movable and immovable fixed assets. The loan carried floating interest rate linked to one year MCLR plus spread of 70 bps with monthly rests.
During the previous year outstanding India Rupee loan of Rs 2,336.79 lakhs had been converted into foreign currency loan of Euro 29.26 lakhs. The borrowing carries interest at 3 months Euribor + 3.25% payable at monthly rest.
During the year outstanding foreign currency loan of Euro 11.72 Lakhs has been converted to India Rupee term loan of ₹ 937.5 Lakhs. The borrowing carries interest rate of 9.2%. The company has prepaid the entire term loan on 30th March, 2021.Outstanding balance for this borrowing is ₹ Nil (31 March 2020*: Rs 1,891.66 lakhs).

iii The Company has Rupee Term Loan facility of ₹ 9,200.00 Lakhs (31 March 2020*: ₹ 9,200.00 Lakhs). The Facility is secured by (a) First Pari Passu charge by way of Hypothecation on the movable fixed assets of the Company (b) Assignment of Lease Hold Land used for Windmill (c) First Pari Passu charge by way of mortgage on immovable fixed assets of the Company (excluding the assets charged specifically to other lenders).

During the previous period, outstanding India Rupee loan of Rs 6,899.23 lakhs had been converted into foreign currency loan of Euro 87.41 lakhs. The borrowing carries interest at 6 month Euribor + 1.75% p.a. payable at monthly rest. Outstanding balance for this borrowing is Euro 67.99 lakhs equivalent to Rs 5,829.72 lakhs (31 March 2020*: Rs 7,234.88 lakhs). As per the terms, the foreign currency loan is repayable in 9 half yearly installments starting from financial year 2020-21.

**Repayment of loan is as follows :**

1 - Nine half yearly instalment of Euro 9.71 lakhs

iv The Company has availed External Commercial Borrowing of Euro 123.30 Lakhs (₹ 10,997.25 Lakhs) during the year. The Facility is secured by (a) First Pari Passu charge by way of Hypothecation on the movable fixed assets of the Company. The borrowing carries interest at 6 month Euribor + 1.20% p.a. payable at 6 monthly rest. Outstanding balance for this borrowing is Euro 123.30 lakhs equivalent to Rs 10,572.98 lakhs (31 March 2020*: Rs Nil). As per the original terms, the loan is repayable in 9 half yearly installments starting from financial year 2021-22.

**Repayment of loan is as follows :**

1 - Nine half yearly instalments of Euro 13.70 lakhs

v Bank loans availed by the Company are subject to certain covenants relating to interest service coverage ratio, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth.

## 20 OTHER FINANCIAL LIABILITIES (NON - CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Employee Benefit Payable | 179.89 | 28.44 |
| Lease Liability (Refer Note - 45) | 487.25 | 597.99 |
| **TOTAL** | **667.14** | **626.43** |

## 21 PROVISIONS (NON - CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Provision for Employee benefits** | | |
| Gratuity (Refer Note 40) | 1,270.71 | 1,084.21 |
| Compensated absences | 78.61 | 62.86 |
| **TOTAL** | **1,349.32** | **1,147.07** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

## 22 Tax expenses

### (a) Amounts recognised in Profit and Loss

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Current Income Tax | 6,625.00 | 2,695.00 |
| Deferred tax relating to origination & reversal of temporary differences | (193.40) | 1,750.57 |
| **Tax expense for the year** | 6,431.60 | 4,445.57 |

### (b) Amounts recognised in other comprehensive income

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Items that will not be reclassified to statement of profit and loss** | | |
| Remeasurements of the Defined Benefit Plans | | |
| Before Tax | 27.20 | (212.45) |
| Tax (expense) / benefit | (6.85) | 53.47 |
| Net of Tax | 20.35 | (158.98) |

### (c) Reconciliation of effective Tax Rate

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Profit Before Tax** | 24,933.03 | 20,109.89 |
| Tax using the Company's domestic tax rate (31 March 2021: 25.17% and 31 March 2020: 25.17%) | 6,275.14 | 5,061.26 |
| **Non-Deductible Tax Expenses** | | |
| Donation disallowed | 124.00 | - |
| Others | 58.18 | 54.76 |
| **Allowable Tax Expenditure** | | |
| Exempt Dividend Income | - | (486.60) |
| Others | | |
| Differential tax rate on Fair Value Gain on OCRPS | (25.72) | (183.85) |
| **Total** | **6,431.60** | **4,445.57** |
| Effective Tax Rate | 25.80% | 22.11% |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

### (d) Movement in Deferred Tax balances for the year ended March 31, 2021

(₹ in Lakhs)

| Particulars | Net balance April 1, 2020 | Recognised in profit and loss | Recognised in OCI | Net | Deferred tax asset as at March 31, 2021 | (Deferred tax liability) as at March 31, 2021 |
|---|---|---|---|---|---|---|
| Property, Plant and Equipment | (3,407.31) | (218.50) | - | (3,625.81) | - | (3,625.81) |
| Trade Receivables | 355.57 | 42.18 | - | 397.75 | 397.75 | - |
| Loans and Borrowings | (20.58) | (5.62) | - | (26.19) | - | (26.19) |
| Employee Benefits | 312.62 | 15.30 | (6.85) | 321.07 | 321.07 | - |
| Investment | (21.41) | (18.28) | - | (39.69) | - | (39.69) |
| Fair Value gain on OCRPS | (1,838.50) | (257.17) | | (2,095.67) | - | (2,095.67) |
| Stamp duty pursuant to Scheme of Arrangement (refer note 48) | - | 635.49 | | 635.49 | 635.49 | - |
| Tax Assets/(Liabilities) | (4,619.61) | 193.40 | (6.85) | (4,433.05) | 1,354.31 | (5,787.36) |
| Set off | | | | | | 1,354.31 |
| Net Tax Liabilities | | | | | | (4,433.05) |

**Movement in Deferred Tax balances for the year ended March 31, 2020**

(₹ in Lakhs)

| Particulars | Net balance October 15, 2019 | Transferred Pursuant to Scheme of Arrangement (refer note 48) | Recognised in profit and loss | Recognised in OCI | Net | Deferred tax asset as at March 31, 2020* | (Deferred tax liability) as at March 31, 2020* |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | - | (3,373.32) | (33.99) | - | (3,407.31) | - | (3,407.31) |
| Trade Receivables | - | 156.02 | 199.55 | - | 355.57 | 355.57 | - |
| Loans and borrowings | - | (21.22) | 0.64 | - | (20.58) | - | (20.58) |
| Employee benefits | - | 337.42 | (78.27) | 53.47 | 312.62 | 312.62 | - |
| Investment | - | (21.41) | - | - | (21.41) | - | (21.41) |
| Fair Value gain on OCRPS | - | - | (1,838.50) | | (1,838.50) | - | (1,838.50) |
| | | | | | - | | |
| Tax Assets/(Liabilities) | - | (2,922.51) | (1,750.57) | 53.47 | (4,619.61) | 668.19 | (5,287.80) |
| Set off | | | | | | | 668.19 |
| Net tax Liabilities | | | | | | | (4,619.61) |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

## 23 BORROWINGS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Secured Loans** | | |
| **Loans Repayable on Demand** | | |
| **Cash credit, packing credit and working capital demand loan accounts (Refer Note below)** | | |
| From Banks - In Indian Currency | 513.25 | 2,018.44 |
| From Banks - In Foreign Currency | 9,364.94 | 11,338.75 |
| **Unsecured Loans** | | |
| From Banks - In Foreign Currency | - | 3,368.74 |
| **TOTAL** | **9,878.19** | **16,725.93** |

i The Company has availed Cash credit, packing credit and working capital demand loans of Rs 40,000 lakhs (31 March 2020*: Rs 40,000 lakhs) as sanctioned limit from State Bank of India, HDFC Bank Limited, ICICI Bank Limited, DBS Bank India Limited and Axis Bank Limited (Collectively known as Consortium Bankers). The present consortium is lead by State Bank of India. These loans are secured by first pari passu charge by way of hypothecation of the entire Stock of Raw Materials, Work in Process, Finished Goods, Stores and Spares and Receivables and first pari passu charge on immovable Fixed Assets of the Company as a collateral security. Interest rate on these loans are as follows:

(a) Interest rates on cash credit loans vary within the range of 7.10 % to 9.55% (31 March 2020*: 9.50% to 10.50%).

(b) Interest rates on packing credit loans vary within the range of USD libor + 0.75% and Euribor + 0.75% to 1.05% (31 March 2020*: USD Libor +1.25% to 2.00% and Euribor+ 0.75% to 2.70%).

(c) Interest rates on working capital demand loans vary within the range of 7.15% to 8.55% (31 March 2020*: 8.35% to 9.20%).

## 24 TRADE PAYABLES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Outstanding Dues of Micro and Small Enterprises (Refer Note 39) | 3,176.23 | 1,784.41 |
| Outstanding Dues of Creditors other than Micro and Small Enterprises (Refer Note below) | 30,728.08 | 21,634.41 |
| **TOTAL** | **33,904.31** | **23,418.82** |

Terms and Conditions of the above Outstanding Dues :

Trade payables are non-interest bearing and are normally settled on 30-360 days terms. For amounts due to related parties and terms and conditions with Related Parties, Refer Note 43. Refer Note 44 for Company's credit risk management processes.

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

## 25 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Financial liabilities carried at amortised cost** | | |
| Current maturities of Non Current Borrowings (Refer Note 19) | 3,992.02 | 4,102.90 |
| Interest accrued but not due on borrowings | 26.33 | 35.41 |
| Lease Liability (Refer Note - 45) | 110.74 | 101.75 |
| Employee Benefits Payable | 2,533.59 | 1,748.01 |
| Unclaimed Dividend | 61.15 | 46.27 |
| Payable for retention money | 153.30 | 62.22 |
| Payables for Capital Goods | 3,074.92 | 3,131.81 |
| Security Deposits Payable | 342.80 | 329.40 |
| Expenses Payable | 2,948.60 | 77.75 |
| **TOTAL** | **13,243.45** | **9,635.52** |

## 26 OTHER CURRENT LIABILITIES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Advance from Customers | 2,050.72 | 3,352.31 |
| Statutory dues payable | 190.58 | 160.44 |
| Other Payable | 1.73 | - |
| **TOTAL** | **2,243.03** | **3,512.75** |

## 27 PROVISIONS (CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Provisions for Employee Benefits | | |
| Leave Encashment | 11.46 | 9.63 |
| **TOTAL** | **11.46** | **9.63** |

## 28 CURRENT TAX LIABILITIES (NET)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Current Tax Payable (net) | 1,933.06 | 1,780.07 |
| **TOTAL** | **1,933.06** | **1,780.07** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 29 REVENUE FROM OPERATIONS

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Revenue From Operations** | | |
| i Manufactured Goods | 158,339.22 | 65,975.74 |
| ii Traded Goods | 1,501.09 | 1,610.31 |
| **Total Revenue From Operations** | **159,840.31** | **67,586.05** |
| **Other Operating Revenue** | | |
| i Export benefits and other incentives | 2,141.38 | 1,567.46 |
| ii Scrap Sales | 362.59 | 168.26 |
| **Total Other Operating Revenue** | **2,503.97** | **1,735.72** |
| **TOTAL** | **162,344.28** | **69,321.77** |

### 29.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Type of goods** | | |
| Pigments | 56,943.44 | 27,694.78 |
| Agro Chemicals | 102,896.87 | 39,891.27 |
| **Total revenue from contracts with customers** | 159,840.31 | 67,586.05 |
| **Geographical location of customer** | | |
| India | 33,807.68 | 13,037.13 |
| Outside India | 126,032.63 | 54,548.92 |
| **Total revenue from contracts with customers** | 159,840.31 | 67,586.05 |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 159,840.31 | 67,586.05 |
| **Total revenue from contracts with customers** | **159,840.31** | **67,586.05** |

### 29.2 Contract assets and contract liabilities

The Company has recognised the following revenue-related contract asset and liabilities

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Trade Receivables | 40,587.23 | 46,355.16 |
| Advance from customers | 2,050.72 | 3,352.31 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. Trade receivable are secured to the extent of deposit received from the customers. In March 2021, ₹1,562.01 Lakhs (March 2020*: ₹1,394.40 Lakhs) was recognised as provision for expected credit losses on trade receivables

Advance from customers includes short term advance received for sale of products. There is no significant movement of during the year.

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

### 29.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Revenue as per contracted price | 163,944.38 | 69,735.72 |
| **Adjustments** | | |
| Sales return | (903.29) | (320.85) |
| Trade and Cash Discount | (696.81) | (93.10) |
| Revenue from contract with customer | 162,344.28 | 69,321.77 |

### 29.4 Performance obligation

**Information about the Company's performance obligations are summarised below:**

The performance obligation is satisfied upon dispatch of goods from the company's premises / delivery of goods to the customer in accordance with the terms of contract with customer.

### 29.5 Information about major customers

For Information about major customers Refer Note 42.

## 30 OTHER INCOME

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **OTHER NON OPERATING INCOME** | | |
| **Interest Income on** | | |
| - Bank Deposits | 33.85 | 15.60 |
| - Others | 230.93 | 105.52 |
| Dividend Income on investment in equity and preference shares | - | 2,460.72 |
| Net Gain on Foreign Currency transactions | 673.83 | 3,149.94 |
| Liabilities No Longer Required Written Back | 158.14 | - |
| Net gain on Investment in Mutual Funds | 179.44 | 63.67 |
| Fair Value Gain on investment in OCRPS measured at FVTPL (refer note 48) | 1,124.00 | 8,035.40 |
| Miscellaneous Income | 71.64 | 16.81 |
| **TOTAL** | **2,471.83** | **13,847.66** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

### 31 COST OF MATERIALS CONSUMED

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Pigments | 30,217.65 | 14,731.42 |
| Agro Chemicals | 64,729.98 | 23,417.87 |
| **TOTAL** | **94,947.63** | **38,149.29** |

Note:-

The above amount comprises of raw material consumption generated from the accounting system and related adjustments there to.

### 32 CHANGES IN INVENTORIES OF FINISHED GOODS,WIP AND STOCK IN TRADE

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **(A) Inventories at the beginning of the year** | | |
| (i) Finished Goods | 10,599.73 | - |
| (ii) Finished Goods in Transit | 7,382.50 | - |
| (iii) Stock in Trade | 184.26 | - |
| (iv) Work-in-Progress (WIP) | 1,319.76 | - |
| **TOTAL (A)** | **19,486.25** | **-** |
| | | |
| **(B) Inventories transferred pursuant to Scheme of Arrangement (refer note 48)** | | |
| (i) Finished Goods | - | 8,736.37 |
| (ii) Finished Goods in Transit | - | 10,116.41 |
| (iii) Stock in Trade | - | 142.99 |
| (iv) Work-in-Progress (WIP) | - | 1,302.15 |
| **TOTAL (B)** | **-** | **20,297.92** |
| | | |
| **(C) Inventories at the end of the year / period** | | |
| (i) Finished Goods | 9,150.02 | 10,599.73 |
| (ii) Finished Goods in Transit | 14,815.16 | 7,382.50 |
| (iii) Stock in Trade | 68.21 | 184.26 |
| (iv) Work-in-Progress (WIP) | 2,206.81 | 1,319.76 |
| **TOTAL (C)** | **26,240.20** | **19,486.25** |
| **TOTAL (A + B - C) Change in Inventories** | **(6,753.95)** | **811.67** |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

### 33 EMPLOYEE BENEFIT EXPENSE

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Salary, Wages and Bonus | 6,993.17 | 2,617.26 |
| Directors Remuneration (Including Contribution to Provident Fund) (Refer Note 43) | 1,881.75 | 734.54 |
| Contribution to Provident and Other Funds (Refer Note 40) | 473.55 | 200.63 |
| Staff Welfare Expenses | 692.74 | 231.94 |
| **TOTAL** | **10,041.21** | **3,784.37** |

### 34 FINANCE COSTS

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Interest expense on :** | | |
| - Term Loans | 211.44 | 210.00 |
| - Cash Credit and Working Capital Demand Loan | 366.52 | 1,367.22 |
| - Others | 236.93 | 77.62 |
| - Lease Liability (Refer Note 45) | 55.57 | 44.42 |
| Other borrowing Costs (includes bank charges, etc.) | 245.72 | 125.61 |
| **TOTAL** | **1,116.18** | **1,824.87** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 35 OTHER EXPENSES

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Consumption of Stores and Spares | 1,382.19 | 728.89 |
| Power and Fuel | 10,044.86 | 4,474.81 |
| Repairs and maintenance: | | |
| - Buildings | 115.57 | 38.93 |
| - Plant and Machinery | 1,347.83 | 704.91 |
| Pollution Control Expenses | 2,120.53 | 893.85 |
| Labor Contract Charges | 2,358.13 | 1,052.29 |
| Rent (Refer Note 45) | 66.17 | 31.65 |
| Rates and Taxes | 144.71 | 136.61 |
| Insurance | 904.10 | 444.14 |
| Consumption of Packing Materials | 4,138.85 | 1,394.90 |
| Loss on Sale / Discarded Property, plant and equipment | 80.96 | 65.13 |
| Freight Expenses | 3,377.70 | 1,121.89 |
| Bad Debts | - | 2.23 |
| Provision For Doubtful Debts and Advances | 167.61 | 771.97 |
| Stamp Duty Expenses (refer note 48) | 2,500.00 | - |
| Water charges | 691.85 | 326.92 |
| Expenditure towards Corporate Social Responsibility (Refer Note - i below) | 476.06 | - |
| Payments to the Auditors (Refer Note - ii below) | 35.07 | 27.15 |
| Miscellaneous Expenses | 4,609.78 | 2,406.17 |
| **TOTAL** | **34,561.97** | **14,622.44** |

*Restated pursuant to Scheme of Arrangement (refer note 48)"



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**i Corporate Social Responsibility Expenditure - spent during the year is ₹476.06 Lakhs (31st March 2020* - ₹Nil).**

Details of Corporate Social Responsibility (CSR Expenditure)

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Amount Required to be spent during the year | 359.24 | 112.61 |
| Amount of opening unspent CSR expenses spent during the year pursuant to representation made by the Company with ROC & NCLT | 116.82 | - |
| **Amount Spent during the year in Cash** | 476.06 | - |
| i Construction / Acquisition of an Assets | - | - |
| ii On Purposes other than (i) above | 476.06 | - |
| **Details related to spent / unspent obligations:** | | |
| i) Contribution to Public Trust | - | - |
| ii) Contribution to Charitable Trust | 476.06 | - |
| iii) Unspent amount | - | - |

**ii Payments to Auditors (Excluding taxes)**

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| (a) as Auditors | 32.40 | 25.90 |
| (b) for Other Services | 1.60 | - |
| (c) for Reimbursement of Expenses | 1.07 | 1.25 |
| **TOTAL** | **35.07** | **27.15** |

## 36 EXCEPTIONAL ITEMS

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Insurance Claim Received (Refer Note (a) below) | (650.00) | - |
| **TOTAL** | **(650.00)** | **-** |

(a) During the year ended March 31, 2019, there was fire at one of the manufacturing unit of Company at Dahej location. The loss of INR 1,586.78 lakhs on this account was charged off and disclosed as exceptional item during that year. The management submitted requisite information to surveyor and insurance company with regards to its total claim amounting to INR 1,316.36 lakhs. During the year, management has received an on account payment of ₹ 650 lakhs pending final claim assessment and settlement of the claim amount. On account payment of claim amount is accounted in the statement of profit and loss for the year and disclosed as an exceptional item for the year ended 31st March 2021.

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

### 37 OTHER COMPREHENSIVE INCOME

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Statement of other comprehensive income** | | |
| Remeasurement gain / (loss) on defined benefit plans (Refer Note 40) | 27.20 | (212.45) |
| Income tax effect on above | (6.85) | 53.47 |
| **Total** | **20.35** | **(158.98)** |

### 38 EARNINGS PER SHARE

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of Equity shares outstanding during the year. (including effect of shares pending issue pursuant to the Scheme of Arrangement - refer note 48).

The following reflects the income and share used in the basic and diluted EPS computation:

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Profit attributable to Equity Shareholders | 18,501.43 | 15,664.32 |
| Weighted Average number of Equity Shares outstanding (Nos) | 254,314,211 | 254,314,211 |
| Basic and Diluted Earnings Per Share (₹) | 7.28 | 6.16 |
| Face value per Equity Share (₹) | 1 | 1 |

39 The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act').

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2021 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at the Balance- Sheet date.

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

**The details as required by MSMED Act are given below:**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year; | | |
| **Principal and Interest Amount** | | |
| Trade Payable | 3,176.23 | 1,784.41 |
| Capital Payable | 144.74 | 134.97 |
| The amount of interest paid by the buyer under the MSMED Act along with the amounts of the payment made to the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid) | 58.16 | - |
| The amount of interest accrued and remaining unpaid at the end of accounting year; and | - | - |
| The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 | - | - |

On basis of information and records available with the Company, the above disclosures are made in respect of amount due to the micro, small and medium enterprises, which have been registered with the relevant competent authorities. This has been relied upon by the auditors.

### 40 GRATUITY EXPENSES

**(a) Retirement Benefits**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**Table 1: Reconciliation of Defined Benefit Obligation (DBO)**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Opening balance of defined benefit obligation** | 1,561.34 | - |
| Pursuant to Scheme of Arrangement (refer note 48) | | 1,354.85 |
| Service Cost | | |
| a. Current Service Cost | 156.91 | 64.24 |
| Interest Cost | 88.36 | 35.13 |
| Benefits Paid | (46.86) | (16.86) |
| Re-measurements | | |
| a. Actuarial Loss/(Gain) from changes in demographic assumptions | - | |
| b. Actuarial Loss/(Gain) from changes in financial assumptions | 20.97 | 36.47 |
| c. Actuarial Loss/(Gain) from experience over the past period | (16.29) | 87.52 |
| **Closing balance of the defined benefit obligation** | **1,764.43** | **1,561.34** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Table 2: Reconciliation of Fair Value of Plan Assets**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Opening Balance of Fair Value of Plan Assets** | **477.13** | **-** |
| Pursuant to Scheme of Arrangement (refer note 48) | | 488.88 |
| Contributions by Employer | 5.73 | 1.25 |
| Benefits Paid | (46.86) | (16.86) |
| Interest Income on Plan Assets | 25.84 | 15.33 |
| Re-measurements | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | - | - |
| b. Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) | 31.88 | (11.46) |
| **Closing Balance of Fair Value of Plan Assets** | **493.72** | **477.13** |
| Actual Return on Plan Assets | 57.72 | 3.86 |
| Expected Employer Contributions for the coming period | 100.00 | 100.00 |

**Table 3: Expenses recognised in the Profit and Loss Account**

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Service Cost | | |
| Current Service Cost | 156.91 | 64.24 |
| Net Interest on net defined benefit liability/ (asset) | 62.52 | 19.80 |
| Employer Expenses | 219.43 | 84.04 |

**Table 4: Net Liability/ (Asset) recognised in the Balance Sheet**

(₹ In Lakhs)

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Present Value of DBO | 1,764.43 | 1,561.34 |
| Fair Value of Plan Assets | 493.72 | 477.13 |
| **Liability/ (Asset) recognised in the Balance Sheet** | 1,270.71 | 1,084.21 |
| **Funded Status [Surplus/(Deficit)]** | (1,270.71) | (1,084.21) |
| **Experience Adjustment on Plan Liabilities: (Gain)/Loss** | (16.29) | 87.52 |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Table 5: Percentage Break-down of Total Plan Assets**

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Investment Funds with Insurance Company | 100% | 100% |
| Of which, Unit Linked | 19% | 11% |
| Of which, Traditional/ Non-Unit Linked | 81% | 89% |
| **Total** | **100%** | **100%** |

Note: None of the assets carry a quoted market price in an active market or represent the Company's own transferable financial instruments or are property occupied by the Company.

**Table 6: Actuarial Assumptions**

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Salary Growth Rate | 10% | 10% |
| Discount Rate | 5.4% p.a. | 5.7% p.a. |
| Withdrawal Rate | 12% pa | 12% pa |
| Mortality | IALM 2012-14 Ult. | IALM 2012-14 Ult. |
| Expected Return on Plan Assets | 5.7% p.a. | 6.9% p.a. |
| Expected weighted average remaining working life | 4 years | 3 years |

**Table 7: Movement in Other Comprehensive Income**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Opening Balance (Loss)** | (441.48) | - |
| Pursuant to Scheme of Arrangement (refer note 48) | | (229.03) |
| Re-measurements on DBO | | |
| a. Actuarial (Loss)/Gain from changes in demographic assumptions | - | - |
| b. Actuarial (Loss)/Gain from changes in financial assumptions | (20.97) | (57.19) |
| c. Actuarial (Loss)/Gain from experience over the past period | 16.29 | (137.28) |
| Re-measurements on Plan Assets | | - |
| a. Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset) | 31.88 | (17.98) |
| **Closing Balance (Loss)** | **(414.28)** | **(441.48)** |

*Restated pursuant to Scheme of Arrangement (refer note 48

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

**Table 8: Sensitivity Analysis**

| **Financial year ended March 31, 2021** | **Increases 1%** | **Decreases 1%** |
|---|---|---|
| Salary Growth Rate | DBO increases by Rs 81.56 Lakhs | DBO decreases by Rs 75.29 Lakhs |
| Discount Rate | DBO decreases by Rs 77.74 Lakhs | DBO increases by Rs 86.13 Lakhs |
| Withdrawal Rate | DBO decreases by Rs 16.45 Lakhs | DBO increases by Rs 18.08 Lakhs |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by Rs 0.70 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by Rs 1.41 Lakhs | |

| **Financial period ended March 31, 2020*** | **Increases 1%** | **Decreases 1%** |
|---|---|---|
| Salary Growth Rate | DBO increases by Rs 69.09 Lakhs | DBO decreases by Rs 63.89 Lakhs |
| Discount Rate | DBO decreases by Rs 65.82 Lakhs | DBO increases by Rs 72.77 Lakhs |
| Withdrawal Rate | DBO decreases by Rs 13.16 Lakhs | DBO increases by Rs 14.44 Lakhs |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by Rs 0.56 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by Rs 1.12 Lakhs | |

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

**Table 9: Movement in Surplus/ (Deficit)**

₹ in Lakhs

| **PARTICULARS** | **For the year ended 31st March 2021** | **For the period 15th October 2019 to 31st March 2020*** |
|---|---|---|
| Surplus/ (Deficit) at start of year | (1,084.21) | - |
| Pursuant to Scheme of Arrangement (refer note 48) | | (788.97) |
| Movement during the year | | |
| Current Service Cost | (156.91) | (64.24) |
| Net Interest on net DBO | (62.52) | (19.80) |
| Actuarial gain/ (loss) | 27.20 | (212.45) |
| Contributions | 5.73 | 1.25 |
| Surplus/ (Deficit) at end of year | (1,270.71) | (1,084.21) |

(b) Defined Contribution Plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognised provident fund contribution of ₹ 268.34 lakhs (March 31, 2020 ₹ 115.33 lakhs) as expense in Note 33 under the head 'Contributions to Provident and Other Funds'.

