



KANORIA CHEMICALS & INDUSTRIES LIMITED

Registered Office :
KCI Plaza, 6th Floor
23C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Tel : +91-33-4031-3200
CIN : L24110WB1960PLC024910
E-mail : calall@kanoriachem.com
Website : www.kanoriachem.com

KC-13/

16th August, 2023

The Manager
Listing Department
National Stock Exchange of India Limited,
"Exchange Plaza",
Plot No. C/1, "G" Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051gust

Symbol: KANORICHEM

DCS-CRD
BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001

Code No. 50 6525

Dear Sir,

Sub: Notice of 63rd Annual General Meeting and Annual Report for Financial Year 2022-23.

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We are attaching herewith the Annual Report for the year 2022 -23 along with the Notice of the 63rd Annual General Meeting of the Company. The 63rd Annual General Meeting of the Company will be held on Friday, the 8th September, 2023 at 11.00 A.M., through Video Conference/other Audio Visual Means.

The Annual Report along with the AGM Notice is being sent only through the electronic mode to the Shareholders of the Company at their e-mail addresses registered with the Company/Depository Participants.

The Notice and the Annual Report are also available on the website of the Company at the www.kanoriachem.com

This is for your records.

Thanking you,

Yours sincerely,
For Kanoria Chemicals & Industries Limited

NEHA SARAF Digitally signed by NEHA SARAF
Date: 2023.08.16 13:54:28 +05'30'

Neha Saraf
Company Secretary & Compliance Officer

Encl : as above



Kanoria Chemicals
& Industries Limited

Kanoria Chemicals & Industries Limited

CIN: L24110WB1960PLC024910

Registered Office: "KCI Plaza", 6th Floor, 23-C, Ashutosh Chowdhury Avenue, Kolkata – 700 019

Phone: (033) 4031 3200

Email: investor@kanoriachem.com, Website: www.kanoriachem.com

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 63rd Annual General Meeting of the Members of **Kanoria Chemicals & Industries Limited** will be held on **Friday, the 8th September, 2023 at 11.00 A.M.** through Video Conference ("VC")/Other Audio Visual Means ("OAVM") to transact the following business(es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2023 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Madhuvanti Kanoria (DIN: 00142146) who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

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

3. As an Ordinary Resolution

"RESOLVED that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,65,000/- (Rupees One Lakh Sixty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit payable to M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), appointed as the Cost Auditors by the Board of Directors of the Company on the recommendation of the Audit Committee, for conducting the audit of the cost records of the Company for the financial year ending on 31st March 2024, be and is hereby ratified and confirmed."

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

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Date: 26th May, 2023

By Order of the Board of Directors

Neha Saraf
Company Secretary
Membership No.: A27024



NOTES

1. In view of the continuing COVID-19 pandemic and restrictions imposed on the movement of people, the Ministry of Corporate Affairs (“MCA”) vide its Circular No. 2/2021 dated 13th January 2021 read with Circular Nos.14/2020, 17/2020, 20/2020, 02/2022 and 10/2022 dated 8th April 2020, 13th April 2020, 5th May 2020, 5th May 2022 and 28th December 2022 respectively (collectively referred to as “MCA Circulars”) and also SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2022/62 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 12th May 2020, 13th May 2022 and 5th January, 2023 respectively (collectively referred to as “SEBI Circulars”) has permitted the holding of the Annual General Meeting (“AGM”) through Video Conference/Other Audio Visual Means, without the physical presence of the Members at a common venue.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the aforesaid Circulars, the 63rd AGM of the Company will be conducted through Video Conference (“VC”)/Other Audio Visual Means (“OAVM”) and the businesses set out in the Notice will be transacted by the Members only through remote e-voting or through the e-voting system provided during the Meeting while participating through VC/OAVM facility. Further, for the purpose of technical compliance of the provisions of Section 96(2) of the Companies Act, 2013, the registered office of the Company at “KCI Plaza”, 6th Floor, 23C, Ashutosh Chowdhury Avenue, Kolkata - 700 019 where the Company is domiciled, is deemed to be the place of holding of the AGM.