*Restated pursuant to Scheme of Arrangement (refer note 48)





Notes to Standalone Financial Statements
for the year ended 31 March, 2021 Contd...

## 41 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

**A Claims against the company not acknowledged as debts (Excluding interest and penalty)**

(₹ In Lakhs)

| | **PARTICULARS** | **31st March 2021** | **31st March 2020*** |
|---|---|---|---|
| | Disputed Income-Tax Liability | 1,131.44 | 1,131.44 |
| | Disputed Excise Duty Liability | 1,701.25 | 1,701.25 |
| | Disputed Service Tax Liability | 160.44 | 160.44 |
| | Disputed Sales Tax Liability | 87.04 | 87.04 |
| | Disputed Liabilities towards labor and workers compensation | 57.93 | 54.38 |
| | (In respect of the above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums / authorities. The Company has assessed that it is only possible but not probable, the outflow of economic resources will be required ) | | |
| | In respect of Letter of Credit | 418.48 | 511.90 |
| | **Capital Commitments** | | |
| B | Estimated amount of contracts pending execution on capital accounts and not provided for (net of advances) | 2,083.54 | 3,789.28 |

## 42 SEGMENT REPORTING

**A Analysis By Business Segment**

**Financial year ended on 31st March 2021:**

(₹ in Lakhs)

| **Particulars** | **Pigments** | **Agro Chemicals** | **Unallocable** | **Total** |
|---|---|---|---|---|
| **Revenue** | | | | |
| External Sales | 56,943.44 | 102,896.87 | - | 159,840.31 |
| Other Operating Revenue | 894.76 | 1,609.21 | - | 2,503.97 |
| **Total Revenue** | **57,838.20** | **104,506.08** | **-** | **162,344.28** |
| **Results** | | | | |
| Segment Results | 8,554.48 | 21,538.13 | - | 30,092.61 |
| Un-allocable (Expenses)/Income | - | - | (4,693.40) | (4,693.40) |
| **Profit from Operation** | | | | 25,399.21 |
| Finance Cost | - | - | - | (1,116.18) |
| **Profit before Exceptional Items** | | | | 24,283.03 |
| Exceptional Items | - | 650.00 | - | 650.00 |
| **Profit Before Tax** | | | | 24,933.03 |
| Income tax Expenses | - | - | - | (6,625.00) |
| Deferred Tax | - | - | - | 193.40 |
| **Profit After Tax** | | | | 18,501.43 |

(₹ in Lakhs)

| **Other information** | **Pigments** | **Agro Chemicals** | **Unallocable** | **Total** |
|---|---|---|---|---|
| Capital Addition | 2,521.59 | 19,087.44 | 11.69 | 21,620.72 |
| Depreciation | (2,303.71) | (2,404.27) | (356.54) | (5,064.52) |
| Non-Cash Items | 552.93 | 1,587.36 | 1,138.83 | 3,279.12 |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

(₹ in Lakhs)

| Balance sheet | Pigments | Agro Chemicals | Unallocable | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Segment Assets | 60,879.21 | 111,846.58 | - | 172,725.79 |
| Un-allocable Assets | - | - | 23,986.61 | 23986.61 |
| **Total assets** | | | | **196,712.40** |
| **Liabilities** | | | | |
| Segment Liabilities | 22,289.70 | 50,433.58 | - | 72,723.28 |
| Unallocable Liabilities | - | - | 2,829.76 | 2,829.76 |
| Deferred Tax Liabilities | - | - | - | 4,433.05 |
| **Total Liabilities** | | | | **79,986.09** |

Financial period 15th October 2019 to 31st March 2020* :

(₹ in Lakhs)

| Particulars | Pigments | Agro Chemicals | Unallocable | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| External Sales | 27,694.78 | 39,891.27 | - | 67,586.05 |
| Other Operating Revenue | 671.06 | 1,064.66 | - | 1,735.72 |
| **Total Revenue** | 28,365.84 | 40,955.93 | - | 69,321.77 |
| **Results** | | | | |
| Segment Results | 4,502.84 | 8,054.01 | - | 12,556.85 |
| Un-allocable (Expenses)/Income | - | - | 9,377.91 | 9,377.91 |
| **Profit from Operation** | | | | 21,934.76 |
| Finance Cost | - | - | - | (1,824.87) |
| **Profit before exceptional items** | | | | 20,109.89 |
| Exceptional Items | - | - | - | - |
| **Profit Before Tax** | | | | 20,109.89 |
| Income tax Expenses | - | - | - | (2,695.00) |
| Deferred Tax | - | - | - | (1,750.57) |
| **Profit After Tax** | | | | 15,664.32 |

(₹ in Lakhs)

| Other information | Pigments | Agro Chemicals | Unallocable | Total |
|---|---|---|---|---|
| Capital Addition | 831.74 | 7,958.36 | 126.53 | 8,916.63 |
| Depreciation | (1,050.81) | (989.04) | (199.96) | (2,239.81) |
| Non-Cash Items | (201.69) | (694.09) | 8,030.21 | 7,134.43 |

(₹ in Lakhs)

| Balance sheet | Pigments | Agro Chemicals | Unallocable | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Segment Assets | 59,802.34 | 82,966.83 | 22,469.49 | 165,238.66 |
| **Total assets** | | | | **165,238.66** |
| **Liabilities** | | | | |
| Segment Liabilities | 22,409.25 | 37,482.67 | 2,522.60 | 62,414.52 |
| Deferred Tax Liabilities | - | - | - | 4,619.61 |
| **Total Liabilities** | | | | **67,034.13** |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

**B Analysis By Geographical Segment**

Segment Revenue:

Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The following provides an analysis of the Company's sales by geographical Markets:

(₹ In Lakhs)

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Revenue: | | |
| Within India | 34,170.26 | 13,205.39 |
| Outside India | 128,174.02 | 56,116.38 |
| **Total** | **162,344.28** | **69,321.77** |

The following is an analysis of the carrying amount of non-current assets, which do not include deferred tax assets, income tax assets and financial assets analysed by the geographical area in which the assets are located:

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Carrying amount of segment assets | | |
| Within India | 75,354.00 | 59,619.95 |
| Outside India | - | - |

The Company has one customer based outside India who have accounted for more than 10% of the Company's revenue. Total amount of revenue from this customer is ₹ 21,316.25 Lakhs for the year ended March 31, 2021 and two customers with revenue of ₹ 17,186.08 Lakhs for the period October 15, 2019 to March 31, 2020.

Notes

(1) Based on "management approach" defined under Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly information has been presented along these segments.

(2) The Company's operations are divided into two segments. These segments are the basis for management control and hence form the basis for reporting. The business of each segment comprises of :

a) Agro Chemicals - The Company's operation includes manufacture and marketing of technical, intermediates and formulation of Crop Protection Chemicals.

b) Pigment Business - The Company's operation includes manufacture and marketing of Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.

(3) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

*Restated pursuant to Scheme of Arrangement (refer note 48)

## 43 RELATED PARTIES DISCLOSURES :-

**Subsidiaries of the Company *** : Meghmani Organics USA, Inc. (MOL-USA)
PT Meghmani Organics Indonesia (MOL-INDONESIA)
Meghmani Overseas FZE-Dubai
Meghmani Synthesis Limited
(Incorporated w.e.f 27.01.2021)

**Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence* :** : Meghmani Pigments
Ashish Chemicals
Tapsheel Enterprise
Meghmani Finechem Limited
Meghmani Dyes & Intermediates LLP
Meghmani Industries Limited
Meghmani Chemicals Limited
Arjan Owners LLP (Formerly Panchratna Corporation)
Meghmani LLP (Formerly Meghmani Unichem LLP)
Matangi Industries LLP
Delta Electricals
Navratan Specialty Chemicals LLP
Meghmani Exports Limitada S.A.De CV

**Key Managerial Personnel*** : Mr. Jayanti Patel (Executive Chairman)
Mr. Ashish Soparkar (Managing Director)
Mr. Natwarlal Patel (Managing Director)
Mr. Ramesh Patel (Executive Director)
Mr. Anand Patel (Executive Director)
Mr. Ankit Patel (CEO)
Mr. Darshan Patel (COO)
Mr. Karana Patel (COO)
Mr. G.S. Chahal (Chief Financial Officer)
Mr. Kamlesh Mehta (Company Secretary)

**Independent Directors*** : Mr. Bhaskar Rao
Mr. C S Liew
Ms. Urvashi Shah
Mr. Manubhai Patel
Dr. (Prof) Ganapati Yadav

Relatives of Key Managerial Personnel* : Ms. Deval Soparkar
Mr. Maulik Patel
Mr. Kaushal Soparkar
Ms. Taraben Patel

*Restated pursuant to Scheme of Arrangement (refer note 48)







**43 RELATED PARTIES DISCLOSURES :-**
**Transactions with Related Parties in Ordinary Course of Business**

(₹ in Lakhs)

| PARTICULARS | Subsidiary | | Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence | | Key Managerial Personnel | | Relatives of Key Managerial Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
| Purchase of Goods | - | 319.19 | 9,497.49 | 3,724.19 | - | - | - | - | 9,497.49 | 4,043.38 |
| Sale of Goods | 2,570.22 | 1,214.62 | 657.70 | 426.80 | - | - | - | - | 3,227.92 | 1,641.42 |
| Sale of Services | - | - | 46.31 | 7.41 | - | - | - | - | 46.31 | 7.41 |
| Availing of Services | - | - | 218.74 | 96.90 | | | - | - | 218.74 | 96.90 |
| Sitting Fees | | | | | 13.82 | 3.69 | | | 13.82 | 3.69 |
| Remuneration | - | - | - | - | 1,950.04 | 761.93 | 12.46 | 7.61 | 1,962.50 | 769.54 |
| Investment in Meghmani Synthesis Limited | 5.00 | - | | | | | | | 5.00 | - |
| Sale of MEIS Licences | - | - | 352.49 | 176.41 | - | - | - | - | 352.49 | 176.41 |
| Dividend Paid | - | - | - | - | - | 1,002.13 | - | 103.92 | - | 1,106.05 |
| Dividend Received on OCRPS and Equity Shares | - | 773.36 | - | 1,687.36 | - | - | - | - | - | 2,460.72 |

**Outstanding Balances with Related Parties**

| Particulars | Subsidiary | | Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence | | Key Managerial Personnel | | Relatives of Key Managerial Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* |
| Receivables | 242.19 | 858.94 | 468.41 | 100.30 | - | - | - | - | 710.60 | 959.24 |
| Payables | - | - | 2,527.54 | 1,863.70 | - | - | - | - | 2,527.54 | 1,863.70 |
| Remunaration Payable | - | - | - | - | 1,518.64 | 1,322.89 | 0.71 | 1.08 | 1,519.35 | 1,323.97 |
| Loans | - | - | - | 86.66 | - | - | - | - | - | 86.66 |

**Terms and Conditions of transactions with related parties**

(1) The Company's transactions with related parties are at arm's length. Management believes that the company's Domestic and International transactions with related parties post March 31, 2020 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

(2) For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(3) The future liability for Gratuity and Compensated Absence is provided on aggregated basis for all the employees of the Company taken as a whole, the amount pertaining to KMPs is not ascertainable separately and therefore not included above.

**Commitments with Related Parties**

The Company has not provided any commitment to the related party as at March 31, 2021 (March 31, 2020: ₹Nil).
*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

**DISCLOSURE IN RESPECT OF TRANSACTION WITH RELATED PARTY DURING THE YEAR:**

₹ in Lakhs

| Party Name | Relationship | Nature of Transaction | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| Meghmani Organics USA Inc. | Subsidiary | Sale of Goods | 2,570.22 | 931.14 |
| Meghmani Overseas FZE | Subsidiary | Sale of Goods | - | 283.48 |
| | | **Total** | **2,570.22** | **1,214.62** |
| Meghmani Overseas FZE | Subsidiary | Purchase of Goods | - | 319.19 |
| | | **Total** | - | 319.19 |
| Meghmani Synthesis Limited | Subsidiary | Investment in subsidiary | 5.00 | - |
| | | **Total** | **5.00** | **-** |
| Meghmani Organics USA Inc. | Subsidiary | Dividend Received on Equity Shares | - | 216.37 |
| Meghmani Overseas FZE | Subsidiary | Dividend Received on Equity Shares | - | 556.99 |
| | | **Total** | **-** | **773.36** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Dividend Received on OCRPS | - | 1,687.36 |
| | | **Total** | **-** | **1,687.36** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Sale of Goods | - | 368.90 |
| Meghmani Industries Limited | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 0.44 | 2.01 |
| Meghmani Industries Limited -SEZ | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 23.31 | - |
| Meghmani Dyes & Intermediate LLP | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 169.15 | 51.10 |
| Meghmani Pigment | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 23.27 | - |
| Meghmani Unichem LLP | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 9.23 | 2.58 |
| Navratan Speciality Chemical LLP | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 13.04 | 2.21 |
| Meghmani Exports Limiada S.A. DE C. | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 419.26 | |
| | | **Total** | **657.70** | **426.80** |

*Restated pursuant to Scheme of Arrangement (refer note 48)





# Notes to Standalone Financial Statements

for the year ended 31 March, 2021 *Contd...*

**DISCLOSURE IN RESPECT OF TRANSACTION WITH RELATED PARTY DURING THE YEAR:**

₹ in Lakhs

| Party Name | Relationship | Nature of Transaction | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| Navratan Speciality Chemical LLP | Enterprises in which Directors & KMP have significant influence | Sale of Services | 11.11 | 7.41 |
| Meghmani Dyes & Intermediates Llp | Enterprises in which Directors & KMP have significant influence | Sale of Services | 4.70 | |
| Meghmani Industries Ltd. | Enterprises in which Directors & KMP have significant influence | Sale of Services | 16.68 | |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Sale of Services | 13.82 | - |
| | | **Total** | **46.31** | **7.41** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Sale of MEIS Licenses | 352.49 | 176.41 |
| | | **Total** | **352.49** | **176.41** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 6,261.17 | 2,130.77 |
| Meghmani Pigment | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 1,810.89 | 1,073.08 |
| Ashish Chemical | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 5.55 | 14.42 |
| Matangi Industries LLP | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | - | 1.86 |
| Meghmani Industries Limited | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 3.10 | 0.88 |
| Delta Electricals | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 0.30 | - |
| Meghmani LLP | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 1,416.48 | 503.18 |
| | | **Total** | **9,497.49** | **3,724.19** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Availing of Services | 3.93 | - |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**DISCLOSURE IN RESPECT OF TRANSACTION WITH RELATED PARTY DURING THE YEAR:**

₹ in Lakhs

| Party Name | Relationship | Nature of Transaction | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| Meghmani Exports Limiada S.A. DE C. | Enterprises in which Directors & KMP have significant influence | Availing of Services | 20.02 | - |
| Arjan Owners LLP (Formerly Panchratna Corporation) | Enterprises in which Directors & KMP have significant influence | Availing of Services | 194.79 | 96.90 |
| | | **Total** | **218.74** | **96.90** |
| *Restated pursuant to Scheme of Arrangement (refer note 48) | | | | |
| Jayanti Patel | Key Managerial Personnel | Managerial Remuneration | 451.67 | 172.09 |
| Ashish Soparkar | Key Managerial Personnel | Managerial Remuneration | 451.35 | 172.09 |
| Natwarlal Patel | Key Managerial Personnel | Managerial Remuneration | 451.69 | 172.12 |
| Ramesh Patel | Key Managerial Personnel | Managerial Remuneration | 300.77 | 121.87 |
| Anand Patel | Key Managerial Personnel | Managerial Remuneration | 226.27 | 96.37 |
| G.S Chahal | Key Managerial Personnel | Salary | 43.14 | 16.88 |
| Kamlesh Mehta | Key Managerial Personnel | Salary | 25.15 | 10.51 |
| | | **Total** | **1,950.04** | **761.93** |
| Ms. Deval Soparkar | Relatives of Key Managerial Personnel | Salary | 12.46 | 7.61 |
| | | **Total** | **12.46** | **7.61** |
| Ganapati Dadasaheb Yadav | Independent Directors | Sitting Fees | 3.05 | 0.53 |
| Ms. Urvashi Shah | Independent Directors | Sitting Fees | 4.15 | 1.58 |
| Manubhai K Patel | Independent Directors | Sitting Fees | 4.15 | 1.58 |
| Bhaskar Rao | Independent Directors | Sitting Fees | 1.50 | - |
| Liew Ching Seng | Independent Directors | Sitting Fees | 0.97 | - |
| | | **Total** | **13.82** | **3.69** |
| Jayanti Patel | Key Managerial Personnel | Dividend | - | 187.60 |
| Ashish Soparkar | Key Managerial Personnel | Dividend | - | 251.65 |
| Natwarlal Patel | Key Managerial Personnel | Dividend | - | 259.12 |
| Ramesh Patel | Key Managerial Personnel | Dividend | - | 169.06 |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**DISCLOSURE IN RESPECT OF TRANSACTION WITH RELATED PARTY DURING THE YEAR:**

₹ in Lakhs

| Party Name | Relationship | Nature of Transaction | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| Anand Patel | Key Managerial Personnel | Dividend | - | 82.73 |
| Karana Patel | Key Managerial Personnel | Dividend | - | 18.71 |
| Ankit Patel | Key Managerial Personnel | Dividend | - | 31.14 |
| Darshan Patel | Key Managerial Personnel | Dividend | - | 2.12 |
| | | **Total** | **-** | **1,002.13** |
| Deval Soparkar | Relatives of Key Managerial Personnel | Dividend | - | 4.11 |
| Maulik Patel | Relatives of Key Managerial Personnel | Dividend | - | 12.70 |
| Kaushal Soparkar | Relatives of Key Managerial Personnel | Dividend | - | 13.51 |
| Taraben Patel | Relatives of Key Managerial Personnel | Dividend | - | 73.60 |
| | | **Total** | **-** | **103.92** |
| **Total** | | | **15,324.27** | **10,305.52** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**43 RELATED PARTIES DISCLOSURES :-**

**Outstanding Balance** (₹ In Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Payable | | |
| Arjan Owners LLP | - | 14.16 |
| Ashish Chemicals | 2.75 | 17.37 |
| Delta Electricals | 0.30 | - |
| Matangi Industries | - | 1.09 |
| Meghmani Finechem Ltd. | 1,640.78 | 660.58 |
| Meghmani Industries Ltd. | - | 1.13 |
| Meghmani LLP | 488.76 | 287.69 |
| Meghmani Synthesis Limited | 5.00 | - |
| Meghmani Pigments | 389.95 | 881.68 |
| **Total** | **2,527.54** | **1,863.70** |
| Receivables | | |
| Meghmani Chemicals Limited | 21.78 | 21.78 |
| Meghmani Dyes & Intermediate LLP | 62.49 | 28.09 |
| Meghmani Finechem Ltd. | 39.49 | 34.70 |
| Meghmani Industries Ltd. | 23.75 | 0.04 |
| Meghmani LLP | 2.95 | - |
| Meghmani Organics USA Inc | 242.19 | 820.64 |
| Meghmani Overseas FZE | - | 38.30 |
| Meghmani Pigments | 23.27 | - |
| Meghmani Unichem LLP | - | 8.33 |
| Navratan Speciality Chemical LLP | 7.81 | 7.36 |
| Meghmani Exports Limitada S.A.De CV | 286.87 | - |
| **Total** | **710.60** | **959.24** |
| Other Receivable | | |
| Meghmani Finechem Ltd. | - | 86.66 |
| **Total** | **-** | **86.66** |
| Remuneration Payable | | |
| Jayanti Patel | 377.75 | 328.90 |
| Ashish Soparkar | 377.75 | 328.90 |
| Natwarlal Patel | 377.75 | 328.90 |
| Ramesh Patel | 227.76 | 198.90 |
| Anand Patel | 152.76 | 133.89 |
| G.S Chahal | 3.14 | 2.23 |
| K D Mehta | 1.73 | 1.17 |
| Deval Soparkar | 0.71 | 1.08 |
| **Total** | **1,519.35** | **1,323.97** |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**44 Financial instruments – Fair Value Hierarchy**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the Financial Statements.

**A. Category-wise classification of financial instrument**

**The carrying value of financial instruments by categories as of March 31, 2021 is as follows:**

(₹ in Lakhs)

| 31st March 2021 | | | | Carrying amount |
|---|---|---|---|---|
| | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost | Total |
| **Financial Assets** | | | | |
| Non-Current Investments (Refer Note 5) | 20,145.95 | 57.18 | 0.03 | 20,203.16 |
| Non-Current Other Financial Assets (Refer Note 6) | - | - | 1,061.72 | 1,061.72 |
| Current investments (Refer Note 10) | 10,243.86 | - | - | 10,243.86 |
| Trade Receivables (Refer Note 11) | - | - | 40,587.23 | 40,587.23 |
| Cash and Cash Equivalents (Refer Note 12) | - | - | 2,033.87 | 2,033.87 |
| Bank Balances (Other than above) (Refer Note 13) | - | - | 77.16 | 77.16 |
| Loans (Refer Note 14) | - | - | 39.86 | 39.86 |
| Other Current Financial Asset (Refer Note 15) | | | 3,593.71 | 3,593.71 |
| **Total Financial Assets** | **30,389.81** | **57.18** | **47,393.58** | **77,840.57** |
| **Financial Liabilities** | | | | |
| Non-Current Borrowings (Refer Note 19) | - | - | 12,323.08 | 12,323.08 |
| Non Current Financial Liabilities (Refer Note 20) | - | - | 667.14 | 667.14 |
| Current Borrowings (Refer Note 23) | - | - | 9,878.19 | 9,878.19 |
| Trade Payables (Refer Note 24) | - | - | 33,904.31 | 33,904.31 |
| Other Current Financial Liabilities (Refer Note 25)# | - | - | 13,243.45 | 13,243.45 |
| **Total Financial Liabilities** | **-** | **-** | **70,016.17** | **70,016.17** |

# Includes Current Portion of Non Current Borrowing

Note: Investment in Subsidiaries are accounted at cost.

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(₹ in Lakhs)

| 31st March 2020* | Carrying amount | | | |
|---|---|---|---|---|
| | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost | Total |
| **Financial Assets** | | | | |
| Non-Current Investments (Refer Note 5) | 19,021.95 | 57.18 | 0.03 | 19,079.16 |
| Non-Current Other Financial Assets (Refer Note 6) | - | - | 1,065.48 | 1,065.48 |
| Trade Receivables (Refer Note 11) | - | - | 46,355.16 | 46,355.16 |
| Cash and Cash Equivalents (Refer Note 12) | - | - | 769.39 | 769.39 |
| Bank Balances (Other than above) (Refer Note 13) | - | - | 63.35 | 63.35 |
| Loans (Refer Note 14) | - | - | 39.64 | 39.64 |
| Other Current Financial Asset (Refer Note 15) | | | 3,665.83 | 3,665.83 |
| **Total Financial Assets** | **19,021.95** | **57.18** | **51,958.88** | **71,038.01** |
| **Financial Liabilities** | | | | |
| Non-Current Borrowings (Refer Note 19) | - | - | 5,558.30 | 5,558.30 |
| Non Current Financial Liabilities (Refer Note 20) | | | 626.43 | 626.43 |
| Current Borrowings (Refer Note 23) | - | - | 16,725.93 | 16,725.93 |
| Trade Payables (Refer Note 24) | - | - | 23,418.82 | 23,418.82 |
| Other Current Financial Liabilities (Refer Note 25)# | - | - | 9,635.52 | 9,635.52 |
| **Total Financial Liabilities** | **-** | **-** | **55,965.00** | **55,965.00** |

# Including Current Portion of Non Current Borrowing

Note: Investment in Subsidiaries are accounted at cost.

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**B. Measurement of Fair values and Sensitivity analysis**

**Fair value hierarchy:**

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company uses the following hierarchy for determining and/or disclosing the fair value of Financial Instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical Assets or Liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the Assets or Liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the Assets or Liabilities that are not based on observable market data (unobservable inputs).

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range

**Financial instrument measured at fair value** (₹ in Lakhs)

| Financial assets / financial liabilities | Fair value as at | | Fair value hierarchy |
|---|---|---|---|
| | 31st March 2021 | 31st March 2020* | |
| Investment at FVTOCI (unquoted) (Refer Note 5) | 57.18 | 57.18 | Level 3 |
| Investment at FVTPL (unquoted) (Refer Note 5) | 20,145.95 | 19,021.95 | Level 3 |
| Investment at FVTPL (Quoted) (Refer Note 10) | 10,243.86 | - | Level 1 |

**Financial instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**Reconciliation of level 1 fair values**

The following table shows a reconciliation from the opening balance to the closing balances for level 1 fair values representing investment in short term liquid mutual funds.

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening balance | - | - |
| Pursuant to Scheme of Arrangement (Refer note 48) | | 5,185.05 |
| Net change in fair value (unrealised) | 72.64 | - |
| Purchases | 26,848.68 | 4,600.00 |
| Sales | (16,677.46) | (9,785.05) |
| Closing balance | 10,243.86 | - |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Description of significant unobservable inputs to valuation:**

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2021 and 31 March 2020 are as shown below:

| Particulars | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| FVTPL assets in unquoted OCRPS of Meghmani Finechem Limited | DCF Method | Weighted average cost of debt | 31 March 2021: 8.14% - 8.85% (8.50%) 31 March 2020: 8.57% - 9.64% (9.10%) | 1% (31 March 2020: 1%) increase (decrease) in the weighted average cost of debt would result in decrease (increase) in fair value by INR 1,726 lakhs (31 March 2020: INR 1,617 lakhs). |

**Reconciliation of fair value measurement of unquoted OCRPS classified as FVTPL assets:**

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening balance | 19,021.95 | - |
| Pursuant to scheme of arrangement (Refer Note 48) | - | 10,986.55 |
| Re-measurement recognised in profit and loss | 1,124.00 | 8,035.40 |
| Purchases | - | - |
| Sales | - | - |
| **Closing balance** | **20,145.95** | **19,021.95** |

**Reconciliation of fair value measurement of unquoted equity shares classified as FVOCI assets:**

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening balance | 57.18 | - |
| Pursuant to scheme of arrangement (Refer Note 48) | - | 57.38 |
| Re-measurement recognised in profit and loss | - | - |
| Purchases | - | - |
| Sales | - | (0.20) |
| **Closing balance** | **57.18** | **57.18** |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Financial Risk Management Framework**

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends risk management objectives and policies. The activities of this operations include management of cash resources, hedging of foreign currency exposure, credit control and ensuring compliance with market risk limits and policies.

The Company's principal Financial Liabilities, other than Derivatives, comprises of Long Term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Company's operations. The Company's principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Other Bank Balances and other Financial Assets that derive directly from its operations.

The Company has an effective risk management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Company takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Company has exposure to the following risks arising from financial instruments

- Credit risk ;
- Liquidity risk ; and
- Market risk

**i. Credit Risk**

Credit risk is the risk that counter party will not meet its obligation leading to a financial loss. The Company is exposed to credit risk arising from its operating activities primarily from trade receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Company considers probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

**Financial instruments and cash deposit**

Credit risk from balances with Banks and Financial Institutions is managed by the Company's treasury department. Investments of surplus funds are made only with approved counter parties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade Receivables**

The Sales Department has established a Credit Policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the Board of Directors.

Trade Receivables of the Company are typically unsecured ,except to the extent of the security deposits received from the customers or financial guarantees provided by the market organizers in the business. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of customers to which Company grants credit terms in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial condition and monitors the creditworthiness of its Customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts Receivables. The Company evaluates the concentration of risk with respect to trade receivables as low, as its Customers are located in several jurisdictions and industries and operate in largely independent markets.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

The maximum exposure to Credit Risk for Trade Receivables by geographic region are as follows:

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Domestic | 14,417.56 | 13,677.18 |
| Other Regions | 26,169.67 | 32,677.98 |
| | **40,587.23** | **46,355.16** |

**Age of Receivables**

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Neither due nor impaired | 29,513.29 | 32,239.83 |
| Past due 1–90 days | 9,586.60 | 8,846.12 |
| Past due 91–180 days | 1,113.89 | 3,830.29 |
| More than 180 days | 373.45 | 1,438.92 |
| **Total** | **40,587.23** | **46,355.16** |

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behavior and extensive analysis of customer Credit Risk, including underlying customers' credit ratings if they are available.

Management estimates that the amount of provision of ₹1,562.01 lakhs (31st March, 2020: ₹ 1,394.40 lakhs) is appropriate

**ii. Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI, FVTPL and amortised cost investments and derivative financial instruments.

**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Exposure to Currency Risk

The currency profile of financial assets and financial liabilities as at March 31, 2021 and March 31, 2020 are as below:

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs, are as follows

(₹ in Lakhs)

| Particulars | 31st March 2021 Total | USD Denominated exposure | Euro Denominated exposure | INR |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Trade Receivables | 40,587.23 | 22,872.27 | 3,297.40 | 14,417.56 |
| **Total** | **40,587.23** | **22,872.27** | **3,297.40** | **14,417.56** |
| **Financial Liabilities** | | | | |
| Long Term Borrowings | 12,323.08 | - | 12,323.08 | - |
| Other Non-Current Financial Liabilities | 667.14 | - | - | 667.14 |
| Short Term Borrowings | 9,878.19 | 1,370.81 | 7,994.13 | 513.25 |
| Trade Payables | 33,904.31 | 6,248.31 | 17.35 | 27,638.65 |
| Other Current Financial Liabilities | 13,243.45 | - | 4,018.36 | 9,225.09 |
| **Total** | **70,016.17** | **7,619.12** | **24,352.92** | **38,044.13** |

(₹ in Lakhs)

| Particulars | 31st March 2020* | USD Denominated exposure | Euro Denominated exposure | INR |
|---|---|---|---|---|
| | INR | | | |
| **Financial Assets** | | | | |
| Trade Receivables | 46,355.16 | 27,604.42 | 5,094.55 | 13,656.19 |
| **Total** | **46,355.16** | **27,604.42** | **5,094.55** | **13,656.19** |
| **Financial Liabilities** | | | | |
| Long Term Borrowings | 5,558.30 | - | 5,558.30 | - |
| Other Non-Current Financial Liabilities | 626.43 | - | - | 626.43 |
| Short Term Borrowings | 16,725.93 | - | 14,707.49 | 2,018.44 |
| Trade Payables | 23,418.82 | 2,252.11 | 1.20 | 21,165.51 |
| Other Current Financial Liabilities | 9,635.52 | - | 3,526.34 | 6,109.18 |
| **Total** | **55,965.00** | **2,252.11** | **23,793.33** | **29,919.56** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euro at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euro and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

| Effect in INR | Profit or (Loss) | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31st March 2021 | | | | |
| 5% movement | | | | |
| USD | 762.66 | (762.66) | 570.71 | (570.71) |
| EUR | (1,052.78) | 1,052.78 | (787.81) | 787.81 |

| Effect in INR | Profit or (Loss) | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31st March 2020* | | | | |
| 5% movement | | | | |
| USD | 1,267.62 | (1,267.62) | 948.58 | (948.58) |
| EUR | (934.94) | 934.94 | (699.63) | 699.63 |

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a Financial Instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's Long-term and Short term Debt Obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

**Exposure to Interest Rate Risk**

Company's Interest Rate Risk arises from Borrowings Obligations. Borrowings issued exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing Financial Instruments as reported to the management of the Company is as follows.

(₹ In Lakhs)

| Variable-rate instruments | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Non Current - Borrowings | 12,323.08 | 5,558.30 |
| Current - Borrowings | 9,878.19 | 16,725.93 |
| Current portion of Long Term Borrowings | 3,992.02 | 4,102.90 |
| **Total** | **26,193.29** | **26,387.13** |

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Cash Flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ In Lakhs)

| Particulars | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| **31st March 2021** | | | | |
| Non Current - Borrowings | (123.23) | 123.23 | (92.22) | 92.22 |
| Current - Borrowings | (98.78) | 98.78 | (73.92) | 73.92 |
| Current portion of Long Term Borrowings | (39.92) | 39.92 | (29.87) | 29.87 |
| **Total** | **(261.93)** | **261.93** | **(196.01)** | **196.01** |
| **31st March 2020*** | | | | |
| Non Current - Borrowings | (55.58) | 55.58 | (41.59) | 41.59 |
| Current - Borrowings | (167.26) | 167.26 | (125.16) | 125.16 |
| Current portion of Long Term Borrowings | (41.03) | 41.03 | (30.70) | 30.70 |
| **Total** | **(263.87)** | **263.87** | **(197.46)** | **197.46** |

**iii. Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to Liquidity Risk**

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below summarises the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ In Lakhs)

| 31st March 2021 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | 1 Year or Less | 1-2 years | 2-5 years | More than 5 years |
| **Non-Derivative Financial Liabilities** | | | | | | |
| **Foreign Currency Term Loans from banks** | | | | | | |
| SBI Bank Limited | 10,515.75 | 10,515.75 | 2,336.51 | 2,349.55 | 5,829.69 | - |
| AXIS Bank Limited | 5,799.35 | 5,799.35 | 1,655.52 | 1,665.64 | 2,478.19 | - |
| **Total** | 16,315.10 | 16,315.10 | 3,992.03 | 4,015.19 | 8,307.88 | - |
| Working Capital loans from banks | 9,878.19 | 9,878.19 | 9,878.19 | - | - | - |
| Trade Payables | 33,904.31 | 33,904.31 | 33,904.31 | - | - | - |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

(₹ In Lakhs)

| 31st March 2020* | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | 1 Year or Less | 1-2 years | 2-5 years | More than 5 years |
| **Non-Derivative Financial Liabilities** | | | | | | |
| **Rupee Term Loans from Banks** | | | | | | |
| HDFC Bank Limited | 600.00 | 600.00 | 600.00 | - | - | - |
| **Total** | 600.00 | 600.00 | 600.00 | - | - | - |
| Foreign Currency Term Loans from banks | | | | | | |
| SBI Bank Limited | 1,868.62 | 1,868.62 | 1,103.19 | 765.43 | - | - |
| AXIS Bank Limited | 7,192.58 | 7,192.58 | 2,399.71 | 1,577.37 | 3,215.50 | |
| **Total** | 9,061.20 | 9,061.20 | 3,502.90 | 2,342.80 | 3,215.50 | - |
| Working Capital loans from banks | 16,725.93 | 16,725.93 | 16,725.93 | - | - | - |
| Trade Payables | 23,418.82 | 23,418.82 | 23,418.82 | - | - | - |

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the company to manage risk concentrations at both the relationship and industry levels

*Restated pursuant to Scheme of Arrangement (refer note 48)



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 45 Leases

The Company has lease contracts for HO premise. Leases of HO premise is having lease terms of 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain premises in good state. The lease contract include extension and termination options which are further discussed below.

The Company also has Depots with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for this lease.

Terms of Cancellation and Escalation

The Leases are cancellable by giving one month notice by either parties and these does not carries any escalation.

**(A) Leases as lessee**

**(i) The movement in Lease liabilities during the year**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Opening Balance*** | 699.74 | - |
| Pursuant to Scheme of Arrangement (refer note 48) | - | 747.47 |
| Additions during the year/Period | - | - |
| Finance costs incurred during the year | 55.57 | 44.42 |
| Payments of Lease Liabilities | 157.32 | 92.15 |
| **Closing Balance** | **597.99** | **699.74** |

**(ii) The carrying value of the Rights-of-use and depreciation charged during the year :**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening Balance | 4,327.71 | - |
| Pursuant to Scheme of Arrangement (refer note 48) | - | 4,445.42 |
| Additions during the year | - | - |
| Depreciation charged during the year | (173.51) | (117.71) |
| **Closing Balance** | **4,154.20** | **4,327.71** |

**(iii) Amount Recognised in Statement of Profit & Loss Account during the Year**

( ₹ in Lakhs )

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Depreciation expense of right-of-use assets | 173.51 | 117.71 |
| Interest expense on lease liabilities | 55.57 | 44.42 |
| Expense relating to short-term leases (included in other expenses) | 66.17 | 31.65 |
| **Total Expenses** | **295.25** | **193.78** |

*Restated pursuant to Scheme of Arrangement (refer note 48)

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**(iv) Amounts recognised in statement of cash flows** ( ₹ in Lakhs )

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Total Cash outflow for Leases** | **157.32** | **92.15** |

**(v) Maturity analysis of lease liabilities**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Maturity Analysis of contractual undiscounted cash flows** | | |
| Less than one year | 157.32 | 157.32 |
| One to five years | 555.86 | 698.10 |
| More than five years | - | 15.08 |
| **Total undiscounted Lease Liability** | **713.18** | **870.50** |

**Balances of Lease Liabilities** ( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Non Current Lease Liability | 487.25 | 597.99 |
| Current Lease Liability | 110.74 | 101.75 |
| **Total Lease Liability** | **597.99** | **699.74** |

## 46 Capital Management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2020 and March 31, 2019.

The Company monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, adjusted net debt is defined as total Liabilities, comprising Interest-bearing Loans and Borrowings and obligations under Finance Leases, less Cash and Cash Equivalents. Adjusted Equity Comprises all components of Equity.

(₹ In Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Total Interest bearing liabilities | 26,193.29 | 26,387.13 |
| Less : Cash and cash equivalent | 2,033.87 | 769.39 |
| **Adjusted net debt** | 24,159.42 | 25,617.74 |
| **Total equity** | **116,726.31** | **98,204.53** |
| Adjusted net debt to adjusted equity ratio | 0.21 | 0.26 |

*Restated pursuant to Scheme of Arrangement (refer note 48)





# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

**47** The Company continues to adopt measures to curb the impact of COVID-19 pandemic in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc.

The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of liquidity and going concern assumption and recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets and meet the current financial obligations. However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration. Accordingly, the Company will continue to monitor any material changes to future economic conditions.

## 48 Composite Scheme of Arrangement:

Subsequent to the year end, Ahmedabad Bench of the NCLT, through its order dated 3 May 2021 (the "Order"), has approved the Scheme of Arrangement ("the Scheme") to demerge the Agrochemicals and Pigments Division of Meghmani Organics Limited (MOL) along with its investment in Optionally Convertible Redeemable Preference Shares ("OCRPS") of Meghmani Finechem Limited (MFL) into the Company. The Company has filed certified true copy of the Order with the Ministry of Corporate Affairs (the "MCA") on 8th May 2021.

The Company has given effect to the Scheme for the year ended March 31, 2021 considering it to be an adjusting event and has accounted the same as per the pooling of interest method since the conditions as per the requirements of Ind AS 103 – Business Combinations of entities under common control are met. Further, previous year numbers have been restated as per the requirements of Ind AS 103. The Company was incorporated on 15th October 2019 and hence comparative numbers have been restated from the date of incorporation i.e. 15th October 2019 as per the requirements of Ind AS 103.

As per the share swap ratio approved in the Order, the Company is in the process of issuing equity shares of Re.1 each in the ratio of 1:1 to the shareholders of MOL. Further, as per the Order, issued share capital of ₹ 5 lakhs consisting of 50,000 shares of ₹ 10 each stands cancelled.

Increase in authorised share capital: As per the Order, authorised share capital representing 11,50,00,000 equity shares of Re.1 each of Meghmani Organics Limited have been transferred to the Company. The Company has further increased its authorised share capital representing 25,45,00,000 equity shares of Re. 1 each. The Company has filed SH 7 for increasing the Authorised share capital with ROC on 17th May 2021 and the same is approved on 19th May 2021.

*Restated pursuant to Scheme of Arrangement (refer note 48)

The impact of the demerger on these financial statements is as under:

(₹ In Lakhs)

| Particulars | Net Assets / (liability) acquired (along with reserves) | Value of Equity Shares issued | Capital Reserve |
|---|---|---|---|
| Demerger of Agrochemical and Pigment division of MOL along with its investment in OCRPS of MFL into the Company | (4,479.90) | 2,543.14 | (7,023.04) |

The above resulted in restatement of financial statement as at and for the period ended from 15th October 2019 to March 31, 2020. The financial caption wise changes are as below:

# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

(₹ In Lakhs)

| Particulars | Balance Sheet as at 31st March 2020 | |
|---|---|---|
| | Reported | Restated |
| **ASSETS** | | |
| **Non-Current Assets** | | |
| (a) Property, Plant and Equipment | - | 47,126.45 |
| (b) Capital Work-in-Progress | - | 9,637.37 |
| (c) Other Intangible Assets | - | 924.95 |
| (d) Intangible Assets under development | - | 438.90 |
| (e) Investments in Subsidiaries | - | 144.26 |
| (f) Financial Assets | | |
| (i) Investments | - | 19,079.16 |
| (ii) Other Financial Assets | - | 1,065.48 |
| (g) Income Tax Assets (Net) | - | 663.30 |
| (h) Other Non-Current Assets | - | 1,492.28 |
| **Total Non-Current Assets** | **-** | **80,572.15** |
| | | |
| **Current Assets** | | |
| (a) Inventories | - | 29,618.18 |
| (b) Financial Assets | | |
| (i) Trade Receivables | - | 46,355.16 |
| (ii) Cash and Cash Equivalents | 5.00 | 769.39 |
| (iii) Bank Balances other than (ii) above | - | 63.35 |
| (iv) Loans | - | 39.64 |
| (v) Other Financial Assets | - | 3,665.83 |
| (c) Other Current Assets | - | 4,154.96 |
| **Total Current Assets** | **5.00** | **84,666.51** |
| **TOTAL ASSETS** | **5.00** | **165,238.66** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| (a) Equity Share Capital | 5.00 | 2,543.14 |
| (b) Other Equity | - | 95,661.39 |
| **Total Equity** | **5.00** | **98,204.53** |
| **Liabilities** | | |
| **Non-Current Liabilities** | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | - | 5,558.30 |
| (ii) Other Financial Liabilities | - | 626.43 |
| (b) Provisions | - | 1,147.07 |
| (c) Deferred Tax Liabilities (Net) | - | 4,619.61 |
| **Total Non-Current Liabilities** | **-** | **11,951.41** |



# Notes to Standalone Financial Statements
for the year ended 31 March, 2021 *Contd...*

(₹ In Lakhs)

| Particulars | Balance Sheet as at 31st March 2020 | |
|---|---|---|
| | Reported | Restated |
| | | |
| **Current Liabilities** | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | - | 16,725.93 |
| (ii) Trade Payables | | |
| **Total outstanding dues of micro and small enterprise** | **-** | **1,784.41** |
| **Total outstanding dues of creditors other than micro and small enterprise** | **-** | **21,634.41** |
| (iii) Other Financial Liabilities | - | 9,635.52 |
| (b) Other Current Liabilities | - | 3,512.75 |
| (c) Provisions | - | 9.63 |
| (d) Current Tax Liabilities (Net) | - | 1,780.07 |
| **Total Current Liabilities** | **-** | **55,082.72** |
| **Total Liabilities** | **-** | **67,034.13** |
| **TOTAL EQUITY AND LIABILITIES** | **5.00** | **165,238.66** |

(₹ In Lakhs)

| Particulars | Profit and Loss from 15th October 2019 to 31st March 2020 | |
|---|---|---|
| | Reported | Restated |
| I Revenue From Operations | - | 69,321.77 |
| II Other Income | - | 13,847.66 |
| **III Total Income (I+II)** | **-** | **83,169.43** |
| IV Expenses | | |
| Cost of Materials Consumed | - | 38,149.29 |
| Purchase of Stock-in-Trade | - | 1,627.09 |
| Changes in Inventories of Finished Goods, Work-in- Progress and Stock-in-Trade | - | 811.67 |
| Employee Benefits Expense | - | 3,784.37 |
| Finance Costs | - | 1,824.87 |
| Depreciation and Amortization Expenses | - | 2,239.81 |
| Other Expenses | - | 14,622.44 |
| **Total Expenses (IV)** | **-** | **63,059.54** |
| **V Profit Before Tax (III-IV)** | **-** | **20,109.89** |
| VI Tax Expense | | |
| 1 Current Tax | - | 2,695.00 |
| 2 Deferred Tax Charge / (Credit) (Net) | - | 1,750.57 |
| **Total Tax Expenses (VI)** | **-** | **4,445.57** |

(₹ In Lakhs)

| Particulars | Profit and Loss from 15th October 2019 to 31st March 2020 | |
|---|---|---|
| | Reported | Restated |
| VII. Profit For The Year (V-VI) | - | 15,664.32 |
| VIII. Other Comprehensive Income | | |
| Items that will not be reclassified to profit or loss in Subsequent periods | | |
| Remeasurement gain / (loss) on defined benefit plans | - | (212.45) |
| Income tax effect on above | - | 53.47 |
| **Total other comprehensive income / (loss) for the year, net of tax (VIII)** | **-** | **(158.98)** |
| IX. Total Comprehensive Income For The Year (VII + VIII) | - | 15,505.34 |

**Conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) to Redeemable Preference Shares (RPS):**

As per the Order, OCRPS issued by MFL to MOL is transferred to Company as per the Scheme. Further, the OCRPS will be converted into equal number of RPS with same terms and conditions and tenure from the effective date. Further, Investment in OCRPS of MFL was transferred from MOL at cost of ₹ 10,986.54 Lakhs as per the Scheme. Subsequent to transfer of OCRPS, the Company has fair valued investment in OCRPS as per the requirements of Ind AS 109 and has opted for recognising the fair value difference through Statement of Profit and Loss. Management has obtained report valuation report from an independent valuer and fair value gain of Rs 8,035.40 lakhs for the year ending March 31, 2020 and Rs 1,124.00 lakhs for the year ending March 31, 2021 respectively has been accounted for as "Fair value gain of investment in OCRPS measured as at FVTPL" in other income.

**Stamp duty on immovable property to be transferred**

As per the Article 20(d) of Schedule I to the Gujarat Stamp Act, 1958, the Company has provided for Rs 2,500 lakhs as stamp duty on the immovable property that will be transferred from MOL to the Company and shares to be issued to the shareholders of MOL pursuant to the Scheme. The same has been accounted under Other Expense for the year ending March 31, 2021.

**49 Events occurred after the Balance Sheet date**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of financial statement to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 20th May 2021 there were no material subsequent events to be recognized or reported that are not already disclosed.

**50** Previous period figures have been regrouped / restated to give effect of scheme of arrangement wherever necessary to make them comparable with those of the current year.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

Place : Ahmedabad
Date : 20th May 2021

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021



# **Consolidated**
# Financial Statements

# Independent Auditor's Report

To the Members of Meghmani Organochem Limited

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

## Opinion

We have audited the accompanying consolidated financial statements of Meghmani Organochem Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## 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 for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **(a) Revenue recognition** (as described in Note 2 of the consolidated financial statements) | |
| The Group majorly operates in two segments viz: Agro Chemicals and Pigment. The Group recognises revenue from sales of goods in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, measured at fair value of the consideration received or receivable in the ordinary course of its activities. Revenue from sale of goods is recognised net of discounts, rebates and taxes. | Our audit procedures included the following:<br>• Read and evaluated the Group's policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'.<br>• Assessed the design and tested the operating effectiveness of internal controls related to sales including variable consideration.<br>• Performed sample test of sales transactions and inspected the underlying sales orders, invoice copies, terms of delivery, lorry receipts, bill of lading and collection as per the terms of the contract with customers. |
| Certain terms in sales arrangements relating to timing for transfer of control to the customer and delivery specifications including incoterms, involves significant judgment in determining whether the revenue is recognised in the correct period. | • Performed sample test of transactions near year end date as well as credit notes issued after the year end date.<br>• Assessed the relevant disclosures in the consolidated financial statements for compliance with disclosure requirements. |
| **Business combination –** Demerger of Agro and Pigment division from Meghmani Organics Limited (MOL) and merged into the Holding Company (as described in note 47 of the consolidated financial statement) | |
| As per the Scheme of Arrangement, Agro Chemicals and Pigment division has demerged from Meghmani Organics Limited (MOL) and merged into the Holding Company ('the Scheme'). The Scheme was approved by National Company Law Tribunal ('NCLT') vide order dated May 3, 2021. The Holding Company has given effect of the Scheme in the consolidated financial statements considering business combination under common control as per the requirements of Ind AS 103.<br><br>The Scheme has a significant impact on the consolidated financial statements including revenue, profit, tax, reserve and comparative figures basis which the same is considered as a key audit matter for the year. | Our audit procedure included the following:<br>• Obtained and read the Scheme, and compared the assets and liabilities pertaining to Agro Chemicals and Pigment division considered for accounting as per the Scheme.<br>• Assessed the accounting as per applicable accounting standards including, for cancellation of shareholding of MOL and issuing of equity shares to shareholders of MOL as per the share swap ratio approved in the Scheme.<br>• Obtained and read the approval of National Company Law Tribunal (NCLT) giving effect to the Scheme.<br>• Assessed accounting in accordance with scheme.<br>• Tested underlying workings used in accounting calculations, including for previous year (March 31, 2020) restated financial information.<br>• Read and assessed the disclosures in the consolidated financial statements for compliance with disclosure requirements. |

**Information other than the Consolidated financials statements and Auditor's report thereon:**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated 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.

## Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 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 Matter

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 1,163.58 lakhs as at March 31, 2021, and total revenues of Rs 3,891.55 lakhs and net cash outflows of Rs 14.18 lakhs for the year ended on that date. This financial statement and other financial information have been reviewed by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

(b) The subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the respective country and which have been audited by other auditor under generally accepted auditing standards applicable in the respective country. The Holding Company's management has converted the financial statements of subsidiary located outside India from accounting principles generally accepted in the respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(c) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of two subsidiaries, whose financial statements and other financial information reflect total assets of Rs 1.86 lakhs as at March 31, 2021, and total revenues of Rs Nil and net cash outflows of Rs 27.96 lakhs for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements and other financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, refer to our separate Report in "Annexure " to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 39 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, during the year ended March 31, 2021.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sukrut Mehta**
Partner
Membership Number: 101974
UDIN: 21101974AAAACE6773

Place of Signature: Ahmedabad
Date: May 20, 2021



## Annexure to the Independent Auditor's report of even date on the consolidated Financial Statements of Meghmani Organochem Limited

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

In conjunction with our audit of the consolidated financial statements of Meghmani Organochem Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting Meghmani Organochem Limited (hereinafter referred to as the "Holding Company"), as of that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 over financial reporting with reference to these consolidated financial statements.