2. Company has engaged the services of National Securities Depository Limited (“NSDL”) as the Agency for providing facility for remote e-voting, participation in the AGM through VC/OAVM and e-voting during the AGM in terms of said 'MCA Circulars.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Special Business as set out in the Notice is annexed hereto. Information in respect of Smt. Madhuvanti Kanoria retiring by rotation and offering herself for re-appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 is by way of a Note to this Notice.
4. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
5. **DISPATCH OF ANNUAL GENERAL MEETING NOTICE AND ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDs:**
 - i. In compliance with MCA and SEBI Circulars as stated earlier and owing to the difficulties involved in dispatching of physical copies of the financial statements including Board's Report, Auditor's Report or other documents required to be attached therewith (together referred to as Annual Report), the Annual Report for FY 2022-23 and Notice of AGM inter-alia, indicating the process and manner of voting through electronic means are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
 - ii. The Companies Act, 2013 in line with the measures undertaken by the Ministry of Corporate Affairs for promotion of Green Initiative, has introduced enabling provisions for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent, C B Management Services (P) Limited at rta@cbmsl.com. Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address.

Members holding shares in dematerialised mode are requested to register/update their email addresses with their Depository Participants.

- iii The Notice of the AGM and the Annual Report of the Company for the Financial Year 2022-23 are available on the website of the Company at www.kanoriachem.com, on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com

6. GENERAL INSTRUCTIONS FOR AGM THROUGH VC/OAVM:

- i. In compliance with provisions of Section 108 of the Companies Act, 2013; Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force); Regulation 44 of SEBI Listing Regulations, 2015 and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide Members with a facility to exercise their right to vote by electronic means for the business to be transacted at the AGM.
- ii. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- iii. In addition to remote e-voting, the facilities for voting through electronic voting system shall also be made available during the AGM. Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
- iv. Members can join the AGM through VC/OAVM 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

7. INSTRUCTIONS FOR REMOTE E-VOTING AND JOINING AGM:

The remote e-voting period commences on Tuesday, the 5th September, 2023 (9:00 A.M.) and ends on Thursday, the 7th September, 2023 (5:00 P.M.). The remote e-voting module shall be disabled by NSDL for voting thereafter.

The Members, whose names appear in the Register of Members/Beneficial Owners as on the cut-off date i.e. Friday, the 1st September, 2023 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up Equity Share Capital of the Company as on the cut-off date, being Friday, the 1st September, 2023.

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

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





Step 1: Access to NSDL e-Voting system

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

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



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

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with NSDL.</p>	<ol style="list-style-type: none"> Existing IDEAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under 'IDEAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added 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 i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting If you are 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 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 i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> Existing users who have opted for CDSL Easi/Easiest, they can login through their 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 www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.

	<p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
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. Once 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 options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & 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. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**How to Log-in to NSDL e-Voting website?**

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.



3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:

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

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

- a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
- b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

9. After you click on the “Login” button, Home page of e-Voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.

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

General Guidelines for shareholders

- i. Pursuant to Section 113 of the Companies Act, 2013, Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the GM through VC/OAVM and vote on its behalf. The said Resolution/Authorization shall be sent by its registered e-mail address to the Scrutinizer of the Company at kanoriachemscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
- ii. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as on the cut-off date i.e. Friday, the 1st September, 2023, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Registrar and Transfer Agent at rta@cbmsl.com. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on 022 - 4886 7000 and 022 - 2499 7000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date i.e. Friday, the 1st September, 2023, may follow steps mentioned in the Notice of the AGM under Step 1: "Access to NSDL e-Voting system" (Above).
- iii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- iv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on 022-4886 7000 and 022-2499 7000 or send a request to Ms. Pallavi Mhatre, Manager at evoting@nsdl.co.in

10. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:

- i. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the Registrar & Share Transfer Agent, C B Management Services (P) Limited at rta@cbmsl.com.
- ii. In case shares are held in demat mode, please provide DPID-CLID (16 digits DPID + CLID or 16 digit beneficiary ID), Name, Client Master or Copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to the Registrar & Share Transfer Agent, C B Management Services (P) Limited at rta@cbmsl.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**



- iii. Alternatively members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- iv. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

11. INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM:

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members, who will be 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 in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

12. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- ii. Members are encouraged to join the Meeting through Laptops for better experience and will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connected 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.
- iii. Members who would like to express their views or ask questions during the AGM may register themselves as speaker by sending email to investor@kanoriachem.com from their registered email address, mentioning their name, DP ID and Client ID/folio number, mobile number, between 1st September, 2023 (9:00 A. M.) and 2nd September, 2023 (5:00 P. M.). Only those Members who have registered themselves as speaker will be able to speak at the Meeting. Speakers are requested to submit their questions at the time of registration to enable the Company to respond suitably. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

13. VOTING RESULTS:

- i. The Company has appointed Shri Amit Choraria (Membership No. 066838), Practicing Chartered Accountant and proprietor of Amit Choraria & Co., Kolkata as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- ii. The Results of voting will be declared within 2 working days from the conclusion of the AGM. The declared Results along with the Scrutinizer's Report shall be placed on the website of the Company www.kanoriachem.com and on the website of NSDL immediately after the declaration of result by the Chairman or any Director authorized by him in writing and shall also be displayed on the notice Board of the Company at its Registered Office and Corporate Office. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

14. PROCEDURE FOR INSPECTION OF DOCUMENTS:

The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 of the Act, the Register of Contracts with related party, and contracts and bodies etc. in which Directors are interested under Section 189 of the Act and other documents

referred to in the accompanying Notice shall be available for inspection through electronic mode, on the request being sent to investor@kanoriachem.com and shall also be available for inspection during the AGM, upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>

15. INVESTOR EDUCATION AND PROTECTION FUND (IEPF) RELATED INFORMATION:

- i. In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended from time to time, during the year the unclaimed/unpaid dividend relating to financial year ended 31st March 2015 has been deposited with the Investor Education and Protection Fund ("IEPF") established by the Central Government.

The Company has been sending reminders to Members having unpaid/unclaimed dividends before transfer of such dividend(s) to IEPF. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has also uploaded the details of unpaid and unclaimed dividends lying with the Company as on 31st March 2023 on its website and on the website of the Ministry of Corporate Affairs. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF). Members who have a valid claim to any of the unpaid/unclaimed dividends are requested to correspond with the Share Department of the Company at its Registered Office.

Further, shares on which dividend remains unpaid/unclaimed for seven consecutive years will also be transferred to the IEPF as per Section 124 (6) of the Act, and the applicable Rules.

- ii. During the year 2022-23, the Company has transferred 7109 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority, as per the applicable provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.
- iii. Members are informed that once the unpaid/unclaimed dividend or the shares are transferred to IEPF, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents as specified in Form IEPF-5 which is available on the website of IEPF at www.iepf.gov.in

16. OTHER INFORMATION:

- i. Regulation 40 of Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, vide its Circular dated 25th January 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in demat mode while processing investor service requests pertaining to issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission, transposition etc. In view of this, Members holding shares in physical form are requested to consider converting their holdings to demat mode. Shareholders who are desirous of dematerializing their securities may write to the Company at investor@kanoriachem.com or to the Registrar and Share Transfer Agent at rta@cbmsl.com
- ii. We urge Members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. Members holding shares in dematerialised form, who have not registered their e-mail addresses are requested to register their e-mail addresses with their respective Depository Participants, and the Members holding shares in physical form are requested to update their e-mail addresses with the Registrar and Share Transfer Agent at rta@cbmsl.com in Form ISR-1 or e-mail to investor@kanoriachem.com for receiving all communication, including Annual Reports, Notices, Circulars, etc. from the Company electronically.
- iii. 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 their PAN to their respective Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent of the Company.