## Meaning of Internal Financial Controls over Financial Reporting with reference to these consolidated financial statements

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

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

### Opinion

In our opinion, the Holding Company has, maintained in all material respects, an adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sukrut Mehta**
Partner
Membership Number: 101974
UDIN : 21101974AAAACE6773

Place of Signature: Ahmedabad
Date: May 20, 2021

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# Consolidated Balance sheet

as at 31st March 2021

₹ In Lakhs

| PARTICULARS | Notes | 31st March 2021 | 31st March 2020* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 3.1 | 62,902.36 | 47,129.70 |
| (b) Capital Work-in-Progress | 3.2 | 10,586.68 | 9,637.37 |
| (c) Other Intangible Assets | 3.3 | 478.80 | 924.96 |
| (d) Intangible Assets under development | 3.2 | 632.36 | 438.90 |
| (e) Financial Assets | | | |
| (i) Investments | 4 | 20,203.16 | 19,079.16 |
| (ii) Other Financial Assets | 5 | 1,061.72 | 1,065.48 |
| (f) Income Tax Assets (Net) | 6 | 1,283.42 | 663.30 |
| (g) Other Non-Current Assets | 7 | 800.14 | 1,492.28 |
| **Total Non-Current Assets** | | **97,948.64** | **80,431.15** |
| **Current Assets** | | | |
| (a) Inventories | 8 | 37,605.84 | 30,358.37 |
| (b) Financial Assets | | | |
| (i) Investments | 9 | 10,243.86 | - |
| (ii) Trade Receivables | 10 | 41,069.34 | 46,103.43 |
| (iii) Cash and Cash Equivalents | 11 | 2,071.60 | 849.26 |
| (iv) Bank Balances other than (iii) above | 12 | 77.16 | 63.35 |
| (v) Loans | 13 | 39.86 | 39.64 |
| (vi) Other Financial Assets | 14 | 3,593.71 | 3,665.83 |
| (c) Other Current Assets | 15 | 4,765.07 | 4,174.27 |
| **Total Current Assets** | | **99,466.44** | **85,254.15** |
| **TOTAL ASSETS** | | **197,415.08** | **165,685.30** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 16 | 2,543.14 | 2,543.14 |
| (b) Other Equity | 17 | 114,759.98 | 96,092.81 |
| **Total Equity** | | **117,303.12** | **98,635.95** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 12,323.08 | 5,558.30 |
| (ii) Other Financial Liabilities | 19 | 667.14 | 626.43 |
| (b) Provisions | 20 | 1,349.32 | 1,147.07 |
| (c) Deferred Tax Liabilities (Net) | 21 | 4,404.52 | 4,536.91 |
| **Total Non-Current Liabilities** | | **18,744.06** | **11,868.71** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 22 | 9,878.19 | 16,725.93 |
| (ii) Trade Payables | 23 | 34,020.38 | 23,484.40 |
| (iii) Other Financial Liabilities | 24 | 13,238.45 | 9,635.52 |
| (b) Other Current Liabilities | 25 | 2,266.10 | 3,526.93 |
| (c) Provisions | 26 | 11.46 | 9.63 |
| (d) Current Tax Liabilities (Net) | 27 | 1,953.32 | 1,798.23 |
| **Total Current Liabilities** | | **61,367.90** | **55,180.64** |
| **Total Liabilities** | | **80,111.96** | **67,049.35** |
| **TOTAL EQUITY AND LIABILITIES** | | **197,415.08** | **165,685.30** |
| Summary of Significant Accounting Policies | 2 | | |

*Restated pursuant to Scheme of Arrangement (refer note 47)
The accompanying notes are an integral part of these Consolidated Financial Statements.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

Place : Ahmedabad
Date : 20th May 2021

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021



# Consolidated Statement of Profit and Loss

for the year ended on 31st March 2021

₹ In Lakhs

| | PARTICULARS | Notes | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| I | Revenue From Operations | 28 | 163,665.61 | 69,954.61 |
| II | Other Income | 29 | 2,471.83 | 13,078.83 |
| **III** | **Total Income (I+II)** | | **166,137.44** | **83,033.44** |
| **IV** | **Expenses** | | | |
| | Cost of Materials Consumed | 30 | 94,947.62 | 38,149.28 |
| | Purchase of Stock-in-Trade | | 1,811.36 | 1,777.93 |
| | Changes in Inventories of Finished Goods, Work-in- Progress and Stock-in-Trade | 31 | (6,295.45) | 1,015.09 |
| | Employee Benefits Expense | 32 | 10,238.09 | 3,866.57 |
| | Finance Costs | 33 | 1,119.34 | 1,829.24 |
| | Depreciation and Amortization Expenses | 3 | 5,068.08 | 2,240.95 |
| | Other Expenses | 34 | 34,718.60 | 14,735.76 |
| | **Total Expenses (IV)** | | **141,607.64** | **63,614.82** |
| **V** | **Profit Before Exceptional Items and Tax (III-IV)** | | **24,529.80** | **19,418.62** |
| VI | Exceptional Items | **35** | (650.00) | - |
| **VII** | **Profit Before Tax (V-VI)** | | **25,179.80** | **19,418.62** |
| **VIII** | **Tax Expenses** | 21 | | |
| | 1 Current Tax | | 6,671.31 | 2,723.71 |
| | 2 Deferred Tax Charge / (Credit) (Net) | | (139.12) | 1,737.48 |
| | **Total Tax Expenses (VIII)** | | **6,532.19** | **4,461.19** |
| **IX.** | **Profit For The Year (VII-VIII)** | | **18,647.61** | **14,957.43** |
| **X.** | **Other Comprehensive Income** | 36 | | |
| | A (i) Items that will not be reclassified to Profit or Loss in Subsequent periods - Remeasurement gain / (loss) on defined benefit plans | | 27.20 | (212.45) |
| | (ii) Income tax effect on above | | (6.85) | 53.47 |
| | B (i) Items that will be reclassified to Profit or Loss in Subsequent periods - Foreign Currency Translation of Foreign Operations | | (0.45) | 8.30 |
| | (ii) Income tax effect on above | | 0.11 | (2.09) |
| | **Total Other Comprehensive Income / (Loss) For The Year, Net of Tax (X)** | | **20.01** | **(152.77)** |
| **XI.** | **Total Comprehensive Income For The Year (IX + X)** | | **18,667.62** | **14,804.66** |
| | **Profit For the Year Attributable to:** | | | |
| | Owners of the Company | | 18,647.61 | 14,957.43 |
| | **Other Comprehensive Income For the Year Attributable to:** | | | |
| | Owners of the Company | | 20.01 | (152.77) |
| | **Total Comprehensive Income For the Year Attributable to:** | | | |
| | Owners of the Company | | 18,667.62 | 14,804.66 |
| **XII.** | **Earnings Per Equity Share (Face Value Per Share - Re 1 Each, 31st March 2020* : Re 1 Each) (In ₹)** | 37 | | |
| | Basic and Diluted | | **7.33** | **5.88** |
| | Summary of Significant Accounting Policies | 2 | | |

*Restated pursuant to Scheme of Arrangement (refer note 47)
The accompanying notes are an integral part of these Consolidated Financial Statements.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

Place : Ahmedabad
Date : 20th May 2021

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021

# Consolidated Cash Flow Statement

for the year ended 31st March 2021

(₹ In Lakhs)

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **A. Cash Flow from Operating Activities** | | |
| Profit Before Tax | 25,179.80 | 19,418.62 |
| **Adjustment to reconcile profit before tax to net cash flows :** | | |
| Depreciation and Amortisation Expenses | 5,068.08 | 2,240.95 |
| Unrealised Foreign Exchange (Gain) / Loss (Net) | 2,058.80 | (1,715.37) |
| Liability no longer Required written back | (158.14) | - |
| Dividend Income | (0.35) | (1,687.36) |
| Finance cost | 1,119.34 | 1,829.24 |
| Interest Income | (264.79) | (121.12) |
| Bad Debts Written off | - | 2.23 |
| Provision for Doubtful Debt | 167.61 | 771.97 |
| Sundry Balance Written off | 6.20 | - |
| Net gain on Investment in Mutual Funds | (179.44) | (63.67) |
| Fair Value Gain on investment in OCRPS measured at FVTPL (refer note 47) | (1,124.00) | (8,035.40) |
| Loss on Sale of Property, Plant & Equipment (Net) | 80.96 | 65.13 |
| **Operating Profit Before Working Capital Changes** | **31,954.07** | **12,705.22** |
| **Adjustment for:** | | |
| (Increase)/Decrease in Inventories | (7,247.47) | 4,775.83 |
| (Increase) in Trade Receivables | 2,655.40 | (10,688.32) |
| (Increase)/Decrease in Short Term Loans and Advances | (0.22) | (5.27) |
| Decrease in Other Current Financial Assets | 71.38 | (192.21) |
| (Increase)/Decrease in Other Current Assets | (590.80) | (149.83) |
| (Increase)/Decrease in Other Non-Current Financial Assets | 0.99 | 2.13 |
| (Increase)/Decrease in Other Non-Current Assets | - | 46.19 |
| Increase in Trade Payables | 10,845.50 | (4,600.32) |
| Increase/(Decrease) in Other Current Financial Liabilities | 3,664.83 | 76.70 |
| Increase in Other Current Liabilities | (1,260.83) | 2,947.50 |
| Increase/(Decrease) in Other Non Current Financial Liabilities | 151.46 | - |
| Increase/(Decrease) in Provisions | 231.28 | 136.69 |
| **Working Capital Changes** | **8,521.52** | **(7,650.91)** |
| **Cash Generated from Operations** | **40,475.59** | **5,054.31** |
| Direct Taxes Paid (Net of Refund) | (7,136.34) | (2,862.22) |
| **Net Cash Generated from Operating Activities** | **33,339.25** | **2,192.09** |
| **B. Cash Flow from Investment Activities** | | |
| Purchase of Property, Plant & Equipment | (20,938.58) | (7,081.32) |
| Proceeds from sale of Property, Plant & Equipment | 46.55 | 31.15 |
| (Investment in) Fixed Deposits & Margin Money (net) | (4,001.62) | (514.63) |
| Redemption of Fixed Deposits & Margin Money (net) | 4,000.00 | - |
| (Investment)/ Redemption of earmarked balances with Banks | - | (10.17) |
| Interest Received | 264.79 | 407.27 |
| Dividend Received | 0.35 | 1,687.36 |
| Proceeds from Sale of Non-Current Investments | - | 0.20 |
| Proceeds from Redemption of Mutual Fund | 16,784.27 | 9,755.91 |
| Investment in Mutual Fund | (26,848.68) | (4,600.00) |
| **Net Cash (Used in) / Generated from Investing Activities** | **(30,692.92)** | **(324.23)** |





# Consolidated Cash Flow Statement

for the year ended 31st March 2021 *Contd...*

(₹ In Lakhs)

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **C. Cash Flow from Financing Activities** | | |
| Dividend Paid (including Dividend Distribution Tax) | - | (2,549.92) |
| Finance cost Paid | (882.26) | (638.59) |
| Repayment of Finance Lease Liability | (157.32) | (92.15) |
| (Repayment)/Proceeds from Short Term Borrowings | (7,067.81) | 1,956.98 |
| Proceeds from Bank Borrowing (Term Loan) | 10,997.25 | - |
| Repayment of Bank Borrowing (Term Loan) | (4,313.85) | (1,318.48) |
| **Net Cash (Used in) Financing Activities** | **(1,423.99)** | **(2,642.16)** |
| **Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)** | **1,222.34** | **(774.30)** |
| *Restated pursuant to Scheme of Arrangement (refer note 47) | | |
| **Cash and Cash Equivalent at the beginning of the period** | 849.26 | - |
| Transfer Pursuant to Scheme of Arrangement (refer note 47) | - | 1,623.56 |
| **Cash and Cash Equivalent at the end of the period** | **2,071.60** | **849.26** |
| **Reconciliation of Cash and Cash Equivalent** | | |
| Balance with Banks in Current Accounts | 763.28 | 836.99 |
| Fixed Deposit with Bank | 1,300.00 | - |
| Cash on Hand | 8.32 | 12.27 |
| **Cash and Cash Equivalents (Refer Note 11)** | **2,071.60** | **849.26** |
| **Cash and Cash Equivalent at the end of the year** | **2,071.60** | **849.26** |

**Notes to the Cash Flow statement for the year ended on 31st March 2021.**

1) The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows issued by the Institute of Chartered Accountants of India.

2) Changes in liabilities arising from financing activities

(₹ in Lakhs)

| Particulars | April 1, 2020 | Cash flows | Other | March 31, 2021 |
|---|---|---|---|---|
| Current borrowings (Note 22) | 16,725.93 | (7,067.81) | 220.07 | 9,878.19 |
| Lease liabilities (Note 44) | 699.74 | (157.32) | 55.57 | 597.99 |
| Non- current borrowings (Note 18) | 5,558.30 | 6,683.40 | 81.38 | 12,323.08 |
| Accrued interest (Note 25) | 35.41 | (35.41) | 26.33 | 26.33 |
| **Total liabilities from financing activities** | **23,019.38** | **(577.14)** | **383.35** | **22,825.59** |

(₹ in Lakhs)

| Particulars | Opening as on October 15, 2019* | Cash flows | Other | March 31, 2020 |
|---|---|---|---|---|
| Current borrowings (Note 22) | 13,933.77 | 1,956.98 | 835.18 | 16,725.93 |
| Lease liabilities (Note 44) | 747.47 | (155.61) | 107.88 | 699.74 |
| Non- current borrowings (Note 18) | 6,768.38 | (1,318.48) | 108.40 | 5,558.30 |
| Accrued interest (Note 25) | 72.74 | (72.74) | 35.41 | 35.41 |
| **Total liabilities from financing activities** | **21,522.36** | **410.15** | **1,086.87** | **23,019.38** |

The 'Other' column includes the effect of reclassification of non-current portion of borrowings, including lease liabilities to current due to the passage of time and effect of Unrealised foreign currency amount on external commercial borrowings.

*Restated pursuant to Scheme of Arrangement (refer note 47)

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

Place : Ahmedabad
Date : 20th May 2021

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021

# Consolidated Statement Of Changes In Equity

For The Year Ended 31st March 2021

**(a) Equity Share Capital**

| Particulars | Note | No of Shares | ₹ in Lakhs |
|---|---|---|---|
| **Issued, Subscribed and fully paid equity shares of ₹10 each** | | | |
| **As at 15th October 2019** | | **50,000** | **5.00** |
| Shares to be cancelled Pursuant to Scheme of Arrangement.(refer note 47) | 16 | (50,000) | (5.00) |
| **Balance as at March 31, 2020*** | | **-** | **-** |
| Changes during the year | 16 | - | - |
| **Balance as at March 31, 2021** | | **-** | **-** |

| Particulars | Note | No of Shares | ₹ in Lakhs |
|---|---|---|---|
| **Issued, Subscribed and fully paid equity shares of Re 1 each** | | **-** | **-** |
| **As at 15th October 2019** | | - | - |
| Shares to be Issued Pursuant to Scheme of Arrangement.(refer note 47) | | 254,314,211 | 2,543.14 |
| **Balance as at March 31, 2020*** | | 254,314,211 | 2,543.14 |
| Changes during the year | 16 | - | - |
| **Balance as at March 31, 2021** | | **254,314,211** | **2,543.14** |

**(b) Other Equity** (₹ in Lakhs)

| Particulars | Other Equity (Refer Note17) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | General Reserve | Retained earnings | Foreign Currency Translation Reserve | Total other Equity |
| **Opening Balance at October 15, 2019** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Pursuant to Scheme of Arrangement (refer note 47) | (6,991.82) | 15,650.48 | 184.33 | 11,267.18 | 63,747.67 | (17.89) | 83,839.95 |
| Profit for the year | - | - | - | - | 14,957.43 | - | 14,957.43 |
| Other Comprehensive Income for the year (net of taxes) | - | - | - | - | (152.77) | - | (152.77) |
| **Total Comprehensive Income for the year** | **(6,991.82)** | **15,650.48** | **184.33** | **11,267.18** | **78,552.33** | **(17.89)** | **98,644.61** |
| Transfer to General Reserve | - | - | - | 1,200.00 | (1,200.00) | - | - |
| Foreign Currency Translation Reserve | - | - | - | - | - | 8.30 | 8.30 |
| Dividend Paid | - | - | - | - | (2,543.14) | - | (2,543.14) |
| Dividend Distribution Tax | - | - | - | - | (16.96) | - | (16.96) |
| **Balance at March 31, 2020*** | **(6,991.82)** | **15,650.48** | **184.33** | **12,467.18** | **74,792.23** | **(9.59)** | **96,092.81** |
| Profit for the year | - | - | - | - | 18,647.61 | - | 18,647.61 |
| Other Comprehensive Income for the year (net of taxes) | - | - | - | - | 20.01 | - | 20.01 |
| Total Comprehensive Income for the year | - | - | - | - | 18,667.62 | - | 18,667.62 |
| Foreign Currency Translation Reserve | - | - | - | - | - | (0.45) | (0.45) |
| **Balance at March 31, 2021** | **(6,991.82)** | **15,650.48** | **184.33** | **12,467.18** | **93,459.85** | **(10.04)** | **114,759.98** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

The accompanying notes are an integral part of these Consolidated financial statements.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

Place : Ahmedabad
Date : 20th May 2021

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021



# Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

## 1. Corporate information

The consolidated financial statements comprise financial statements of Meghmani Organochem Limited (the company) and its subsidiaries (collectively, the Group) for the year ended 31st March 2021. Meghmani Organochem Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 2013. The registered office of the company is located at 1st, 2nd, 3rd floor, Nr. Raj Bunglows, Nr. Safal Profitaire, Prahlad Nagar, Satellite, Ahmedabad 380015, Gujarat, India . The Group is engaged in manufacturing and selling of Pigments and Agrochemicals Information on the Group's structure is provided in Note 44.

The consolidated financial statements were authorized by board of directors on May 20, 2021.

## 2. Significant Accounting Policies

### 2.1 Basis for Preparation of Accounts

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended from time to time) and presentation requirements of Division II of schedule III to the Companies Act, 2013 (Ind As compliant Schedule III), as applicable to the standalone financial statements

The consolidated financial statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

» Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

» Derivative financial instruments

In addition, the consolidated financial statements are presented in INR which is also the Group's functional currency and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The proportion of ownership interest in each subsidiary of the parent is as follows:

| Name of the Subsidiaries | Country of domicile | Proportion of ownership interest |
|---|---|---|
| Meghmani Organics USA Inc. | USA | 100% |
| PT Meghmani Organics Indonesia | Indonesia | 100% |
| Meghmani Overseas FZE | Dubai | 100% |
| Meghmani Synthesis Limited | India | 100% |

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of of the Group are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March 2021.

**Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group looses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the form of subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

**2.3 Significant accounting estimates, assumptions and judgements**

The preparation of the Group's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Taxes:**

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

**Defined benefit plans (gratuity benefits)**

A liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expect future salary levels, experience of employee departures and periods of service. Refer note 38 for details of the key assumptions used in determining the accounting for these plans.

**Useful economic lives of Property, plant and equipment**

Property, plant and equipment as disclosed in note 3 are depreciated over their useful economic lives. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Intangible assets**

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable. The costs which can be capitalised include those that are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer accompanying notes for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in note 3.3.

**Impairment of non- financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use,



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

**2.4 Summary of Significant accounting policies**

**a. Business Combination involving entities under common control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method based on the predecessor values retrospectively for all periods presented.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonies accounting policies and tax adjustments if any.

(iii) The components of other equity of the acquired companies are added to the same components within other equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings.

(iv) The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

**b. Current Vs. Non-Current classification:**

The Group presents assets and liabilities in the statement of Assets and Liabilities based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**c. Revenue recognition**

Revenue from contract with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

**1) Sale of Goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on dispatch/

Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

delivery of the goods or terms as agreed with the customer. The normal credit term is 30 to 180 days from the date of dispatch. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

**(i) Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at the time of completion of performance obligation and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with cash discount in accordance with the Group policy. The cash discount component gives rise to variable consideration.

Volume rebates :

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract.

**(ii) Contract assets**

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the

Group performs its obligation by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**(a) Trade receivables**

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

**(iii) Contract liabilities**

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

**2) Interest Income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss

**3) Export Incentives**

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in revenue in the statement of profit and loss due to its operating nature.

**4) Dividend**

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

**5) Insurance Claims**

Claims receivable on account of insurance are accounted for to the extent the Group is virtually certain of their ultimate collection.

**6) Rent income**

Rental income arising from operating leases is accounted on the basis of lease terms and is included in other income in the statement of profit and loss.

**d. Foreign Currencies**

The Group's consolidated financial statements are presented in INR, which is also the Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

**Transactions and Balances**

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of on-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in statement of profit and loss.

**e. Fair Value Measurement**

The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

» In the principal market for the asset or liability, or

» In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:

» Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

» Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

» Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the board of directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Refer note 42 for:

» Disclosures for valuation methods, significant estimates and assumptions.

» Quantitative disclosures of fair value measurement hierarchy.

» Investment in equity shares.

» Financial instruments (including those carried at amortised cost).

**f. Property, Plant and Equipment**

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit and loss as incurred. In respect of additions to /deletions from the Fixed Assets, depreciation is provided on pro-rata basis with reference to the month of addition/ deletion of the Assets.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Items of stores and spares that meet the definition of Property, Plant and equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery pertaining to power generating units which are based on independent technical evaluation, the useful life of which has been estimated as 20 years (on single shift basis) which is different from that prescribed in schedule II of the Act. Depreciation is not provided on freehold land. Leasehold land is amortized over the lease period on straight line basis. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

| Asset | Estimated Useful life |
|---|---|
| Right to Use - Leasehold Land | 99 Years |
| Right to Use – Building | 9 Years |
| Building | 30 Years |
| Plant & Machinery | 12-15 Years |
| Reactors / Storage Tanks | 20 Years |
| Wind Power Generation Plants | 22 Years |
| Furniture and Fixtures | 10 Years |
| Vehicles | 8 Years |
| Computers | 3 Years |
| Other equipments | 5 Years |





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for the year ended 31 March, 2021 *Contd...*

**g. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost includes acquisition and other incidental cost related to acquiring the intangible asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**Research and development costs**

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

» The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

» Its intention to complete and its ability and intention to use or sell the asset

» How the asset will generate future economic benefits

» The availability of resources to complete the asset

» The ability to measure reliably the expenditure during development

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

A summary of the policies applied to the Group's intangible assets is as follows:

| Assets | Amortisation Method | Amortisation period |
|---|---|---|
| Software licenses | On Straight-line basis | 5 Years |
| Product licenses | On Straight-line basis | 5 - 25 Years |
| Usage rights | On Straight-line basis | 5 Years |

**Intangible assets under development**

Expenditure incurred on acquisition /development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

**h. Impairment of non- financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

**i. Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(A) Financial Asset**

**Initial Recognition and Measurement**

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Debt instruments at amortised cost**

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTOCI. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all







changes recognized in the statement of profit and loss.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these consolidated financial statements)

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables
- Other receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

**(B) Financial Liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and

Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

**Subsequent measurement of financial liabilities**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

**Loan and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Trade and other payables**

These amounts represent liability for good and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Derivatives and hedging activities**

The Group uses derivative financial instruments, such as forward currency contracts, and full currency swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Off-setting financial instrument**

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 group or the counterparty.

**j. Inventories**

Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-finished products, finished products and by-products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

**k. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**l. Retirement and other employee benefits**

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the statement of profit and loss in the year when employee rendered related services.

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Group. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Group has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an insurance Company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

**m. Accounting for taxes on income**

**Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred taxes**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**n. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**o. Contingent liabilities**

Provisions are not recognised for future operating losses.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed 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 is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

**p. Leases**

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether (i) the contract involves the use of identified asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

**Where the Group is the lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments have been classified as financing activities in Statement of Cash Flow.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

**q. Earnings per share**

**Basic earnings per share**

Basic earnings per share are 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.

**Diluted earnings per share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r. Cash and cash equivalents**

Cash and cash equivalent in the consolidated financial statements comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of consolidated cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**s. Dividend**

The Group recognises a liability for dividends to equity holders of the Group when the dividend is authorised and the dividend is no longer at the discretion of the Group. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**t. Segment reporting**

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

**Segment Policies:**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

**u. New Standards, Interpretations and amendments adopted by the company**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended March 31, 2020, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2020 and do not have material impact on the financial statements of the Company.

a) Amendments to Ind AS 1, Ind AS 8 and Ind AS 10: Definition of Material;

b) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform;

c) Amendments to Ind AS 103 Business Combinations: Clarification on Definition of Business;

d) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.







## Note - 3
## Property, Plant and Equipment, Capital Work In Progress, Other Intangible Assets, Intangibles under development as on 31st March 2021

(Rs in Lakhs)

| Sr. No. | Particulars | Gross Block: Opening as at 1st April 2020 | Gross Block: Addition | Gross Block: Deduction | Gross Block: Exchange Rate Fluctuation | Gross Block: Closing as at 31st March 2021 | Depreciation / Amortisation: Opening as at 1st April 2020 | Depreciation / Amortisation: Charge for the Year | Depreciation / Amortisation: Deduction/ Adjustment | Depreciation / Amortisation: Exchange Rate Fluctuation | Depreciation / Amortisation: Closing as at 31st March 2021 | Net: As at 31st March 2021 | Net: As at 31st March 2020* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3.1 | **Tangible Assets** | | | | | | - | | | | | | |
| 1 | Freehold Land | 558.40 | - | - | - | 558.40 | - | - | - | - | - | 558.40 | 558.40 |
| 2 | ROU - Leasehold Land | 3,704.09 | - | - | - | 3,704.09 | 42.48 | 42.48 | - | - | 84.96 | 3,619.13 | 3,661.61 |
| 3 | ROU - Building | 797.13 | - | - | - | 797.13 | 131.03 | 131.03 | - | - | 262.06 | 535.07 | 666.10 |
| 4 | Building | 16,910.46 | 3,099.50 | - | - | 20,009.96 | 3,091.95 | 681.88 | - | - | 3,773.83 | 16,236.13 | 13,818.51 |
| 5 | Plant & Machinery | 40,601.20 | 16,904.99 | 210.28 | - | 57,295.91 | 13,860.83 | 3,426.37 | 116.49 | - | 17,170.71 | 40,125.20 | 26,740.37 |
| 6 | Furniture & Fixtures | 808.60 | 265.59 | 21.30 | (0.30) | 1,052.59 | 274.07 | 78.56 | 9.84 | (0.31) | 342.48 | 710.11 | 534.53 |
| 7 | Vehicles | 1,510.44 | 63.49 | 68.47 | (0.90) | 1,504.56 | 653.79 | 159.56 | 48.19 | (0.83) | 764.33 | 740.23 | 856.65 |
| 8 | Computers | 183.56 | 28.62 | 3.50 | (0.03) | 208.65 | 110.75 | 27.69 | 1.95 | (0.03) | 136.46 | 72.19 | 72.81 |
| 9 | Other Equipments | 452.03 | 162.47 | 13.96 | (0.01) | 600.53 | 231.31 | 74.35 | 11.02 | (0.01) | 294.63 | 305.90 | 220.72 |
| | **SubTotal** | **65,525.91** | **20,524.66** | **317.51** | **(1.24)** | **85,731.82** | **18,396.21** | **4,621.92** | **187.49** | **(1.18)** | **22,829.46** | **62,902.36** | **47,129.70** |
| 3.3 | **Intangible Assets** | | | | | | | | | | | | |
| 1 | Software Licenses | 140.67 | - | - | - | 140.67 | 86.39 | 16.06 | - | - | 102.45 | 38.22 | 54.28 |
| 2 | Product Licenses | 2,175.92 | - | - | - | 2,175.92 | 1,432.41 | 393.49 | - | - | 1,825.90 | 350.02 | 743.51 |
| 3 | Usage Rights | 356.81 | - | - | - | 356.81 | 229.64 | 36.61 | - | - | 266.25 | 90.56 | 127.17 |
| | **SubTotal** | **2,673.40** | **-** | **-** | **-** | **2,673.40** | **1,748.44** | **446.16** | **-** | **-** | **2,194.60** | **478.80** | **924.96** |
| | **Total** | **68,199.31** | **20,524.66** | **317.51** | **(1.24)** | **88,405.22** | **20,144.65** | **5,068.08** | **187.49** | **(1.18)** | **25,024.06** | **63,381.16** | **48,054.66** |

### 3.2 Capital Work in Progress/Intangibles under Development

(₹ In Lakhs)

| Particulars | Capital work in progress: Tangible | Capital work in progress: Intangible | Total |
|---|---|---|---|
| Cost | | | |
| As at March 31, 2020* | 9,637.37 | 438.90 | 10,076.27 |
| **Addition** | 8,971.81 | 193.46 | 9,165.27 |
| Capitalisation | 8,022.50 | - | 8,022.50 |
| **As at March 31, 2021** | **10,586.68** | **632.36** | **11,219.04** |

(i) Capital Work-in-Progress for Tangible Assets as at 31st March 2021 comprises expenditure for the Plant & Machineries and Buildings in the course of construction.

(ii) Intangible Assets under development as at 31st March 2021 comprises expenditure for the development and registration of Product Licenses.

*Restated pursuant to Scheme of Arrangement (refer note 47)

## Note - 3
## Property, Plant and Equipment, Capital Work In Progress, Other Intangible Assets, Intangibles under development as on 31st March 2020

| Sr. No. | Particulars | Gross Block: Opening as at 15th October 2019 | Pursuant to Scheme of Arrangement (refer note 47) | Addition | Deduction | Exchange Rate Fluctuation | Closing as at 31st March 2020 | Depreciation / Amortisation: Opening as at 15th October 2019 | Pursuant to Scheme of Arrangement (refer note 47) | Charge for the Period | Deduction | Exchange Rate Fluctuation | Closing as at 31st March 2020 | Net: As at 31st March 2020* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3.1 | Tangible Assets | | | | | | | | | | | | | |
| 1 | Freehold Land | - | 558.40 | - | - | - | 558.40 | - | - | - | - | - | - | 558.40 |
| 2 | ROU - Leasehold Land | - | 3,704.09 | - | - | - | 3,704.09 | - | 23.04 | 19.44 | - | - | 42.48 | 3,661.61 |
| 3 | ROU - Building | - | 797.13 | - | - | - | 797.13 | - | 32.76 | 98.27 | - | - | 131.03 | 666.10 |
| 4 | Building | - | 16,432.57 | 477.89 | - | - | 16,910.46 | - | 2,792.21 | 299.74 | - | - | 3,091.95 | 13,818.51 |
| 5 | Plant & Machinery | - | 36,762.10 | 4,337.10 | 498.00 | - | 40,601.20 | - | 12,806.04 | 1,455.61 | 400.82 | - | 13,860.83 | 26,740.37 |
| 6 | Furniture & Fixtures | - | 732.39 | 86.41 | 10.62 | 0.42 | 808.60 | - | 248.82 | 31.36 | 6.53 | 0.42 | 274.07 | 534.53 |
| 7 | Vehicles | - | 1,473.80 | 48.03 | 13.06 | 1.67 | 1,510.44 | - | 588.96 | 73.67 | 10.30 | 1.46 | 653.79 | 856.65 |
| 8 | Computers | - | 188.45 | 23.29 | 27.99 | (0.19) | 183.56 | - | 124.66 | 12.87 | 26.59 | (0.19) | 110.75 | 72.81 |
| 9 | Other Equipments | - | 390.76 | 62.31 | 1.00 | (0.04) | 452.03 | - | 202.09 | 30.21 | 0.95 | (0.04) | 231.31 | 220.72 |
| | **Sub Total** | **-** | **61,039.69** | **5,035.03** | **550.67** | **1.86** | **65,525.91** | **-** | **16,818.58** | **2,021.17** | **445.19** | **1.65** | **18,396.21** | **47,129.70** |
| **3.3** | **Intangible Assets** | | | | | | | | | | | | | |
| 1 | Software Licenses | - | 124.32 | 16.35 | - | - | 140.67 | - | 80.24 | 6.15 | - | - | 86.39 | 54.28 |
| 2 | Product Licenses | - | 2,178.80 | - | - | (2.88) | 2,175.92 | - | 1,251.11 | 184.17 | - | (2.87) | 1,432.41 | 743.51 |
| 3 | Usage Rights | - | 356.81 | - | - | - | 356.81 | - | 200.18 | 29.46 | - | - | 229.64 | 127.17 |
| | **Sub Total** | **-** | **2,659.93** | **16.35** | **-** | **(2.88)** | **2,673.40** | **-** | **1,531.53** | **219.78** | **-** | **(2.87)** | **1,748.44** | **924.96** |
| | **Total** | **-** | **63,699.62** | **5,051.38** | **550.67** | **(1.02)** | **68,199.31** | **-** | **18,350.11** | **2,240.95** | **445.19** | **(1.22)** | **20,144.65** | **48,054.66** |

3.2 Capital Work in Progress/Intangibles under Development

| **Particulars** | **Capital work in progress (Rs in lakhs): Tangible** | **Intangible** | **Total** |
|---|---|---|---|
| Cost | | | |
| As at October 15, 2019 | - | - | - |
| Pursuant to Scheme of Arrangement (refer note 47) | 5,828.00 | 383.02 | 6,211.02 |
| Addition | 4,819.10 | 55.88 | 4,874.98 |
| Capitalisation | 1,009.73 | - | 1,009.73 |
| As at March 31, 2020* | 9,637.37 | 438.90 | 10,076.27 |

(i) Capital Work-in-Progress for Tangible Assets as at 31st March 2020 comprises expenditure for the Plant & Machineries and Buildings in the course of construction.

(ii) Intangible Assets under development as at 31st March 2020 comprises expenditure for the development and registration of Product Licenses.

*Restated pursuant to Scheme of Arrangement (refer note 47)





Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

### 4 FINANCIAL ASSETS : INVESTMENTS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Investment at fair value through Other Comprehensive Income** | | |
| **(I) Investments in Equity Shares (Unquoted)** | | |
| (i) 4 (31st March 2020* - 4) Equity Shares of Alaukik Owners Association of ₹100/- each # | 0 | 0 |
| (ii) 5,17,085 (31st March 2020* - 5,17,085) Equity Shares of Narmada Clean Tech of ₹10/- each | 51.71 | 51.71 |
| (iii) 14,000 (31st March 2020* - 14,000) Equity Share of Bharuch Eco Enviro Infrastructure Limited of ₹10/- each | 1.40 | 1.40 |
| (iv) 500 (31st March 2020* - 500) Equity Shares of Green Environment Services Co-operative Society Limited of ₹10/- each | 0.05 | 0.05 |
| (v) 30,000 (31st March 2020* - 30,000) Equity Shares of Panoli Enviro Technology of ₹10/- each | 3.00 | 3.00 |
| (vi) 100 (31st March 2020* - 100) Equity Shares of Sanand Eco Project Limited of ₹10/- each | 0.01 | 0.01 |
| (vii) 2,000 (31st March 2020* - 2,000) Equity Shares of Suvikas Peoples Co-operative Bank Limited of ₹50/- each | 1.00 | 1.00 |
| (viii) 10 (31st March 2020* - 10) Equity Shares of Vellard View Premises Co-operative Society Limited of ₹50/- each | 0.01 | 0.01 |
| **Total (I)** | **57.18** | **57.18** |
| | | |
| **Investment at fair value through Profit and Loss** | | |
| **(II) Investments in Optional Convertible Redeemable Preference Shares (OCRPS) (Unquoted)** | | |
| 210,919,871 (31st March 2020* - 210,919,871) 8% OCRPS of Meghmani Finechem Limited of ₹ 10/- each (Refer Note 47) | 20,145.95 | 19,021.95 |
| **Total (II)** | **20,145.95** | **19,021.95** |
| | | |
| **Investment at Amortised Cost** | | |
| **(III) Investments in Government Securities (Unquoted)** | | |
| National Savings Certificates | 0.03 | 0.03 |
| **Total (III)** | **0.03** | **0.03** |
| **Total (I+II+III)** | **20,203.16** | **19,079.16** |

Note - # Amount is less than ₹ 0.01 Lakh

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Aggregate Value Of Investments in unquoted Investments | 20,203.16 | 19,079.16 |
| Note - i) Aggregate and Fair value of Quoted investment is Rs Nil | | |
| ii) Aggregate value of impairment of Investment is Rs Nil | | |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 5 OTHER FINANCIAL ASSETS (NON CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Security Deposits | 505.04 | 511.49 |
| Bank Deposits with original maturity of more than 12 months (including interest accrued) (Refer Note below) | 556.68 | 553.99 |
| **TOTAL** | **1,061.72** | **1,065.48** |

Note : -

Margin money deposits amounting ₹ 556.68 Lakhs are given as security against guarantees with Banks (31st March 2020 - ₹ 553.99 Lakhs). These deposits are made for varying periods of 1 year to 5 years and earns interest ranging between 4.90% to 6.75% (31st March 2020 - 6.00% to 6.90%).

## 6 INCOME TAX ASSETS (NET)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Advance payment of Income Tax (Net of Provision) | 1,283.42 | 663.30 |
| **TOTAL** | **1,283.42** | **663.30** |

## 7 OTHER NON-CURRENT ASSETS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Capital Advances | 475.68 | 1,167.82 |
| Balances with Government Authorities (Amount Paid Under Protest) | 324.46 | 324.46 |
| **TOTAL** | **800.14** | **1,492.28** |

## 8 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Raw Materials | 8,834.62 | 7,325.49 |
| Raw Materials in Transit | 487.39 | 1,041.39 |
| Work In Process | 2,206.81 | 1,319.76 |
| Finished Goods | 9,150.02 | 10,599.73 |
| Finished Goods in Transit | 14,815.16 | 7,382.50 |
| Stock in Trade | 349.90 | 924.45 |
| Stores and Spares | 888.95 | 911.00 |
| Others (Packing Material and Fuel Stock) | 872.99 | 854.05 |
| **TOTAL** | **37,605.84** | **30,358.37** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 9 INVESTMENTS - CURRENT

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Investment at fair value through Profit and Loss** | | |
| **Investments in Mutual Funds (Quoted) (Fully Paid)** | | |
| Axis Liquid Fund | 4,809.79 | - |
| LIC MF Liquid Fund Direct Plan Growth | 5,133.86 | - |
| SBI Mutual Fund | 300.21 | - |
| **TOTAL** | **10,243.86** | **-** |

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Aggregate Carrying value Of Quoted Investments | 10,243.86 | - |
| Aggregate Market value Of Quoted Investments | 10,243.86 | - |

## 10 TRADE RECEIVABLES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Trade receivables** | | |
| Secured, Considered Good | 134.88 | 178.80 |
| Unsecured, Considered Good | 40,934.46 | 45,924.63 |
| Trade receivables which have significant increase in credit risk | 237.00 | 430.34 |
| Trade receivables - credit impaired | 1,325.01 | 964.06 |
| | **42,631.35** | **47,497.83** |
| **Impairment allowance (allowance for bad and doubtful debts)** | | |
| Unsecured, Considered Good | - | - |
| Trade receivables which have significant increase in credit risk | (237.00) | (430.34) |
| Trade receivables - credit impaired | (1,325.01) | (964.06) |
| **TOTAL** | **41,069.34** | **46,103.43** |

Trade receivable are secured to the extent of deposit received from the customers.

Trade Receivables are non-interest bearing and are generally on terms of 30 to 180 days.

For amounts due and terms and conditions relating to related party receivables, Refer Note 41.

For information about Credit Risk and Market Risk related to Trade Receivables, please Refer Note 42

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 11 CASH AND CASH EQUIVALENTS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Balance with Banks** | | |
| Balance with Banks in current accounts | 763.28 | 836.99 |
| Cash on hand | 8.32 | 12.27 |
| Bank deposits with original maturity of less than three months | 1,300.00 | - |
| **TOTAL** | **2,071.60** | **849.26** |

Note :-

Fixed bank deposits amounting ₹ 1,300 Lakhs (31st March 2020 - ₹ Nil) are for period varying between 1 day to 3 months and earns interest approximately @ 6.25%.

## 12 OTHER BANK BALANCES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Deposits with original maturity of more than three months but less than twelve months (Refer Note below) | 16.01 | 17.08 |
| Earmarked balances for Unclaimed Dividend | 61.15 | 46.27 |
| **TOTAL** | **77.16** | **63.35** |

Note :-

Deposits amounting ₹ 16.01 Lakhs are given as security against guarantees with Banks (31st March 2020 - ₹ 17.08 Lakhs). These deposits are made for varying periods of 3 months to 12 months and earns interest ranging between 5.80% to 7.00%. (31st March 2020 6.25% to 7.00%).

## 13 LOANS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Loan to Employees (Refer Note below) | 39.86 | 39.64 |
| **TOTAL** | **39.86** | **39.64** |

Notes

The loans to employees are interest free and are generally for a tenure of 6 to 12 months.

Since all the above loans given by the Group are unsecured and considered good, the bifurcation of loan in other categories as required by Schedule III of Companies Act 2013 viz: a) secured, b) loans which have significant increase in credit risk and c) credit impaired is not applicable.

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 14 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Export Benefit Receivable | 2,083.62 | 1,999.94 |
| Security Deposit | 0.20 | 0.20 |
| Other receivable from related party (refer note 41) | - | 86.66 |
| Balance with Government Authorities (GST Refund) | 1,509.89 | 1,579.03 |
| **TOTAL** | **3,593.71** | **3,665.83** |

## 15 OTHER CURRENT ASSETS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Balance with Government Authorities (Refer Note below) | 3,634.01 | 2,960.94 |
| Advances to Suppliers | 413.86 | 224.64 |
| Advances to Employees | - | 3.35 |
| Prepaid Expenses | 597.42 | 824.14 |
| Others | 119.78 | 161.20 |
| **TOTAL** | **4,765.07** | **4,174.27** |

Note: Balance with Government Authorities includes VAT / Cenvat / Service Tax credit receivable and GST.

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 16 SHARE CAPITAL

| AUTHORISED SHARE CAPITAL | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of ₹ 10 each. | | |
| **As at 15th October 2019** | 50,000 | 5.00 |
| Cancellation of Authorised Share Capital Pursuant to Scheme of Arrangement. (refer note 47) | 50,000 | 5.00 |
| **As at 31st March 2020*** | **-** | **-** |
| Changes during the year | - | - |
| **As at 31st March 2021** | **-** | **-** |
| | | |
| Equity shares of Re. 1 each. | | |
| **As at 15th October 2019*** | - | - |
| Transfer of Authorised Share Capital Pursuant to Scheme of Arrangement. (refer note 47) | 115,000,000 | 1,150.00 |
| Increase during the period.(refer note 47) | 255,000,000 | 2,550.00 |
| **As at 31st March 2020*** | **370,000,000** | **3,700.00** |
| Changes during the year | - | - |
| **As at 31st March 2021** | **370,000,000** | **3,700.00** |

| ISSUED, SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of Re. 1 each. | 254,314,211 | 2,543.14 |

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

| PARTICULARS | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of ₹ 10 each. | | |
| **As at 15th October 2019** | 50,000 | 5.00 |
| Shares to be cancelled Pursuant to Scheme of Arrangement.(refer note 47) | 50,000 | 5.00 |
| **As at 31st March 2020*** | **-** | **-** |
| Changes during the year | - | - |
| **As at 31st March 2021** | **-** | **-** |

| PARTICULARS | No. of shares | ₹ in Lakhs |
|---|---|---|
| Equity shares of Re. 1 each. | | |
| **As at 15th October 2019** | - | - |
| Shares to be Issued Pursuant to Scheme of Arrangement.(refer note 47) | 254,314,211 | 2,543.14 |
| **As at 31st March 2020*** | **254,314,211** | **2,543.14** |
| Changes during the year | - | - |
| | | |
| **As at 31st March 2021** | **254,314,211** | **2,543.14** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Terms / Rights attached to Equity shares**

The Company had issued 50,000 Equity Shares of ₹ 10 each which will be cancelled pursuant to the Scheme of Arrangement. Consequent to the Scheme of Arrangement the Company is in the process of issuing 25,43,14,211 shares of Re. 1 each. (refer note 47)

The Company has one class of Equity Shares having par value of Re 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Shares held by the Holding Company and Details of Shareholding (more than 5% Equity Shares):**

The shares held by erstwhile holding company Meghmani Organics Limited (MOL) consisting of 50,000 shares have been cancelled pursuant to the Scheme of Arrangement. Further as per the Scheme, the Holding Company is in the process of issuing shares to share holders of MOL. Accordingly, disclosures pertaining to shares held by the Holding Company and Details of Shareholding (more than 5% Equity Shares) is not made. Refer note 47 for further details.

**Distribution made and proposed**

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Cash dividends on Equity shares declared and paid:** | | |
| Final dividend for 31 March 2020: ₹ Nil per share (31 March 2019: ₹ Nil per share) | - | - |
| DDT on Final Dividend | - | - |
| Interim Dividend for 31 March 2021: Rs Nil per share ( 31 March 2020: Rs 1.00 per share) | - | 2,543.14 |
| DDT on Interim Dividend | - | 16.94 |
| **Proposed dividends on Equity shares:** | | |
| Proposed cash dividend for 31 March 2021: ₹ 1.40 per share (31 March 2020: ₹ Nil per share) | 3,560.40 | - |
| DDT on Proposed Dividend | - | - |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

## 17 Other Equity

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **(1) Securities Premium** | | |
| Balance as at the Beginning of the year / period | 15,650.48 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 47) | - | 15,650.48 |
| **Balance as at the end of the year** | **15,650.48** | **15,650.48** |
| **(2) Capital Reserve** | | |
| Balance as at the Beginning of the year / period | (6,991.82) | - |
| Add : Pursuant to Scheme of Arrangement (refer note 47) | - | (6,991.82) |
| **Balance as at the end of the year** | **(6,991.82)** | **(6,991.82)** |
| **(3) General Reserve** | | |
| Balance as at the Beginning of the year / period | 12,467.18 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 47) | - | 11,267.18 |
| Add : Transferred from Retained Earning | - | 1,200.00 |
| **Balance as at the end of the year** | **12,467.18** | **12,467.18** |
| **(4) Capital Redemption Reserve** | | |
| Balance as at the Beginning of the year / period | 184.33 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 47) | - | 184.33 |
| **Balance as at the end of the year** | **184.33** | **184.33** |
| **(5) Currency Translation Reserve** | | |
| Balance as at the Beginning of the year / period | (9.59) | - |
| Add : Pursuant to Scheme of Arrangement (refer note 47) | - | (17.89) |
| Add : Addition during the year | (0.45) | 8.30 |
| **Balance as at the end of the year** | **(10.04)** | **(9.59)** |
| **(6) Retained Earning** | | |
| Balance as at the Beginning of the year / period | 74,792.23 | - |
| Add : Pursuant to Scheme of Arrangement (refer note 47) | - | 63,747.67 |
| Add : Profit for the year | 18,647.61 | 14,957.43 |
| Add : Other Comprehensive Income for the Year (Net) | 20.01 | (152.77) |
| | **93,459.85** | **78,552.33** |
| Less : Appropriation | | |
| Transfer to General Reserve | - | 1,200.00 |
| Dividend Paid | - | 2,543.14 |
| Dividend Distribution Tax | - | 16.96 |
| | - | 3,760.10 |
| **Balance as at the end of the year** | **93,459.85** | **74,792.23** |
| | **114,759.98** | **96,092.81** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

**Nature and purpose of Reserves :**

**Securities premium**

In cases where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares has been transferred to “Securities Premium”. The Company may issue fully paid-up bonus shares to its members out of the securities premium and to buy-back of shares.

**Capital Reserve**

The Capital Reserve represents difference between consideration paid and net assets acquired under common control business combination transaction.

**General Reserve**

General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend and issue of fully paid-up bonus shares.

**Capital Redemption Reserve**

Capital Redemption Reserve was created for buy-back of shares in earlier years.

**Currency Translation Reserve**

Exchange differences arising on translation of the foreign operations are recognised in Other Comprehensive Income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

## 18 BORROWINGS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| SECURED | | |
| Term Loan Facilities from Banks : | | |
| In Indian Currency (Refer Note - i below) | - | 598.20 |
| In Foreign currency (Refer Note - ii, iii and iv below) | 16,315.10 | 9,063.00 |
| **TOTAL** | **16,315.10** | **9,661.20** |
| Current maturity of long term borrowing clubbed under 'current financial liabilities (Refer Note 24) | 3,992.02 | 4,102.90 |
| **Total non-current borrowing** | **12,323.08** | **5,558.30** |
| The above amounts includes: | | |
| Secured borrowing | 12,323.08 | 5,558.30 |
| Unsecured borrowing | - | - |

Refer Note No - 42 For Interest Rate Risk and Liquidity Risk.

**Details of Security and Repayment Terms :**

i The Holding Company had Rupee Term Loan facility of ₹ 3,000.00 Lakhs (31 March 2020*: ₹ 3,000.00 Lakhs). The facility was secured by First Pari Passu charge on specific movable and immovable fixed assets of the Holding Company. Loan was repayable in 20 Quarterly installments of ₹ 150.00 Lakhs each commencing from 30th April 2016 and interest rate is linked to one year MCLR with monthly rests. Interest rate was 7.75% during the year. (31 March, 2020*: 8.15% to 8.75%). The outstanding amount of loan as at March 31, 2021 is ₹ Nil (March 31, 2020*: ₹ 600.00 Lakhs).

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

ii The Holding Company had Rupee Term Loan facility of ₹ 10,675.00 Lakhs (31 March 2020*: ₹ 10,675.00 Lakhs). The facility was secured by First charge on all the Holding Company's movable and immovable fixed assets and exclusive charge on specific movable and immovable fixed assets. The loan carried floating interest rate linked to one year MCLR plus spread of 70 bps with monthly rests.

During the previous year outstanding India Rupee loan of Rs 2,336.79 lakhs had been converted into foreign currency loan of Euro 29.26 lakhs. The borrowing carries interest at 3 months Euribor + 3.25% payable at monthly rest.

During the year outstanding foreign currency loan of Euro 11.72 Lakhs has been converted to India Rupee term loan of ₹ 937.5 Lakhs. The borrowing carries interest rate of 9.2%. The holding company has prepaid the entire term loan on 30th March, 2021.Outstanding balance for this borrowing is ₹ Nil (31 March 2020*: Rs 1,891.66 lakhs).

iii The Holding Company has Rupee Term Loan facility of ₹ 9,200.00 Lakhs (31 March 2020*: ₹ 9,200.00 Lakhs). The Facility is secured by (a) First Pari Passu charge by way of Hypothecation on the movable fixed assets of the Holding Company (b) Assignment of Lease Hold Land used for Windmill (c) First Pari Passu charge by way of mortgage on immovable fixed assets of the Holding Company (excluding the assets charged specifically to other lenders).

During the previous year, outstanding India Rupee loan of Rs 6,899.23 lakhs had been converted into foreign currency loan of Euro 87.41 lakhs. The borrowing carries interest at 6 month Euribor + 1.75% p.a. payable at monthly rest. Outstanding balance for this borrowing is Euro 67.99 lakhs equivalent to Rs 5,829.72 lakhs (31 March 2020*: Rs 7,234.88 lakhs). As per the terms, the foreign currency loan is repayable in 9 half yearly installments starting from financial year 2020-21.

Repayment of loan is as follows :

1 - Nine half yearly instalment of Euro 9.71 lakhs

iv The Holding Company has availed External Commercial Borrowing of Euro 123.30 Lakhs (₹ 10,997.25 Lakhs) during the year. The Facility is secured by (a) First Pari Passu charge by way of Hypothecation on the movable fixed assets of the Holding Company. The borrowing carries interest at 6 month Euribor + 1.20% p.a. payable at 6 monthly rest. Outstanding balance for this borrowing is Euro 123.30 lakhs equivalent to Rs 10,572.98 lakhs (31 March 2020: NIL). As per the original terms, the loan is repayable in 9 half yearly installments starting from financial year 2021-22.

Repayment of loan is as follows :

1 - Nine half yearly instalments of Euro 13.70 lakhs

v Bank loans availed by the Holding Company are subject to certain covenants relating to interest service coverage ratio, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth.

## 19 OTHER FINANCIAL LIABILITIES (NON CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Employee Benefit Payable | 179.89 | 28.44 |
| Lease Liability (Refer Note No - 43) | 487.25 | 597.99 |
| **TOTAL** | **667.14** | **626.43** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 20 PROVISIONS (NON CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Provision for Employee Benefits | | |
| Gratuity (Refer Note 38) | 1,270.71 | 1,084.21 |
| Leave Encashment | 78.61 | 62.86 |
| **TOTAL** | **1,349.32** | **1,147.07** |

## 21 Tax expense

### (a) Amounts recognised in Profit and Loss

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Current Income Tax | 6,671.31 | 2,723.71 |
| Deferred tax relating to origination & reversal of temporary differences | (139.12) | 1,737.48 |
| **Tax expense for the year** | 6,532.19 | 4,461.19 |

### (b) Amounts recognised in Other Comprehensive Income

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Items that will not be reclassified to statement of profit and loss** | | |
| Remeasurements of the Defined Benefit Plans | | |
| Before Tax | 27.20 | (212.45) |
| Tax (expense) / benefit | (6.85) | 53.47 |
| **Net of Tax** | 20.35 | (158.98) |
| **Items that will be reclassified to Profit or Loss** | | |
| Foreign Currency Translation of Foreign Operations before tax | | |
| Before Tax | (0.45) | 8.30 |
| Tax (Expense) / Benefit | 0.11 | (2.09) |
| **Net of Tax** | (0.34) | 6.21 |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

**(c) Reconciliation of Effective Tax Rate**

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Profit Before Tax** | **25,179.80** | **19,418.62** |
| Enacted Tax Rate in India (31 March 2021: 25.17% and 31 March 2020: 25.17%) | 6,337.25 | 4,887.28 |
| **Non-Deductible Tax Expenses** | | |
| Donation disallowed | 124.00 | - |
| Others | 96.66 | 182.43 |
| **Allowable Tax Expenditure** | | |
| Exempt Dividend Income | - | (424.67) |
| **Others** | | |
| Differential tax rate on Fair Value Gain on OCRPS | (25.72) | (183.85) |
| **Total** | **6,532.19** | **4,461.19** |
| **Effective Tax Rate** | **25.94%** | **22.97%** |

**(d) Movement in Deferred Tax balances for the year ended March 31, 2021**

(₹ in Lakhs)

| Particulars | Net balance April 1, 2020 | Recognised in profit and loss | Recognised in OCI | Net | Deferred tax asset as at March 31, 2021 | (Deferred tax liability) as at March 31, 2021 |
|---|---|---|---|---|---|---|
| Deferred Tax Asset | | | | | | |
| Property, Plant and Equipment | (3,407.31) | (218.50) | - | (3,625.81) | - | (3,625.81) |
| Loans and borrowings | (20.58) | (5.62) | | (26.20) | - | (26.20) |
| Trade Receivables | 355.57 | 42.18 | | 397.75 | 397.75 | - |
| DTA on stock reserve | 82.70 | (54.17) | - | 28.53 | 28.53 | - |
| Employee Benefits | 312.62 | 15.30 | (6.85) | 321.08 | 321.08 | - |
| Investment | (21.41) | (18.28) | - | (39.69) | - | (39.69) |
| Fair Value gain on OCRPS | (1,838.50) | (257.17) | | (2,095.67) | - | (2,095.67) |
| Currency Translation Reserve | - | (0.11) | 0.11 | - | - | - |
| Stamp duty pursuant to Scheme of Arrangement (refer note 47) | - | 635.49 | | 635.49 | 635.49 | - |
| **Tax Assets/ (Liabilities)** | **(4,536.91)** | **139.12** | **(6.74)** | **(4,404.52)** | **1,382.85** | **(5,787.37)** |
| Set off | | | | | (1,382.85) | 1,382.85 |
| **Net Tax Assets / (Liabilities)** | | | | | **-** | **(4,404.52)** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

**Movement in Deferred Tax balances for the year ended March 31, 2020**

(₹ in Lakhs)

| Particulars | Net balance October 15, 2019 | Transferred Pursuant to Scheme of Arrangement (refer note 47) | Recognised in profit and loss | Recognised in OCI | Net | Deferred tax asset as at March 31, 2020* | (Deferred tax liability) as at March 31, 2020* |
|---|---|---|---|---|---|---|---|
| Deferred tax asset | | | | | | | |
| Property, plant and equipment | - | (3,373.32) | (33.99) | - | (3,407.31) | - | (3,407.31) |
| Loans and borrowings | - | (21.22) | 0.64 | - | (20.58) | - | (20.58) |
| Trade Receivables | - | 156.02 | 199.55 | - | 355.57 | 355.57 | - |
| DTA on stock reserve | - | 71.70 | 11.00 | - | 82.70 | 82.70 | - |
| Employee benefits | - | 337.42 | (78.27) | 53.47 | 312.62 | 312.62 | - |
| Investment | - | (21.41) | - | - | (21.41) | - | (21.41) |
| Fair Value gain on OCRPS | - | - | (1,838.50) | - | (1,838.50) | - | (1,838.50) |
| Currency Translation Reserve | - | - | 2.09 | (2.09) | - | - | - |
| **Tax Assets/ (Liabilities)** | **-** | **(2,850.81)** | **(1,737.48)** | **51.38** | **(4,536.91)** | **750.89** | **(5,287.80)** |
| Set off | | | | | | (750.89) | 750.89 |
| **Net Tax Assets / (Liabilities)** | | | | | | **-** | **(4,536.91)** |

## 22 BORROWINGS

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Secured Loans** | | |
| **Loans Repayable on Demand** | | |
| **Cash credit, packing credit and working capital demand loan accounts (Refer Note below)** | | |
| From Banks - In Indian Currency | 513.25 | 2,018.44 |
| From Banks - In Foreign Currency | 9,364.94 | 11,338.75 |
| Unsecured Loans | | |
| From Banks - In Foreign Currency | - | 3,368.74 |
| **TOTAL** | **9,878.19** | **16,725.93** |

**Details of Security and Repayment Terms :**

i The Holding Company has availed Cash credit, packing credit and working capital demand loans of Rs 40,000 lakhs (31 March 2020*: Rs 40,000 lakhs) as sanctioned limit from State Bank of India, HDFC Bank Limited, ICICI Bank Limited, DBS Bank India Limited and Axis Bank Limited (Collectively known as Consortium Bankers). The present consortium is lead by State Bank of India. These loans are secured by first pari passu charge by way of hypothecation of the entire Stock of Raw Materials, Work in Process, Finished Goods, Stores and Spares and Receivables and first pari passu charge on immovable Fixed Assets of the Holding Company as a collateral security. Interest rate on these loans are as follows:

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

(a) Interest rates on cash credit loans vary within the range of 7.10 % to 9.55% (31 March 2020*: 9.50% to 10.50%).

(b) Interest rates on packing credit loans vary within the range of USD libor + 0.75% and Euribor + 0.75% to 1.05% (31 March 2020*: USD Libor +1.25% to 2.00% and Euribor+ 0.75% to 2.70%).

(c) Interest rates on working capital demand loans vary within the range of 7.15% to 8.55% (31 March 2020*: 8.35% to 9.20%).

## 23 TRADE PAYABLE

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Trade Payables | 34,020.38 | 23,484.40 |
| **TOTAL** | **34,020.38** | **23,484.40** |

Terms and Conditions of the above Outstanding Dues :

Trade payables are non-interest bearing and are normally settled on 30-360 days terms. For amounts due to related parties and terms and conditions with related parties, Refer Note 41, Also Refer Note 42 for Group's credit risk management processes.

## 24 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Financial liabilities carried at amortised cost** | | |
| Current maturities of Non Current Borrowings (Refer Note 18) | 3,992.02 | 4,102.90 |
| Interest accrued but not due on borrowings | 26.33 | 35.41 |
| Lease Liability (Refer Note - 43) | 110.74 | 101.75 |
| Employee Benefit Payable | 2,533.59 | 1,748.01 |
| Unclaimed Dividend | 61.15 | 46.27 |
| Payable for retention money | 153.30 | 62.22 |
| Payables for Capital Goods | 3,074.92 | 3,131.81 |
| Security Deposits Payable | 342.80 | 329.40 |
| Expenses Payable | 2,943.60 | 77.75 |
| **TOTAL** | **13,238.45** | **9,635.52** |

## 25 OTHER CURRENT LIABILITIES

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Advance from Customers | 2,050.72 | 3,352.31 |
| Statutory Dues Payable | 213.65 | 174.62 |
| Other Payable | 1.73 | - |
| **TOTAL** | **2,266.10** | **3,526.93** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 26 PROVISIONS (CURRENT)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Provisions for Employee Benefits** | | |
| Leave Encashment | 11.46 | 9.63 |
| **TOTAL** | **11.46** | **9.63** |

## 27 CURRENT TAX LIABILITIES (NET)

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Current Tax Payable (Net) | 1,953.32 | 1,798.23 |
| **TOTAL** | **1,953.32** | **1,798.23** |

## 28 REVENUE FROM OPERATIONS

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Revenue From Operations** | | |
| i Manufactured Goods | 155,769.00 | 64,471.13 |
| ii Traded Goods | 5,392.64 | 3,747.77 |
| **Total Revenue From Operations** | **161,161.64** | **68,218.90** |
| **Other Operating Revenue** | | |
| i Export benefits and other incentives | 2,141.38 | 1,567.45 |
| ii Scrap Sales | 362.59 | 168.26 |
| **Total Other Operating Revenue** | **2,503.97** | **1,735.71** |
| **TOTAL** | **163,665.61** | **69,954.61** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**28.1 Disaggregated revenue information**

**Set out below is the disaggregation of the Group's revenue from contracts with customers:**

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Type of goods** | | |
| Pigments | 54,373.22 | 26,473.65 |
| Agro Chemicals | 102,896.87 | 39,288.60 |
| Others (Merchant Trading) | 3,891.55 | 2,456.65 |
| **Total revenue from contracts with customers** | **161,161.64** | **68,218.90** |
| **Geographical location of customer** | | |
| India | 33,807.67 | 11,469.68 |
| Outside India | 127,353.97 | 56,749.22 |
| **Total revenue from contracts with customers** | **161,161.64** | **68,218.90** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 161,161.64 | 68,218.90 |
| **Total revenue from contracts with customers** | **161,161.64** | **68,218.90** |

**28.2 Contract assets and contract liabilities**

The Group has recognised the following revenue-related contract asset and liabilities

₹ in Lakhs

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Trade Receivables | 41,069.34 | 46,103.43 |
| Advance from customers | 2,050.72 | 3,352.31 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. Trade receivable are secured to the extent of deposit received from the customers. In March 2021, ₹1,562.01 Lakhs (March 2020*: ₹1,394.40 Lakhs) was recognised as provision for expected credit losses on trade receivables

Advance from customers includes short term advance received for sale of products. There is no significant movement of during the year.

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**28.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Revenue as per contracted price | 165,265.71 | 70,368.56 |
| **Adjustments** | | |
| Sales return | (903.29) | (320.85) |
| Trade and Cash Discount | (696.81) | (93.10) |
| **Revenue from contract with customer** | **163,665.61** | **69,954.61** |

**28.4 Performance obligation**

Information about the Group's performance obligations are summarised below:

The performance obligation is satisfied upon dispatch of goods from the Group's premises / delivery of goods to the customer in accordance with the terms of contract with customer.

**28.5 Information about major customers**

For Information about major customers Refer Note 40.

## 29 OTHER INCOME

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Interest Income on :** | | |
| - Bank Deposits | 33.85 | 15.60 |
| - Others | 230.93 | 105.52 |
| Dividend Income on investment in preference shares | - | 1,687.36 |
| Net Gain on Foreign Currency transactions and translation | 673.83 | 3,149.94 |
| Liabilities No Longer Required Written Back | 158.14 | - |
| Net gain on Investment in Mutual Funds | 179.44 | 63.67 |
| Fair Value Gain on investment in OCRPS measured at FVTPL (refer note 47) | 1,124.00 | 8,035.40 |
| Miscellaneous Income | 71.64 | 21.34 |
| **TOTAL** | **2,471.83** | **13,078.83** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

## 30 COST OF MATERIALS CONSUMED

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Pigments | 30,217.65 | 14,731.42 |
| Agro Chemicals | 64,729.97 | 23,417.86 |
| **TOTAL** | **94,947.62** | **38,149.28** |

Note:-

The above amount comprises of raw material consumption generated from the accounting system and related adjustments there to.

## 31 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK IN TRADE

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **(A) Inventories at the beginning of the year** | | |
| (i) Finished Goods | 10,599.73 | - |
| (ii) Finished Goods in Transit | 7,382.50 | - |
| (iii) Stock in Trade | 924.45 | - |
| (iv) Work-in-Process (WIP) | 1,319.76 | - |
| **TOTAL (A)** | **20,226.44** | **-** |
| | | |
| **(B) Inventories acquired pursuant to Scheme of Arrangement (refer note 47)** | | |
| (i) Finished Goods | - | 8,736.37 |
| (ii) Finished Goods in Transit | - | 10,116.41 |
| (iii) Stock in Trade | - | 1,086.60 |
| (iv) Work-in-Progress (WIP) | - | 1,302.15 |
| **TOTAL (B)** | **-** | **21,241.53** |
| | | |
| **(C) Inventories at the end of the year / period** | | |
| (i) Finished Goods | 9,150.02 | 10,599.73 |
| (ii) Finished Goods in Transit | 14,815.16 | 7,382.50 |
| (iii) Stock in Trade | 349.90 | 924.45 |
| (iv) Work-in-Process (WIP) | 2,206.81 | 1,319.76 |
| **TOTAL (C)** | **26,521.89** | **20,226.44** |
| **TOTAL (A + B - C) Change in Inventories** | **(6,295.45)** | **1,015.09** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

## 32 EMPLOYEE BENEFIT EXPENSE

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Salary, Wages and Bonus | 7,181.23 | 2,696.06 |
| Directors Remuneration (Including Contribution to Provident Fund) (Refer Note 41) | 1,881.75 | 734.54 |
| Contribution to Provident and Other Funds (Refer Note 38) | 482.37 | 204.03 |
| Staff Welfare Expenses | 692.74 | 231.94 |
| **TOTAL** | **10,238.09** | **3,866.57** |

## 33 FINANCE COST

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Interest expense on :** | | |
| Term Loans | 211.44 | 210.00 |
| Cash Credit and Working Capital Demand Loan | 366.69 | 1,367.22 |
| Others | 236.93 | 77.62 |
| Lease Liability (Refer Note 43) | 55.57 | 44.42 |
| Other borrowing Costs (includes bank charges, etc.) | 248.71 | 129.98 |
| **TOTAL** | **1,119.34** | **1,829.24** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 34 OTHER EXPENSES

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Consumption of Stores and Spares | 1,382.19 | 728.89 |
| Power and Fuel | 10,044.86 | 4,474.81 |
| Repairs and maintenance: | | |
| - Buildings | 115.57 | 38.93 |
| - Plant and Machinery | 1,347.83 | 704.91 |
| Pollution Control Expenses | 2,120.53 | 893.85 |
| Labour Contract Charges | 2,358.13 | 1,052.29 |
| Rent (Refer Note 43) | 66.17 | 31.65 |
| Rates and Taxes | 155.58 | 140.75 |
| Insurance | 906.83 | 445.37 |
| Packing Material Consumption | 4,138.85 | 1,394.90 |
| Loss on Discarded Fixed Assets | 80.96 | 65.13 |
| Freight Expenses | 3,377.70 | 1,121.89 |
| Bad Debts | - | 2.23 |
| Provision For Doubtful Debts and Advances | 167.61 | 771.97 |
| Stamp Duty Expenses (refer note 47) | 2,500.00 | - |
| Water charges | 691.85 | 326.92 |
| Expenditure towards Corporate Social Responsibility (Refer Note - i below) | 476.06 | - |
| Payments to the Auditors (Refer Note - ii below) | 35.07 | 27.15 |
| Miscellaneous Expenses | 4,752.81 | 2,514.12 |
| **TOTAL** | **34,718.60** | **14,735.76** |



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

i Corporate Social Responsibility Expenditure - spent during the year is ₹ 476.06 Lakhs (31st March 2020* ₹ Nil)
Details of Corporate Social Responsibility (CSR Expenditure)

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Amount Required to be spent during the year | 359.24 | 112.61 |
| Amount of opening unspent CSR expenses spent during the year pursuant to representation made by the Company with ROC & NCLT | 116.82 | - |
| **Amount Spend during the year in Cash** | 476.06 | - |
| i Construction / Acquisition of an Assets | - | - |
| ii On Purposes other than (i) above | 476.06 | - |
| **Details related to spent / unspent obligations:** | | |
| i) Contribution to Public Trust | - | - |
| ii) Contribution to Charitable Trust | 476.06 | - |
| iii) Unspent amount | - | - |

ii Payments to Auditors (Excluding Taxes)

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| (a) as Auditors | 32.40 | 25.90 |
| (b) for Other Services | 1.60 | - |
| (c) for Reimbursement of Expenses | 1.07 | 1.25 |
| **TOTAL** | **35.07** | **27.15** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

## 35 EXCEPTIONAL ITEMS

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Insurance Claim Received (Refer Note (a) below) | (650.00) | - |
| **TOTAL** | **(650.00)** | **-** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

(a) During the year ended March 31, 2019, there was fire at one of the manufacturing unit of Holding Company at Dahej location. The loss of INR 1,586.78 lakhs on this account was charged off and disclosed as exceptional item during that year. The management submitted requisite information to surveyor and insurance company with regards to its total claim amounting to INR 1,316.36 lakhs. During the year, management has received an on account payment of ₹ 650 lakhs pending final claim assessment and settlement of the claim amount. On account payment of claim amount is accounted in the statement of profit and loss for the year and disclosed as an exceptional item for the year ended 31st March 2021.

## 36 OTHER COMPREHENSIVE INCOME

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| **Statement of Other Comprehensive Income** | | |
| **A Items that will not be reclassified to Profit or Loss** | | |
| (i) Remeasurements of the Defined Benefit Plans (Refer Note 38) | 27.20 | (212.45) |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss | (6.85) | 53.47 |
| **Total (A)** | **20.35** | **(158.98)** |
| | | |
| **B Items that will be reclassified to Profit or Loss** | | |
| (i) Exchange differences in translating the Financial Statements of a foreign operation | (0.45) | 8.30 |
| (ii) Income Tax relating to items that will be reclassified to Profit or Loss | 0.11 | (2.09) |
| **Total (B)** | **(0.34)** | **6.21** |
| **Total (A+B)** | **20.01** | **(152.77)** |

## 37 EARNINGS PER SHARE

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of Equity shares outstanding during the year. (including effect of shares pending issue pursuant to the Scheme of Arrangement - refer note 47).

The following reflects the income and share used in the basic and diluted EPS computation:

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Profit attributable to Equity holders of the Parent | 18,647.61 | 14,957.43 |
| Weighted Average number of Equity Shares outstanding (Nos.) | 254,314,211 | 254,314,211 |
| Basic and Diluted Earnings Per Share (₹) | 7.33 | 5.88 |
| Face value per equity share (₹) | 1 | 1 |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 38 GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS

### (a) Retirement Benefits

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**Table 1: Reconciliation of Defined Benefit Obligation (DBO)**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Opening Balance of Defined Benefit Obligation** | 1,561.34 | - |
| Pursuant to Scheme of Arrangement (refer note 47) | | 1,354.85 |
| Service Cost | | |
| a. Current Service Cost | 156.91 | 64.24 |
| Interest Cost | 88.36 | 35.13 |
| Benefits Paid | (46.86) | (16.86) |
| Re-measurements | | |
| a. Actuarial Loss/(Gain) from changes in financial assumptions | 20.97 | 36.47 |
| b. Actuarial Loss/(Gain) from experience over the past period | (16.29) | 87.52 |
| **Closing Balance of Defined Benefit Obligation** | **1,764.43** | **1,561.34** |

**Table 2: Reconciliation of Fair Value of Plan Assets**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Opening Balance of Fair Value of Plan Assets at start of the period** | 477.13 | - |
| Pursuant to Scheme of Arrangement (refer note 47) | | 488.88 |
| Contributions by Employer | 5.73 | 1.25 |
| Benefits Paid | (46.86) | (16.86) |
| Interest Income on Plan Assets | 25.84 | 15.33 |
| Re-measurements | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | - | - |
| b. Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) | 31.88 | (11.46) |
| **Closing Balance of Fair Value of Plan Assets at end of the period** | **493.72** | **477.13** |
| Actual Return on Plan Assets | 57.72 | 3.86 |
| Expected Employer Contributions for the coming period | 100.00 | 100.00 |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Table 3: Expenses recognised in the Profit and Loss Account**

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Service Cost | | |
| Current Service Cost | 156.91 | 64.24 |
| Net Interest on net defined benefit liability/ (asset) | 62.52 | 19.80 |
| **Employer Expenses** | **219.43** | **84.04** |

**Table 4: Net Liability/ (Asset) recognised in the Balance Sheet**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Present Value of DBO | 1,764.43 | 1,561.34 |
| Fair Value of Plan Assets | 493.72 | 477.13 |
| Liability/ (Asset) recognised in the Balance Sheet | 1,270.71 | 1,084.21 |
| Funded Status [Surplus/(Deficit)] | (1,270.71) | (1,084.21) |
| Experience Adjustment on Plan Liabilities: (Gain)/Loss | (16.29) | 87.52 |
| Experience Adjustment on Plan Assets: Gain/(Loss) | 31.88 | (11.46) |

**Table 5: Percentage Break-down of Total Plan Assets**

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Investment Funds with Insurance Company** | **100%** | **100%** |
| **Of which, Unit Linked** | **19%** | **11%** |
| **Of which, Traditional/ Non-Unit Linked** | **81%** | **89%** |
| **Total** | **100%** | **100%** |

Note: None of the assets carry a quoted market price in an active market or represent the Group's own transferable financial instruments or are property occupied by the Group.

**Table 6: Actuarial Assumptions**

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Salary Growth Rate | 10% | 10% |
| Discount Rate | 5.4% p.a. | 5.7% p.a. |
| Withdrawal Rate | 12% pa | 12% pa |
| Mortality | IALM 2012-14 Ult. | IALM 2012-14 Ult. |
| Expected Return on Plan Assets | 5.7% p.a. | 6.9% p.a. |
| Expected weighted average remaining working life | 4 years | 3 years |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Table 7: Movement in Other Comprehensive Income**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Balance at start of period (Loss)/Gain | (441.48) | - |
| Pursuant to Scheme of Arrangement (refer note 47) | | (229.03) |
| **Re-measurements on DBO** | | |
| a. Actuarial (Loss)/Gain from changes in demographic assumptions | - | - |
| b. Actuarial (Loss)/Gain from changes in financial assumptions | (20.97) | (57.19) |
| c. Actuarial (Loss)/Gain from experience over the past period | 16.29 | (137.28) |
| **Re-measurements on Plan Assets** | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | - | - |
| b. Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset) | 31.88 | (17.98) |
| **Balance at end of period (Loss)/Gain** | **(414.28)** | **(441.48)** |

**Table 8: Sensitivity Analysis**

| **Financial year ended March 31, 2021** | **Increases 1%** | **Decreases 1%** |
|---|---|---|
| Salary Growth Rate | DBO increases by Rs 81.56 Lakhs | DBO decreases by Rs 75.29 Lakhs |
| Discount Rate | DBO decreases by Rs 77.74 Lakhs | DBO increases by Rs 86.13 Lakhs |
| Withdrawal Rate | DBO decreases by Rs 16.45 Lakhs | DBO increases by Rs 18.08 Lakhs |
| | | |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by Rs 0.70 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by Rs 1.41 Lakhs | |

| **Financial period ended March 31, 2020*** | **Increases 1%** | **Decreases 1%** |
|---|---|---|
| Salary Growth Rate | DBO increases by Rs 69.09 Lakhs | DBO decreases by Rs 63.89 Lakhs |
| Discount Rate | DBO decreases by Rs 65.82 Lakhs | DBO increases by Rs 72.77 Lakhs |
| Withdrawal Rate | DBO decreases by Rs 13.16 Lakhs | DBO increases by Rs 14.44 Lakhs |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by Rs 0.56 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by Rs 1.12 Lakhs | |

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Table 9: Movement in Surplus/ (Deficit)**

(₹ In Lakhs)

| | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Surplus/ (Deficit) at start of year | (1,084.21) | - |
| Pursuant to Scheme of Arrangement (refer note 47) | | (788.97) |
| Movement during the year | | |
| Current Service Cost | (156.91) | (64.24) |
| Net Interest on net DBO | (62.52) | (19.80) |
| Actuarial gain/ (loss) | 27.20 | (212.45) |
| Contributions | 5.73 | 1.25 |
| Surplus/ (Deficit) at end of year | (1,270.71) | (1,084.21) |

**(b) Defined Contribution Plans**

The Group makes Provident Fund contributions to defined contribution plans for qualifying employees in India. Under the schemes, the Group is required to contribute a specified percentage of payroll costs to fund the benefits. The Group has recognised provident fund contribution of ₹ 277.16 lakhs (March 31, 2020 ₹ 118.73 lakhs) as expense in Note 31 under the head 'Contributions to Provident and Other Funds'.

## 39 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

**A Claims against the Group not acknowledged as liabilities (Excluding interest and penalty)**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Disputed Income-Tax Liability | 1,131.44 | 1,131.44 |
| Disputed Excise Duty Liability | 1,701.25 | 1,701.25 |
| Disputed Service Tax Liability | 160.44 | 160.44 |
| Disputed Sales Tax Liability | 87.04 | 87.04 |
| Disputed Liabilities towards labor and workers compensation | 57.93 | 54.38 |
| (In respect of the above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums / authorities. The Group has assessed that it is only possible but not probable, the outflow of economic resources will be required ) | | |
| In respect of Letter of Credit | 418.48 | 511.90 |

**Capital Commitments**

(₹ In Lakhs)

| | | 31st March 2021 | 31st March 2020* |
|---|---|---|---|
| B | **Estimated amount of Contracts pending execution on Capital accounts and not provided for (net of advances)** | 2,083.54 | 3,789.28 |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 40. SEGMENT REPORTING

**A Analysis By Business Segment**

Financial year ended on March 31, 2021 :

₹ in Lakhs

| Particulars | Pigments | Agro Chemicals | Others # | Unallocable | Elimination | Total |
|---|---|---|---|---|---|---|
| External Sales | 54,373.22 | 102,896.87 | 3,891.55 | - | - | 161,161.64 |
| Other Operating Revenue | 894.76 | 1,609.21 | - | - | - | 2,503.97 |
| Inter-segment Sales | 2,570.22 | - | - | - | (2,570.22) | - |
| Total Revenue | 57,838.20 | 104,506.08 | 3,891.55 | - | (2,570.22) | 163,665.61 |
| **Results** | | | | | | |
| Segment Results | 8,554.48 | 21,538.13 | 114.38 | (4,693.27) | 135.42 | 25,649.14 |
| **Profit from Operation** | | | | | | **25,649.14** |
| Finance Cost | - | - | - | - | - | (1,119.34) |
| **Profit before Exceptional Items** | | | | | | **24,529.80** |
| Exceptional Items | - | 650.00 | - | - | - | 650.00 |
| **Profit Before Tax** | | | | | | **25,179.80** |
| Income Tax Expenses | - | - | - | - | - | (6,671.31) |
| Deferred Tax (Expenses)/Income | - | - | - | - | - | 139.12 |
| **Profit After Tax** | | | | | | **18,647.61** |

₹ in Lakhs

| Other information | Pigments | Agro Chemicals | Others # | Unallocable | Elimination | Total |
|---|---|---|---|---|---|---|
| Capital Addition | 2,521.59 | 19,087.45 | 46.70 | 11.69 | - | 21,667.43 |
| Depreciation | (2,303.71) | (2,404.27) | (3.56) | (356.54) | - | (5,068.08) |
| Non-Cash Items | 552.93 | 1,587.36 | 0.29 | 1,138.83 | - | 3,279.41 |

₹ in Lakhs

| Balance sheet | Pigments | Agro Chemicals | Others # | Unallocable | Elimination | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Segment Assets | 60,879.21 | 111,846.58 | 1,170.44 | 23,986.62 | (467.77) | 197,415.08 |
| Total assets | | | | | | 197,415.08 |
| **Liabilities** | | | | | | |
| Segment Liabilities | 22,289.70 | 50,433.58 | 381.32 | 2,850.03 | (247.19) | 75,707.44 |
| Deferred Tax Liabilities | | | | | | 4,404.52 |
| **Total Liabilities** | | | | | | **80,111.96** |

#Others includes Merchant Trading Activity.

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**Financial period 15th October 2019 to 31st March 2020* :**

₹ in Lakhs

| Revenue | Pigments | Agro Chemicals | Others # | Unallocable | Elimination | Total |
|---|---|---|---|---|---|---|
| External Sales | 26,473.65 | 39,288.60 | 2,456.65 | - | - | 68,218.90 |
| Other Operating Revenue | 671.05 | 1,064.66 | - | - | - | 1,735.71 |
| Inter-segment Sales | 1,221.14 | 602.67 | - | - | (1,823.81) | - |
| Total Revenue | 28,365.84 | 40,955.93 | 2,456.65 | - | (1,823.81) | 69,954.61 |
| | | | | | | |
| **Results** | | | | | | |
| Segment Results | 4,502.84 | 8,054.01 | 113.95 | 8,604.56 | (27.50) | 21,247.86 |
| **Profit from Operation** | | | | | | **21,247.86** |
| Finance Cost | - | - | - | - | - | (1,829.24) |
| **Profit before Exceptional Items** | | | | | | **19,418.62** |
| Exceptional Items | - | - | - | - | - | - |
| **Profit Before Tax** | | | | | | **19,418.62** |
| Income Tax Expenses | - | - | - | - | - | (2,723.71) |
| Deferred Tax (Expenses)/Income | - | - | - | - | - | (1,737.48) |
| **Profit After Tax** | | | | | | **14,957.43** |

₹ in Lakhs

| Other information | Pigments | Agro Chemicals | Others # | Unallocable | Elimination | Total |
|---|---|---|---|---|---|---|
| Capital Addition | 831.74 | 7,958.36 | - | 126.53 | - | 8,916.63 |
| Depreciation | (1,050.81) | (989.04) | (1.14) | (199.96) | - | (2,240.95) |
| Non-Cash Items | (201.69) | (694.09) | 0.16 | 8,030.21 | - | 7,134.59 |

₹ in Lakhs

| Balance sheet | Pigments | Agro Chemicals | Others # | Unallocable | Elimination | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Segment Assets | 59,802.34 | 82,966.83 | 1,721.05 | 22,469.50 | (1,274.42) | 165,685.30 |
| Total assets | | | | | | 165,685.30 |
| Liabilities | | | | | | |
| **Segment Liabilities** | **22,409.25** | **37,482.67** | **1,003.15** | **2,540.77** | **(923.40)** | **62,512.44** |
| Deferred Tax Liabilities | | | | | | 4,536.91 |
| **Total Liabilities** | | | | | | **67,049.35** |

#Others includes Merchant Trading Activity.
*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**B Analysis By Geographical Segment**

**(i) - Segment Revenue**

Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The following provides an analysis of the Group Sales by geographical Markets

₹ in Lakhs

| PARTICULARS | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Revenue: | | |
| Within India | 34,170.26 | 13,205.39 |
| Outside India | 129,495.35 | 56,749.22 |
| **TOTAL** | **163,665.61** | **69,954.61** |

Note - Segment Assets, Liability and Capital Expenditure are analysed based on location of those assets. Capital Expenditure includes the total cost incurred to purchase Property, Plant and Equipment.

**(ii) - Segment Assets**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Within India | 138,360.70 | 112,667.52 |
| Outside India | 27,323.93 | 33,275.30 |
| **TOTAL** | **165,684.63** | **145,942.82** |

Note - Segment Assets does not include Deferred Tax, Investments, Current and Non Current Tax Assets

**(iii) - Segment Liability**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Within India | 56,663.09 | 57,886.45 |
| Outside India | 17,091.03 | 2,827.74 |
| **TOTAL** | **73,754.12** | **60,714.19** |

Note - Segment Liabilities does not includes Deferred Tax and Income Tax Liabilities

**(iv) - Segment Capital Expenditure**

(₹ In Lakhs)

| | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Within India | 21,620.73 | 8,916.63 |
| Outside India | 46.70 | - |
| **TOTAL** | **21,667.43** | **8,916.63** |

The Group has one customer based outside India who have accounted for more than 10% of the Group's revenue. Total amount of revenue from this customer is ₹ 21,316.25 Lakhs for the year ended March 31, 2021 and two customers with revenue of ₹ 17,186.08 Lakhs for the period October 15, 2019 to March 31, 2020.

**Notes**

(1) Based on "management approach" defined under Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly information has been presented along these Segments.

(2) The Group is divided into two segments. These segments are the basis for management control and hence form the basis for reporting. The business of each segment comprises of :

*Restated pursuant to Scheme of Arrangement (refer note 47)

a) Agro Chemicals - The Group's operation includes manufacture and marketing of technical, intermediates and formulation of Crop Protection Chemicals.

b) Pigment Business - The Group's operation includes manufacture and marketing of Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.

(3) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the Segments and amounts allocated on a reasonable basis.

## 41 RELATED PARTIES DISCLOSURES :-

**Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence*** : Meghmani Pigments

Ashish Chemicals
Tapsheel Enterprise
Meghmani Finechem Limited
Meghmani Dyes & Intermediates LLP
Meghmani Industries Limited
Meghmani Chemicals Limited
Arjan Owners LLP (Formerly Panchratna Corporation)
Meghmani LLP (Formerly Meghmani Unichem LLP)
Matangi Industries LLP
Delta Electricals
Navratan Specialty Chemicals LLP
Meghmani Exports Limitada S.A.De CV

**Key Managerial Personnel*** : Mr. Jayanti Patel (Executive Chairman)
Mr. Ashish Soparkar (Managing Director)
Mr. Natwarlal Patel (Managing Director)
Mr. Ramesh Patel (Executive Director)
Mr. Anand Patel (Executive Director)
Mr. Ankit Patel (CEO)
Mr. Darshan Patel (COO)
Mr. Karana Patel (COO)
Mr. G.S. Chahal (Chief Financial Officer)
Mr. Kamlesh Mehta (Company Secretary)

**Relatives of Key Managerial Personnel*** : Ms. Deval Soparkar
Ms. Taraben Patel
Mr. Maulik Patel
Mr. Kaushal Soparkar

**Independent Directors*** : Mr. Bhaskar Rao
Mr. C S Liew
Ms. Urvashi Shah
Mr. Manubhai Patel
Dr. (Prof) Ganapati Yadav

*Restated pursuant to Scheme of Arrangement (refer note 47)







## 41 RELATED PARTIES DISCLOSURES :-

**Transactions with Related Parties in Ordinary Course of Business**

(₹ in Lakhs)

| PARTICULARS | Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence | | Key Managerial Personnel | | Relatives of Key Managerial Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|
| | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
| Purchase of Goods | 9,497.49 | 3,724.19 | - | - | - | - | 9,497.49 | 3,724.19 |
| Sale of Goods | 657.70 | 426.80 | - | - | - | - | 657.70 | 426.80 |
| Availing of Services | 218.74 | 96.90 | - | - | - | - | 218.74 | 96.90 |
| Sitting Fees | - | - | 13.82 | 3.69 | - | - | 13.82 | 3.69 |
| Remuneration | - | - | 1,950.04 | 761.93 | 12.46 | 7.61 | 1,962.50 | 769.54 |
| Sale of Services | 46.31 | 7.41 | - | - | - | - | 46.31 | 7.41 |
| Sale of MEIS Licenses | 352.49 | 176.41 | | | | | 352.49 | 176.41 |
| Dividend Received on OCRPS | - | 1,687.36 | | | | | - | 1,687.36 |
| Dividend | - | - | - | 1,002.13 | - | 103.92 | - | 1,106.05 |

**Outstanding Balances with Related Parties**

(₹ in Lakhs)

| Particulars | Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence | | Key Managerial Personnel | | Relatives of Key Managerial Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* |
| Receivables | 468.41 | 100.30 | - | - | - | - | 468.41 | 100.30 |
| Payables | 2,522.54 | 1,863.70 | - | - | - | - | 2,522.54 | 1,863.70 |
| Loans | - | 86.66 | - | - | - | - | - | 86.66 |
| Remuneration Payable | - | - | 1,518.64 | 1,322.89 | 0.71 | 1.08 | 1,519.35 | 1,323.97 |

**Terms and conditions of transactions with Related Parties**

(1) The Group's transactions with related parties are at arm's length. Management believes that the Group's domestic and international transactions with related parties post March 31, 2020 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end.

(2) For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(3) The future liability for Gratuity and Compensated Absence is provided on aggregated basis for all the employees of the Group taken as a whole, the amount pertaining to KMPs is not ascertainable separately and therefore not included above.

**Commitments with related parties**

The Group has not provided any commitment to the related party as at March 31, 2021 (March 31, 2020: ₹ Nil).

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

**DISCLOSURE IN RESPECT OF TRANSACTION WITH RELATED PARTY DURING THE YEAR:**

₹ in Lakhs

| Party Name | Relationship | Nature of Transaction | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Dividend Received on OCRPS | - | 1,687.36 |
| | | **Total** | **-** | **1,687.36** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Sale of Goods | - | 368.90 |
| Meghmani Industries Limited | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 0.44 | 2.01 |
| Meghmani Industries Limited -SEZ | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 23.31 | - |
| Meghmani Dyes & Intermediate LLP | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 169.15 | 51.10 |
| Meghmani Pigment | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 23.27 | - |
| Meghmani Unichem LLP | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 9.23 | 2.58 |
| Navratan Speciality Chemical LLP | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 13.04 | 2.21 |
| Meghmani Exports Limiada S.A. DE C. | Enterprises in which Directors & KMP have significant influence | Sale of Goods | 419.26 | - |
| | | **Total** | **657.70** | **426.80** |
| Navratan Speciality Chemical LLP | Enterprises in which Directors & KMP have significant influence | Sale of Services | 11.11 | 7.41 |
| Meghmani Dyes & Intermediates Llp | Enterprises in which Directors & KMP have significant influence | Sale of Services | 4.70 | - |
| Meghmani Industries Ltd. | Enterprises in which Directors & KMP have significant influence | Sale of Services | 16.68 | - |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Sale of Services | 13.82 | - |
| | | **Total** | **46.31** | **7.41** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

₹ in Lakhs

| Party Name | Relationship | Nature of Transaction | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Sale of MEIS Licences | 352.49 | 176.41 |
| | | **Total** | **352.49** | **176.41** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 6,261.17 | 2,130.77 |
| Meghmani Pigment | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 1,810.89 | 1,073.08 |
| Ashish Chemical | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 5.55 | 14.42 |
| Matangi Industries LLP | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | - | 1.86 |
| Meghmani Industries Limited | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 3.10 | 0.88 |
| Delta Electricals | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 0.30 | - |
| Meghmani LLP | Enterprises in which Directors & KMP have significant influence | Purchase of Goods | 1,416.48 | 503.18 |
| | | **Total** | **9,497.49** | **3,724.19** |
| Meghmani Finechem Limited | Enterprises in which Directors & KMP have significant influence | Availing of Services | 3.93 | - |
| Meghmani Exports Limiada S.A. DE C. | Enterprises in which Directors & KMP have significant influence | Availing of Services | 20.02 | - |
| Arjan Owners LLP (Formerly Panchratna Corporation) | Enterprises in which Directors & KMP have significant influence | Availing of Services | 194.79 | 96.90 |
| | | **Total** | **218.74** | **96.90** |
| Jayanti Patel | Key Managerial Personnel | Managerial Remuneration | 451.67 | 172.09 |
| Ashish Soparkar | Key Managerial Personnel | Managerial Remuneration | 451.35 | 172.09 |
| Natwarlal Patel | Key Managerial Personnel | Managerial Remuneration | 451.69 | 172.12 |
| Ramesh Patel | Key Managerial Personnel | Managerial Remuneration | 300.77 | 121.87 |
| Anand Patel | Key Managerial Personnel | Managerial Remuneration | 226.27 | 96.37 |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

₹ in Lakhs

| Party Name | Relationship | Nature of Transaction | For the year ended 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|---|---|
| G.S Chahal | Key Managerial Personnel | Salary | 43.14 | 16.88 |
| Kamlesh Mehta | Key Managerial Personnel | Salary | 25.15 | 10.51 |
| | | **Total** | **1,950.04** | **761.93** |
| Ms. Deval Soparkar | Relatives of Key Managerial Personnel | Salary | 12.46 | 7.61 |
| | | Total | 12.46 | 7.61 |
| Ganapati Dadasaheb Yadav | Independent Directors | Sitting Fees | 3.05 | 0.53 |
| Ms. Urvashi Shah | Independent Directors | Sitting Fees | 4.15 | 1.58 |
| Manubhai K Patel | Independent Directors | Sitting Fees | 4.15 | 1.58 |
| Bhaskar Rao | Independent Directors | Sitting Fees | 1.50 | - |
| Liew Ching Seng | Independent Directors | Sitting Fees | 0.97 | - |
| | | **Total** | **13.82** | **3.69** |
| | | | | |
| Jayanti Patel | Key Managerial Personnel | Dividend | - | 187.60 |
| Ashish Soparkar | Key Managerial Personnel | Dividend | - | 251.65 |
| Natwarlal Patel | Key Managerial Personnel | Dividend | - | 259.12 |
| Ramesh Patel | Key Managerial Personnel | Dividend | - | 169.06 |
| Anand Patel | Key Managerial Personnel | Dividend | - | 82.73 |
| Karana Patel | Key Managerial Personnel | Dividend | - | 18.71 |
| Ankit Patel | Key Managerial Personnel | Dividend | - | 31.14 |
| Darshan Patel | Key Managerial Personnel | Dividend | - | 2.12 |
| | | **Total** | **-** | **1,002.13** |
| Deval Soparkar | Relatives of Key Managerial Personnel | Dividend | - | 4.11 |
| Maulik Patel | Relatives of Key Managerial Personnel | Dividend | - | 12.70 |
| Kaushal Soparkar | Relatives of Key Managerial Personnel | Dividend | - | 13.51 |
| Taraben Patel | Relatives of Key Managerial Personnel | Dividend | - | 73.60 |
| | | **Total** | **-** | **103.92** |
| **Total** | | | **12,749.05** | **7,998.35** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

## 41 RELATED PARTIES DISCLOSURES :-

**Outstanding Balance** (₹ In Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Payable** | | |
| Arjan Owners LLP | - | 14.16 |
| Ashish Chemicals | 2.75 | 17.37 |
| Delta Electricals | 0.30 | - |
| Matangi Industries | - | 1.09 |
| Meghmani Finechem Ltd. | 1,640.78 | 660.58 |
| Meghmani Industries Ltd. | - | 1.13 |
| Meghmani LLP | 488.76 | 287.69 |
| Meghmani Pigments | 389.95 | 881.68 |
| **Total** | **2,522.54** | **1,863.70** |
| **Receivables** | | |
| Meghmani Chemicals Limited | 21.78 | 21.78 |
| Meghmani Dyes & Intermediate LLP | 62.49 | 28.09 |
| Meghmani Finechem Ltd. | 39.49 | 34.70 |
| Meghmani Industries Ltd. | 23.75 | 0.04 |
| Meghmani LLP | 2.95 | - |
| Meghmani Pigments | 23.27 | - |
| Meghmani Unichem LLP | - | 8.33 |
| Navratan Speciality Chemical LLP | 7.81 | 7.36 |
| Meghmani Exports Limitada S.A.De CV | 286.87 | - |
| **Total** | **468.41** | **100.30** |
| **Other Receivable** | | |
| Meghmani Finechem Ltd. | - | 86.66 |
| **Total** | **-** | **86.66** |
| **Remuneration Payable** | | |
| Jayanti Patel | 377.75 | 328.90 |
| Ashish Soparkar | 377.75 | 328.90 |
| Natwarlal Patel | 377.75 | 328.90 |
| Ramesh Patel | 227.76 | 198.90 |
| Anand Patel | 152.76 | 133.89 |
| G.S Chahal | 3.14 | 2.23 |
| K D Mehta | 1.73 | 1.17 |
| Deval Soparkar | 0.71 | 1.08 |
| **Total** | **1,519.35** | **1,323.97** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

## 42 Financial instruments – Fair Value Hierarchy

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note 2 to the Financial Statements.

### A. Category-wise classification of financial instrument

The carrying value of financial instruments by categories as of March 31, 2021 is as follows:

(₹ in Lakhs)

| 31st March 2021 | Carrying amount | | | |
|---|---|---|---|---|
| | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost | Total |
| **Financial assets** | | | | |
| Non-Current Investments (Refer Note 4) | 20,145.95 | 57.18 | 0.03 | 20,203.16 |
| Non-Current Other Financial Assets (Refer Note 5) | - | - | 1,061.72 | 1,061.72 |
| Current investments (Refer Note 9) | 10,243.86 | - | - | 10,243.86 |
| Trade Receivables (Refer Note10) | - | - | 41,069.34 | 41,069.34 |
| Cash and Cash Equivalents (Refer Note 11) | - | - | 2,071.60 | 2,071.60 |
| Bank Balances (Other than above) (Refer Note 12) | - | - | 77.16 | 77.16 |
| Loans (Refer Note 13) | - | - | 39.86 | 39.86 |
| Other Financial Asset (Refer Note 14) | - | - | 3,593.71 | 3,593.71 |
| Total Financial Assets | 30,389.81 | 57.18 | 47,913.42 | 78,360.41 |
| **Financial liabilities** | | | | |
| Non-Current Borrowings (Refer Note 18) | - | - | 12,323.08 | 12,323.08 |
| Non Current Financial Liabilities (Refer Note 19) | | | 667.14 | 667.14 |
| Current Borrowings (Refer Note 22) | - | - | 9,878.19 | 9,878.19 |
| Trade Payables (Refer Note 23) | - | - | 34,020.38 | 34,020.38 |
| Other Financial Liabilities (Refer Note 24)# | - | - | 13,238.45 | 13,238.45 |
| **Total Financial Liabilities** | **-** | **-** | **70,127.24** | **70,127.24** |

# Includes Current Portion of Non Current Borrowing





Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(₹ in Lakhs)

| 31st March 2020* | Carrying amount | | | |
|---|---|---|---|---|
| | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost | Total |
| **Financial assets** | | | | |
| Non-Current Investments (Refer Note 4) | 19,021.95 | 57.18 | 0.03 | 19,079.16 |
| Non-Current Other Financial Assets (Refer Note 5) | - | - | 1,065.48 | 1,065.48 |
| Trade Receivables (Refer Note10) | - | - | 46,103.43 | 46,103.43 |
| Cash and Cash Equivalents (Refer Note 11) | - | - | 849.26 | 849.26 |
| Bank Balances (Other than above) (Refer Note 12) | - | - | 63.35 | 63.35 |
| Loans (Refer Note 13) | - | - | 39.64 | 39.64 |
| Other Financial Asset (Refer Note 14) | - | - | 3,665.83 | 3,665.83 |
| Total Financial Assets | 19,021.95 | 57.18 | 51,787.02 | 70,866.15 |
| **Financial liabilities** | | | | |
| Non-Current Borrowings (Refer Note 18) | - | - | 5,558.30 | 5,558.30 |
| Non Current Financial Liabilities (Refer Note 19) | | | 626.43 | 626.43 |
| Current Borrowings (Refer Note 22) | - | - | 16,725.93 | 16,725.93 |
| Trade Payables (Refer Note 23) | - | - | 23,484.40 | 23,484.40 |
| Other Financial Liabilities (Refer Note 24)# | - | - | 9,635.52 | 9,635.52 |
| **Total Financial Liabilities** | **-** | **-** | **56,030.58** | **56,030.58** |

# Includes Current Portion of Non Current Borrowing

### B. Measurement of Fair values and Sensitivity analysis

**Fair value hierarchy:**

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group uses the following hierarchy for determining and/or disclosing the fair value of Financial Instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical Assets or Liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the Assets or Liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the Assets or Liabilities that are not based on observable market data (unobservable inputs).

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range

**Financial instrument measured at fair value** (₹ in Lakhs)

| Financial assets / financial liabilities | Fair value as at | | Fair value hierarchy |
|---|---|---|---|
| | 31st March 2021 | 31st March 2020* | |
| Investment at FVTOCI (unquoted) (Refer Note 4) | 57.18 | 57.18 | Level 3 |
| Investment at FVTPL (unquoted) (Refer Note 4) | 20,145.95 | 19,021.95 | Level 3 |
| Investment at FVTPL (Quoted) (Refer Note 9) | 10,243.86 | - | Level 1 |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

**Financial instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**Reconciliation of level 1 fair values**

The following table shows a reconciliation from the opening balance to the closing balances for level 1 fair values representing investment in short term liquid mutual funds.

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening balance | - | - |
| Pursuant to Scheme of Arrangement (Refer note 47) | - | 5,185.05 |
| Net change in fair value (unrealised) | 72.64 | - |
| Purchases | 26,848.68 | 4,600.00 |
| Sales | (16,677.46) | (9,785.05) |
| **Closing balance** | **10,243.86** | **-** |

**Description of significant unobservable inputs to valuation:**

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2021 and 31 March 2020 are as shown below:

| Particulars | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| FVTPL assets in unquoted OCRPS of Meghmani Finechem Limited | DCF Method | Weighted average cost of debt | 31 March 2021:<br>8.14% - 8.85% (8.50%)<br>31 March 2020:<br>8.57% - 9.64% (9.10%) | 1% (31 March 2020: 1%) increase (decrease) in the weighted average cost of debt would result in decrease (increase) in fair value by INR 1,726 lakhs (31 March 2020: INR 1,617 lakhs). |

**Reconciliation of fair value measurement of unquoted OCRPS classified as FVTPL assets:**

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening balance | 19,021.95 | - |
| Pursuant to scheme of arrangement (Refer Note 47) | - | 10,986.55 |
| Re-measurement recognised in profit and loss | 1,124.00 | 8,035.40 |
| Purchases | - | - |
| Sales | - | - |
| **Closing balance** | **20,145.95** | **19,021.95** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

**Reconciliation of fair value measurement of unquoted equity shares classified as FVOCI assets:**

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening balance | 57.18 | - |
| Pursuant to scheme of arrangement (Refer Note 47) | - | 57.38 |
| Re-measurement recognised in profit and loss | - | - |
| Purchases | - | - |
| Sales | - | (0.20) |
| **Closing balance** | **57.18** | **57.18** |

**Financial Risk Management Framework**

The Group's Board of Directors have overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Group manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends Risk Management Objectives and Policies. The activities of this operations include management of Cash Resources, hedging of Foreign Currency Exposure, Credit Control and ensuring compliance with market risk limits and policies.

The Group's principal Financial Liabilities, other than derivatives, comprises of long term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Group's operations. The Group's principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Other Bank balances and other Financial Assets that derive directly from its operations.

The Group has an effective risk management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Group takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Group has exposure to the following risks arising from Financial Instruments

- Credit risk ;
- Liquidity risk ; and
- Market risk

**i. Credit Risk**

Credit Risk is the risk that counter party will not meet its obligation leading to a Financial Loss. The Group is exposed to Credit Risk arising from its operating activities primarily from trade receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Group considers probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

**Financial Instruments and Cash Deposit**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade Receivables**

The Sales Department has established a Credit Policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the Board of Directors.

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

Trade Receivables of the Group are typically unsecured ,except to the extent of the security deposits received from the customers or financial guarantees provided by the market organizers in the business. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of customers to which Group grants credit terms in the normal course of business. The Group performs ongoing credit evaluations of its customers' financial condition and monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts Receivables. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Domestic | 14,417.56 | 13,677.18 |
| Other regions | 26,651.78 | 32,426.25 |
| **Total** | **41,069.34** | **46,103.43** |

**Age of Receivables**

(₹ in Lakhs)

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Neither due nor impaired | 29,995.40 | 31,988.10 |
| Past due 1–90 days | 9,586.60 | 8,846.12 |
| Past due 91–180 days | 1,113.89 | 3,830.29 |
| More than 180 days | 373.45 | 1,438.92 |
| **Total** | **41,069.34** | **46,103.43** |

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behavior and extensive analysis of customer Credit Risk, including underlying customers' credit ratings if they are available.

Management estimates that the amount of provision of ₹1,562.01 lakhs (31st March, 2020: ₹ 1,394.40 lakhs) is appropriate

**ii. Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI, FVTPL and amortised cost investments and derivative financial instruments.

**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2021 *Contd...*

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

**Exposure to Currency Risk**

The currency profile of financial assets and financial liabilities as at March 31, 2021 and March 31, 2020 are as below:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows

(₹ In Lakhs)

| Particulars | 31st March 2021 Total | USD Denominated exposure | Euro Denominated exposure | INR |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Trade Receivables | 41,069.34 | 23,354.38 | 3,297.40 | 14,417.56 |
| **Total** | **41,069.34** | **23,354.38** | **3,297.40** | **14,417.56** |
| | | | | |
| **Financial Liabilities** | | | | |
| Long Term Borrowings | 12,323.08 | - | 12,323.08 | - |
| Other Non-Current Financial Liabilities | 667.14 | - | - | 667.14 |
| Short Term Borrowings | 9,878.19 | 1,370.81 | 7,994.13 | 513.25 |
| Trade Payables | 34,020.38 | 6,364.38 | 17.35 | 27,638.65 |
| Other Current Financial Liabilities | 13,238.45 | - | 4,018.36 | 9,220.09 |
| **Total** | **70,127.24** | **7,735.19** | **24,352.92** | **38,039.13** |

(₹ In Lakhs)

| Particulars | 31st March 2020* Total | USD Denominated exposure | Euro Denominated exposure | INR |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Trade Receivables | 46,103.43 | 27,352.69 | 5,094.55 | 13,656.19 |
| **Total** | **46,103.43** | **27,352.69** | **5,094.55** | **13,656.19** |
| | | | | |
| **Financial Liabilities** | | | | |
| Long Term Borrowings | 5,558.30 | - | 5,558.30 | - |
| Other Non-Current Financial Liabilities | 626.43 | - | - | 626.43 |
| Short Term Borrowings | 16,725.93 | - | 14,707.49 | 2,018.44 |
| Trade Payables | 23,484.40 | 2,317.69 | 1.20 | 21,165.51 |
| Other Current Financial Liabilities | 9,635.52 | - | 3,526.34 | 6,109.18 |
| **Total** | **56,030.58** | **2,317.69** | **23,793.33** | **29,919.56** |

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euro at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euro and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ In Lakhs)

| Effect in INR | Profit or (Loss) | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| March 31, 2021 | | | | |
| 5% movement | | | | |
| USD | 780.96 | (780.96) | 584.41 | (584.41) |
| EUR | (1,052.78) | 1,052.78 | (787.81) | 787.81 |

(₹ In Lakhs)

| Effect in INR | Profit or (Loss) | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| March 31, 2020 | | | | |
| 5% movement | | | | |
| USD | 1,251.75 | (1,251.75) | 936.71 | (936.71) |
| EUR | (934.94) | 934.94 | (699.63) | 699.63 |

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Long-term and Short term Debt Obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

### Exposure to Interest Rate Risk

Group's Interest Rate Risk arises from borrowings obligations. Borrowings issued exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

(₹ in Lakhs)

| Variable-rate instruments | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Non current - Borrowings | 12,323.08 | 5,558.30 |
| Current - Borrowings | 9,878.19 | 16,725.93 |
| Current portion of Long term borrowings | 3,992.02 | 4,102.90 |
| **Total** | **26,193.29** | **26,387.13** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

### Cash Flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

| Particulars | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| **31st March 2021** | | | | |
| Non current - Borrowings | (123.23) | 123.23 | (92.22) | 92.22 |
| Current - Borrowings | (98.78) | 98.78 | (73.92) | 73.92 |
| Current portion of Long term borrowings | (39.92) | 39.92 | (29.87) | 29.87 |
| **Total** | **(261.93)** | **261.93** | **(196.01)** | **196.01** |
| **31st March 2020*** | | | | |
| Non current - Borrowings | (55.58) | 55.58 | (41.59) | 41.59 |
| Current - Borrowings | (167.26) | 167.26 | (125.16) | 125.16 |
| Current portion of Long term borrowings | (41.03) | 41.03 | (30.70) | 30.70 |
| **Total** | **(263.87)** | **263.87** | **(197.45)** | **197.45** |

**iii. Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**Exposure to Liquidity Risk**

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below summarises the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **31st March 2021** | **Carrying amount** | **Total** | **1 Year or Less** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Non-Derivative Financial Liabilities** | | | | | | |
| **Foreign currency term loans from banks** | | | | | | |
| SBI Bank Limited | 10,515.75 | 10,515.75 | 2,336.51 | 2,349.55 | 5,829.69 | - |
| AXIS Bank Limited | 5,799.35 | 5,799.35 | 1,655.52 | 1,665.64 | 2,478.19 | - |
| **Total** | **16,315.10** | **16,315.10** | **3,992.03** | **4,015.19** | **8,307.88** | |
| Working Capital Loans from Banks | 9,878.19 | 9,878.19 | 9,878.19 | - | - | - |
| Trade Payables | 34,020.38 | 34,020.38 | 34,020.38 | - | - | - |

*Restated pursuant to Scheme of Arrangement (refer note 47)

(₹ in Lakhs)

| 31st March 2020* | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | 1 Year or Less | 1-2 years | 2-5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | |
| Rupee term loans from banks | | | | | | |
| HDFC Bank Limited | 600.00 | 600.00 | 600.00 | - | - | - |
| **Total** | **600.00** | **600.00** | **600.00** | **-** | **-** | **-** |
| **Foreign Currency Term Loans from Banks** | | | | | | |
| SBI Bank Limited | 1,868.62 | 1,868.62 | 1,103.19 | 765.43 | - | - |
| AXIS Bank Limited | 7,192.58 | 7,192.58 | 2,399.71 | 1,577.37 | 3,215.50 | - |
| **Total** | **9,061.20** | **9,061.20** | **3,502.90** | **2,342.80** | **3,215.50** | **-** |
| Working Capital Loans from Banks | 16,725.93 | 16,725.93 | 16,725.93 | - | - | - |
| Trade Payables | 23,484.40 | 23,484.40 | 23,484.40 | - | - | - |

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

*Restated pursuant to Scheme of Arrangement (refer note 47)

## 43 Leases

The Group has lease contracts for HO premise. Leases of HO premise is having lease terms of 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain premises in good state. The lease contract include extension and termination options which are further discussed below.

The Group also has Depots with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for this lease.

Terms of Cancellation and Escalation

The Leases are cancellable by giving one month notice by either parties and these does not carries any escalation.

**(A) Leases as lessee**

**(i) The movement in Lease liabilities during the year**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening Balance* | 699.74 | - |
| Pursuant to Scheme of Arrangement (refer note 47) | - | 747.47 |
| Additions during the year/Period | - | - |
| Finance costs incurred during the year | 55.57 | 44.42 |
| Payments of Lease Liabilities | 157.32 | 92.15 |
| **Closing Balance** | **597.99** | **699.74** |





**(ii) The carrying value of the Rights-of-use and depreciation charged during the year :**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Opening Balance | 4,327.71 | - |
| Pursuant to Scheme of Arrangement (refer note 47) | - | 4,445.42 |
| Additions during the year | - | - |
| Depreciation charged during the year | (173.51) | (117.71) |
| **Closing Balance** | **4,154.20** | **4,327.71** |

**(iii) Amount Recognised in Statement of Profit & Loss Account during the Year**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Depreciation expense of right-of-use assets | 173.51 | 117.71 |
| Interest expense on lease liabilities | 55.57 | 44.42 |
| Expense relating to short-term leases (included in other expenses) | 66.17 | 31.65 |
| **Total Expenses** | **295.25** | **193.78** |

**(iv) Amounts recognised in statement of cash flows**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | For the period 15th October 2019 to 31st March 2020* |
|---|---|---|
| Total Cash outflow for Leases | 157.32 | 92.15 |

**(v) Maturity analysis of lease liabilities**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Maturity Analysis of contractual undiscounted cash flows | | |
| Less than one year | 157.32 | 157.32 |
| One to five years | 555.86 | 698.10 |
| More than five years | - | 15.08 |
| **Total undiscounted Lease Liability** | **713.18** | **870.50** |

**Balances of Lease Liabilities**

( ₹ in Lakhs )

| Particulars | 31st March 2021 | 31st March 2020* |
|---|---|---|
| Non Current Lease Liability | 487.25 | 597.99 |
| Current Lease Liability | 110.74 | 101.75 |
| **Total Lease Liability** | **597.99** | **699.74** |

*Restated pursuant to Scheme of Arrangement (refer note 47)

# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**44 (A) - Information about Subsidiaries**

The Group's Subsidiaries at 31 March 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of Entity | Place of business / Country of incorporation | Ownership interest held by the group | | Ownership interest held by non-controlling interest | | Principal Activities |
|---|---|---|---|---|---|---|
| | | 31st March 2021 | 31st March 2020* | 31st March 2021 | 31st March 2020* | |
| Meghmani Organics USA INC | USA | 100.00% | 100.00% | 0.00% | 0.00% | Trading |
| PT Meghmani Organics | Indonesia | 100.00% | 100.00% | 0.00% | 0.00% | Trading of Pigment & Chemicals |
| Meghmani Overseas FZE | Dubai | 100.00% | 100.00% | 0.00% | 0.00% | Trading of Agro Chemicals |
| Meghmani Synthesis Limited | India | 100.00% | - | 0.00% | - | Manufacturing of Chemicals |

*Restated pursuant to Scheme of Arrangement (refer note 47)

**(B) - ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III**

(₹ in Lakhs)

| Name of the Entity in the Group | Net Assets (Total Assets minus Total Liabilities) | | Share in Profit or (Loss) | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit or Loss | Amount | As % of Other Comprehensive Income | Amount | As % of Total Comprehensive Income | Amount |
| **A Parent** | | | | | | | | |
| Meghmani Organochem Limited | | | | | | | | |
| 31st March 2021 | 99.20% | 116,368.41 | 99.22% | 18,501.43 | 101.70% | 20.35 | 99.22% | 18,521.78 |
| 31st March 2020* | 99.56% | 98,204.53 | 99.45% | 14,874.47 | 104.06% | (158.98) | 99.40% | 14,715.49 |
| **B Subsidiaries** | | | | | | | | |
| **(i) Indian** | | | | | | | | |
| Meghmani Synthesis Limited | | | | | | | | |
| 31st March 2021 | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| 31st March 2020* | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| **(ii) Foreign** | | | | | | | | |
| **Meghmani Organics USA INC** | | | | | | | | |
| 31st March 2021 | 0.80% | 932.85 | 0.83% | 154.95 | -0.75% | (0.15) | 0.83% | 154.80 |
| 31st March 2020* | 0.43% | 420.35 | 0.72% | 107.31 | 4.23% | (6.46) | 0.68% | 100.85 |
| **PT Meghmani Organics Indonesia** | | | | | | | | |
| 31st March 2021 | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| 31st March 2020* | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| **Meghmani Overseas FZE Dubai** | | | | | | | | |
| 31st March 2021 | 0.00% | 1.86 | -0.05% | (8.77) | -0.95% | (0.19) | -0.05% | (8.96) |
| 31st March 2020* | 0.01% | 11.07 | -0.16% | (24.35) | -8.29% | 12.67 | -0.08% | (11.68) |
| **Total** | | | | | | | | |
| **31st March 2021** | **100.00%** | **117,303.12** | **100.00%** | **18,647.61** | **100.00%** | **20.01** | **100.00%** | **18,667.62** |
| **31st March 2020*** | **100.00%** | **98,635.95** | **100.00%** | **14,957.43** | **100.00%** | **(152.77)** | **100.00%** | **14,804.66** |

*Restated pursuant to Scheme of Arrangement (refer note 47)



# Notes to the Consolidated Financial Statements
for the year ended 31 March, 2021 *Contd...*

**45 Capital Management**

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2021 and March 31, 2020.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(₹ In Lakhs)

| PARTICULARS | 31st March 2021 | 31st March 2020* |
|---|---|---|
| **Total Interest bearing Liabilities** | **26,193.29** | **26,387.13** |
| Less : Cash and Cash Equivalent | 2,071.60 | 849.26 |
| Adjusted Net Debt | 24,121.69 | 25,537.87 |
| **Total Equity** | **117,303.12** | **98,635.95** |
| Adjusted Equity | 117,303.12 | 98,635.95 |
| Adjusted Net Debt to Adjusted Equity Ratio | 0.21 | 0.26 |

**46** The Group continues to adopt measures to curb the impact of COVID-19 pandemic in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc.

The Group has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of liquidity and going concern assumption and recoverable values of its financial and non-financial assets. The Group has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets and meet the current financial obligations. However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration. Accordingly, the Group will continue to monitor any material changes to future economic conditions.

**47 Composite Scheme of Arrangement:**

Subsequent to the year end, Ahmedabad Bench of the NCLT, through its order dated 3 May 2021 (the "Order"), has approved the Scheme of Arrangement ("the Scheme") to demerge the Agrochemicals and Pigments Division of Meghmani Organics Limited (MOL) along with its investment in Optionally Convertible Redeemable Preference Shares ("OCRPS") of Meghmani Finechem Limited (MFL) into the Holding Company. The Holding Company has filed certified true copy of the Order with the Ministry of Corporate Affairs (the "MCA") on 8th May 2021.

The Holding Company had not made investments in subsidiary/associate upto the period ended March 31, 2020 and accordingly requirement for preparation of consolidated financial statement was not applicable. During the year, pursuant to the Scheme, the following subsidiaries of MOL were transferred to the Company.

| Name of Entity | Place of business / Country of incorporation |
|---|---|
| Meghmani Organics USA INC | USA |
| PT Meghmani Organics | Indonesia |
| Meghmani Overseas FZE | Dubai |
| Meghmani Synthesis Limited | India |

As mentioned above, the effect of the Scheme has been given by restating the previous year comparative figures as per the requirements of Ind AS 103. Since the Company control over all the subsidiaries pursuant to the Scheme, consolidated financials statements are prepared by the Company for the year ended 31 March 2021 with previous year comparatives.

Accordingly, previous year numbers have been restated as per the requirements of Ind AS 103. The holding company was incorporated on 15th October 2019 and hence the comparative numbers has been restated from the date of incorporation i.e. 15th October 2019.

As per the share swap ratio approved in the Order, the Holding Company is in the process of issuing equity shares in the ratio of 1:1 of ₹ 1 each to the shareholders of MOL. Further, as per the Order, issued share capital of ₹ 5 lakhs consisting of 50,000 shares of ₹ 10 each stands cancelled.

**Increase in authorised share capital**: As per the Order, authorised share capital representing 11,50,00,000 equity shares of Re. 1 each of MOL have been transferred to the Holding Company. The Holding Company has further increased its authorised share capital representing 25,45,00,000 equity shares of Re. 1 each. The Holding Company has filed SH 7 for increasing the Authorised share capital with ROC on 17th May 2021 and the same is approved on 19th May 2021.

The impact of the demerger on these financial statements is as under:

(₹ In Lakhs)

| Particulars | Net Assets / (liability) acquired (along with reserves) | Value of Equity Shares issued | Capital Reserve |
|---|---|---|---|
| Demerger of Agrochemical and Pigment division of MOL along with its investment in OCRPS of MFL into the Holding Company | -4,479.90 | 2,543.14 | -7,023.04 |

**Conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) to Redeemable Preference Shares (RPS):**

As per the Order, OCRPS issued by MFL to MOL is transferred to Holding Company as per the Scheme. Further, the OCRPS will be converted into equal number of RPS with same terms and conditions and tenure from the effective date. Further, Investment in OCRPS of MFL was transferred from MOL at cost of ₹ 10,986.54 Lakhs as per the Scheme. Subsequent to transfer of OCRPS, the Holding Company has fair valued investment in OCRPS as per the requirements of Ind AS 109 and has opted for recognising the fair value difference through Statement of Profit and Loss. Management has obtained report valuation report from an independent valuer and fair value gain of Rs 8,035.40 lakhs for the year ending March 31, 2020 and Rs 1,124.00 lakhs for the year ending March 31, 2021 respectively has been accounted for as “Fair value gain of investment in OCRPS measured as at FVTPL” in other income.

**Stamp duty on immovable property to be transferred**

As per the Article 20(d) of Schedule I to the Gujarat Stamp Act, 1958, the Holding Company has provided for Rs 2,500 lakhs as stamp duty on the immovable property that will be transferred from MOL to the Holding Company and shares to be issued to the shareholders of MOL pursuant to the Scheme. The same has been accounted under Other Expense for the year ending March 31, 2021.

**48** Events occurred after the Balance Sheet date

The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of financial statement to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 20th May 2021 there were no material subsequent events to be recognized or reported that are not already disclosed

**49** Previous period figures have been regrouped / restated to give effect of scheme of arrangement wherever necessary to make them comparable with those of the current year.

AS PER OUR REPORT OF EVEN DATE

FOR **S R B C & CO LLP**
**Chartered Accountants**
ICAI Firm Regn. No. 324982E / E300003

per **Sukrut Mehta**
**Partner**
Membership No : 101974

**G S Chahal**
**Chief Financial Officer**

**K D Mehta**
**Company Secretary**

Place : Ahmedabad
Date : 20th May 2021

For And on Behalf of The Board of Directors of
**Meghmani Organochem Limited**
(CIN-U24299GJ2019PLC110321)

**J. M. Patel** - **Executive Chairman**
(DIN - 00027224)

**A. N. Soparkar** - **Managing Director**
(DIN - 00027480)

**N. M. Patel** - **Managing Director**
(DIN - 00027540)

Place : Ahmedabad
Date : 20th May 2021







**Statement of Sailent features of Financial Statement of Subsidiaries / Associates / Joint ventures as per Section 129(3) of the Companies Act 2013**

**Part - A Subsidiaries**

**Details of Subsidiary Companies as on 31.03.2021**

Rs. In Lakhs

| Name of Subsidiary | Share Capital | Reserve & Surplus | Total Assets | Total Liabilities | Investments | Turnover/ Total Income | PBT | Provision for Tax | PAT | Proposed Dividend |
|---|---|---|---|---|---|---|---|---|---|---|
| Meghmani Organics USA INC | 139.70 | 622.30 | 1,163.58 | 401.58 | - | 3,891.55 | 120.05 | 46.36 | 73.69 | - |
| P T Meghmani Organics Indonesia | 123.30 | (123.30) | - | - | - | - | - | - | - | - |
| Meghmani Overseas FZE | 4.56 | (2.70) | 1.86 | - | - | - | (8.70) | 0.06 | (8.77) | - |
| Meghmani Synthesis Limited | 5.00 | - | 5.00 | - | - | - | - | - | - | - |

# NOTICE

**NOTICE** is hereby given that Second Annual General Meeting of the Company will be held on **Thursday, 23rd September, 2021 at 10 a.m.** through Video Conferencing(VC)/ Other Audio-Visual Means (OAVM) to transact the following business:-

## ORDINARY BUSINESS:

### Adoption of Financial Statements

1. **To receive, consider and adopt:**

   (i) the Audited Standalone Financial Statement of the Company for the financial year ended 31st March, 2021 together with report of the Board of Directors & Auditors thereon and

   (ii) the Audited Consolidated Financial Statement of the Company for the financial year ended on 31st March, 2021 together with report of Auditors thereon.

### Declaration of Dividend

2. To declare a final Dividend of ₹ 1.40 (One Rupee Forty Paisa) per equity share of ₹ 1/- each for the financial year 2020-21.

### Appointment of a Director retire by rotation

3. To appoint a director in place of Mr. Jayanti Patel (DIN 00027224), who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a director in place of Mr. Ashish Soparkar (DIN 00027480), who retires by rotation and being eligible offers himself for re-appointment.

## SPECIAL BUSINESS:

5. **Ratification of remuneration payable to Cost Auditors of the Company**

   To consider and if thought fit to pass the following resolution with or without modification as an **ORDINARY RESOLUTION:-**

   **"RESOLVED THAT** in accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) per annum plus tax as applicable and reimbursement of out of pocket expenses to be paid to M/s. Kiran J. Mehta & Co. Cost Accountants Ahmedabad (Firm's Registration No. 000025), being Cost Auditors appointed by the Board of Directors to conduct audit of the cost records of the Company for the Financial Year 2021-22 be and hereby ratified and confirmed."

   **"RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board

**Jayesh R. Patel**
Company Secretary
Mem. No: A14898

Place: Ahmedabad
Date: 20th May, 2021

## NOTES:

**Convening of AGM through video conferencing ("VC") or any other audio-visual means ("OAVM")**

1. In view of reappearance (resurgence) of the COVID-19 pandemic, social distancing is still a norm to be followed; Ministry of Corporate Affairs (MCA) has allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means **(OAVM)** and dispended the personal presence of the members at the meeting. Accordingly, the MCA issued Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No.02/2021 dated 13th January, 2021 permitted Companies to hold their Annual General Meeting (AGM) through VC/ OAVM by prescribing the procedures and manner of conducting the Annual General Meeting (AGM) through VC/ OAVM therein. In compliance with applicable provisions of the Companies Act, 2013 read with aforesaid MCA circulars, the 2nd Annual General Meeting of the company is being conducted through VC/OVAM and the AGM shall be deemed to be convened and held at the registered office of the Company for the purpose of meeting statutory requirement under the Companies Act, 2013 or any other statute. Hence, members can attend and participate in the AGM through VC/OAVM only. **The Members are requested not to visit Corporate Office / Registered Office to attend the AGM.** Shareholders are requested to refer Note No 29 for detailed procedure for e-Voting and participation in the AGM through VC/OAVM. The Recording/transcript of the AGM will be made available on the website of the Company www.meghmani.com in the Investors Section, as soon as possible after the Meeting is over.

### Attendance Slip and Proxy Form

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint their authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

### Quorum

3. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. Physical attendance of Members is not required at the AGM.

### Explanatory Statement and details of Directors seeking appointment/re-appointment

4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

5. Details in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

6. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

### Dispatch of Notice and Annual Report through electronic means

7. In compliance with the aforesaid MCA circulars and SEBI circular dated May 12, 2020 and January 15, 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Printed copy of the Annual report (Including Notice) is not being sent to the Members in view of MCA/SEBI Circular. Members may note that the Notice convening the AGM and Annual Report 2020-21 have been uploaded on the website of the Company at www.meghmani.com and website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also available on website of CSDL at https://www.evoting.cdsl.com.

8. Members holding shares in physical mode and who have not registered / updated their e-mail address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at helpdesk@meghmani.com or to ahmedabad@linkintime.co.in. Members holding shares in dematerialised mode are requested to register / update their e-mail address with the relevant Depository Participant.

### Book Closure, Cut-off date and Dividend on equity shares for the financial year ended 31st March, 2021

9. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, 17 September, 2021 to Thursday, 23 September, 2021** (both days inclusive) to determine the entitlement of the shareholders to receive dividend for the year 2020-21 and for the purpose of Annual General Meeting.

10. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. Thursday, 16 September, 2021.

### Scrutinizer for voting

11. The Company has appointed **Mr. Mukesh Khandwala – Chartered Accountants** to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

### Voting Results

12. The voting results shall be declared within two working days from the conclusion time of the Meeting. The results declared along with the Scrutinizer's Report will be placed on the website of the Company at http://www.meghmani.com/ immediately after the result is declared by the Chairman or any other person authorised by the him in this regard and will simultaneously be sent to BSE Limited and National Stock Exchange of India Limited, where equity shares of the Company are listed.

### Dividend

13. The Board of Directors at its meeting held on May 20, 2021, has recommended a final dividend of ₹ 1.40 per equity share of the face value of ₹ 1/- each. The final dividend, if declared at the Annual General Meeting, will be paid to those members of the Company, whose names appear in the Register of Members or Register of Beneficial Ownership as on Thursday, 16 September, 2021. The dividend will be payable on or after 30 September, 2021

14. SEBI has made it mandatory for all companies to use the bank account details furnished by Depositories and maintained by the Registrar and Share Transfer Agent for payment of Dividend to the Members electronically. In the absence of details for electronic payment or in cases where electronic payments have failed/ rejected by the Bank, the Company would issue demand drafts/ dividend warrants/ cheques and print the bank account details, as available, on instrument of payment of dividend.

15. Members are requested to update the bank details including 11-digit IFSC code and 9 digit MICR code with the Depository Participants (DP) to receive the amount

of dividend quickly. In case of shares held in physical form, the said details may be communicated to the RTA or Company, by quoting registered folio number and attaching photocopy of the cheque leaf of the active bank account along with a self attested copy of the PAN card.

## Taxation of Dividend

16. Pursuant to the Income-tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by a Company after 1st April 2020 shall be taxable in the hands of the Shareholders. No tax will be deducted on payment of dividend to the resident individual shareholders if the amount of dividend payable does not exceed ₹ 5,000/-. Your Company shall therefore be required to deduct tax at source at the time of making the payment of the said Dividend payable. The shareholders are requested to update their PAN with the Company / Linkintime. (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). However, no tax or reduced tax shall be deducted on the dividend payable by the company in cases the shareholder provides Form 15G (applicable to any Resident Individual other than a Company or a Firm) / Form 15H (applicable to an Resident Individuals above the age of 60 years) / Form 10F (applicable to Non- Residents), provided that the eligibility conditions are being met. Needless to say, Permanent Account Number (PAN) is mandatory for category of Forms. To avail this benefit, shareholders need to provide respective declaration/ document 15G/15H/10F all in capital at the website of our RTA( Linkintime. (India) Pvt. Ltd. at below given link, on or before 16 September, 2021.

    https://web.linkintime.co.in/formsreg/submission-of-form-15G -15H

    Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading respective declaration/documents as mentioned hereinabove.

17. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.

## Unclaimed dividends

19. Members are requested to refer the details of unclaimed dividend of erstwhile Meghmani Organics Limited (Demerged Company) as set out in the Report on Corporate Governance on page no 71

20. Members wishing to claim unclaimed dividends are requested to correspond with Link Intime (India) Private Limited, the Registrar and Share Transfer Agent of the Company.

21. Members are requested to note that dividends not encashed or claimed within seven Years from the date of transfer to the Company's Unpaid Dividend Account, will be, transferred to the Investor Education and Protection Fund (IEPF) as per Section 125 of the Companies Act, 2013.

## Procedure for Inspection of Documents:

22. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode by sending an e-mail to helpdesk@meghmani.com.

## Queries to the Financial Statements

23. Members can express their views and submit questions/ queries in advance with regard to the Financial Statements from their registered e-mail address, mentioning their name, **DPID** and **Client ID number/folio number** and **mobile number** at the Company's investor desk at helpdesk@meghmani.com or ir@meghmani.com at least **10 (Ten)** days before the date of the Meeting so that the information required may be made available at the Meeting.

## Nomination

24. Members can avail facility of nomination in respect of equity shares held by them pursuant to Section 72 of the Act and rules made thereunder. Members holding equity shares in demat mode may contact their respective Depository Participant for availing this facility. Members holding equity shares in physical form desiring to avail this facility may send their nominations in the prescribed Form No. SH-13 duly filled in, to Link Intime at the abovementioned address.

## Request to Members to participate in green initiative

25. In compliance with the MCA Circulars and the SEBI Circulars, all Members holding shares in physical form or demat mode, are requested to register/keep their records viz. e-mail address, PAN, Bank Account details, registered Mobile Nos. updated to:

    » Receive electronic copies of the all Company communications to Shareholders viz. Notice of AGMs/ EGMs/Postal Ballot notice, Annual Reports, Dividend mandates and other correspondence on their registered e-mail address.

    » Receive seamless credit of Dividend directly to the registered bank account through electronic clearing services or any other means.

## e-Voting

26. The Company is pleased to provide members, facility to exercise their right to vote at the 2ND Annual General Meeting (AGM) by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

27. The detailed procedure for participation in the meeting through VC/OAVM is available at the Company's website www.meghmani.com.

28. The helpline number regarding any query / assistance for participation in the AGM through VC/ OAVM is 022-23058542/43.

## 29. PROCESS AND MANNER FOR MEMBERS OPTING FOR VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

2. 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. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM without restriction on account of first come first served basis.

3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

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

5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.meghmani.com . The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

6. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

7. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

**30. THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER :**

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

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

(i) The voting period begins on Monday, 20 September, 2021 (from 9:00 am) and Time and ends on Wednesday, 22 September, 2021(upto 5 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 16 September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

(iii) Pursuant to **SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242** dated **09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

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

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

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

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Demat mode with CDSL | Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.<br><br>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.<br><br>If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br><br>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in demat mode with NSDL | If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br><br>If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br><br>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

**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. CDSL and NSDL**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

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

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" module.
3. Now enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

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

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

6) If you are a first-time user follow the steps given below:

| | **For Physical shareholders and other than individual shareholders holding shares in Demat.** |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details<br>OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field. |

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

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

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

(ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

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

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

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

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

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

» Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

» A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

» After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

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

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

» Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; helpdesk@meghmani.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/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 available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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

1. **For Physical shareholders -** please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. **For Demat shareholders -** Please update your email id & mobile no. with your respective Depository Participant (DP)
3. **For Individual Demat shareholders -** Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to **helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43**.

All grievances connected with the facility for voting by electronic means may be addressed to **Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43**.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 5

Ratification of the remuneration payable to Cost Auditors of the Company

The Board, on the recommendation of the Audit Committee has approved the appointment of M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost records of the Company for the financial year ending on March 31, 2022 at a remuneration of Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) plus applicable taxes and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors need to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice.

By order of the Board

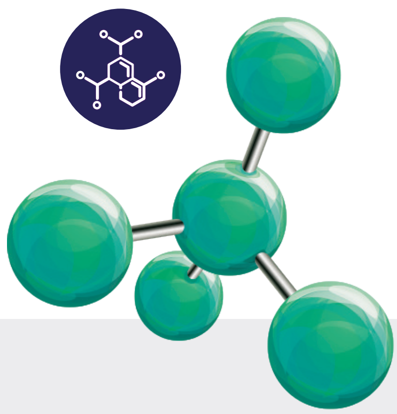
**Jayesh R. Patel**
Company Secretary
Mem. No: A14898

Place: Ahmedabad
Date: 20th May, 2021

**Information required pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), in respect of Directors seeking appointment / re-appointment at the 2nd Annual General Meeting**

| **Name of Director** | **Mr. Jayanti Patel**<br>**Executive Chairman**<br>**DIN 00027224** | **Mr. Ashish Soparkar**<br>**Managing Director**<br>**DIN 00027480** |
|---|---|---|
| Age in completed years<br>(as on March 31, 2021) | 69 | 68 |
| Date of first appointment on the Board | 15th October, 2019 | 15th October, 2019 |
| Qualification / Brief Resume / Expertise in specific functional area/ experience | He has experience of more than 45 years in the Dyes and Pigments Industry and more than 25 years in the Agrochemicals Industry. He was one of the founding members and executive chairman of erstwhile Meghmani Organics Limited, the Demerged Company.<br>He holds a degree of Bachelor of Chemical Engineering from Maharaja Sayajirao University, Baroda. | He has experience of more than 45 years in the Dyes and Pigments Industry and more than 25 years in the Agrochemicals Industry. He was one of the founding members and managing director of erstwhile Meghmani Organics Limited, the Demerged Company.<br>He holds a degree of Bachelor of Chemical Engineering from Maharaja Sayajirao University, Baroda. |
| No. of Shares held in the Company | 1,80,24,390 | 2,54,40,396 |
| Relationship with other Directors and Key Managerial Personnel | Except Jayanti Patel, Natwarlal Patel and Ramesh Patel who are brothers, none of our Directors are related to each other as per the provisions of Companies Act, 2013. Further, except Natwarlal Patel who is father of Ankit Patel, CEO of our Company, none of our Directors are related to any of the Key Managerial Personnel. | None |
| No of meetings of the Board attended during the year | 5/5 | 5/5 |
| Other Directorships | • Meghmani Synthesis Limited<br>• Meghmani Chemicals Limited<br>• Meghmani Organics USA Inc.<br>• PT Meghmani Organics Indonesia<br>• Alkali Manufacturers Association of India | • Meghmani Chemicals Limited<br>• Meghmani Organics USA Inc.<br>• Meghmani Synthesis Limited<br>• Meghmani Exports Limitada Sa De Cv Maxico. |
| Chairmanship / Membership of Committees of other companies | - | - |

CHEMISTRY OF SUCCESS AT WORK




**Meghmani Organics Limited**

(Formerly known as Meghmani Organochem Limited)

**REGISTERED & CORPORATE OFFICE**

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