- iv. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify any change in information to Registrar and Share Transfer Agent or Company 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.
- v. In all correspondence with the Company/Registrar & Share Transfer Agent, Members are requested to quote their Folio Number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID Number.
- vi. Members are requested to contact the Company's Registrar & Share Transfer Agent, C B Management Services (P) Limited, P-22, Bondel Road, Kolkata –700 019, Phone : (033) 40116700 for reply to their queries/redressal of complaints, if any, or contact the Company Secretary at the Registered Office of the Company (Phone: (033) 4031 3200, email: neha.saraf@kanoriachem.com)
- vii. Members, who wish to obtain any information regarding the accounts or any matter to be placed at the AGM, are requested to send an e-mail at investor@kanoriachem.com by 2nd September, 2023 (5.00 P.M.). The same will be replied by the Company suitably.
- viii. Pursuant to Section 72 of the Companies Act, 2013 and Rules made thereunder, Members holding shares in the physical form and desirous of making/changing nomination in respect of their shareholdings in the Company, are requested to submit the prescribed Form No. SH-13 and SH-14, as applicable for this purpose to the Company's Registrar & Share Transfer Agent.
- ix. Pursuant to provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is maintaining an E-mail Id: investor@kanoriachem.com exclusively for quick redressal of members/investors grievances.

17. APPOINTMENT OF DIRECTOR ON RETIREMENT BY ROTATION:

Smt. Madhuvanti Kanoria

Smt. Madhuvanti Kanoria (DIN: 00142146), aged about 68 years is a Director of the Company with effect from 11th February 2015. She retires by rotation at the 63rd Annual General Meeting of the Company under Section 152 of the Companies Act, 2013 and, being eligible, has offered herself for re-appointment as a Director of the Company.

Smt. Madhuvanti Kanoria, a graduate in Education (Hons.) from the Loreto College, Kolkata, is spouse of Shri R. V. Kanoria, Managing Director of the Company and mother of Shri S. V. Kanoria, Wholetime Director of the Company. Smt. Madhuvanti Kanoria is a past President of the FICCI Ladies Organisation (FLO), an arm of the Federation of Indian Chambers of Commerce & Industries. She is also a past Vice Chairperson of the SAARC Chamber Women Entrepreneurs Council (SCWEC).

She has keen interest in social services and is actively associated as trustee of various social foundations engaged in empowering the girls and women through education and vocational skills and in offering need-based scholarships to underprivileged female students who have the ability and the zeal to pursue advance studies.

She attended all the four Board Meetings held during the year 2022-23.

She is the Chairperson of the Corporate Social Responsibility Committee of the Company.

She is a Director in the following other companies:

Name of the Company	Position held
G R Estates Private Limited	Director
Shirshty Impex Private Limited	Director

She has not been a Director in any other listed company during the last three years.

She does not hold Committee chairmanship/ membership in any other company.

The Company has received intimation in Form DIR 8 from Smt. Madhuvanti Kanoria declaring that she is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013 and is also not debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

The appointment of Smt. Madhuvanti Kanoria as a Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, Item No. 2 of the Notice is placed for your approval. The Board recommends passing of the said resolution in the interest of the Company.

Except Smt. Madhuvanti Kanoria, Shri R. V. Kanoria, Managing Director and Shri S. V. Kanoria, Wholetime Director of the Company and their relatives who are shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed resolution.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Re: Item No. 3

The Board of Directors, on the recommendation of the Audit Committee, has considered and approved the appointment of M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on 31st March 2024 at a remuneration of Rs. 1,65,000/- (Rupees One Lakh Sixty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit.

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, the Ordinary Resolution set out as Item No. 3 of the Notice is placed for ratification of the remuneration of the Cost Auditors in terms of Section 148 of the Companies Act, 2013. The Board of Directors recommends passing of the said resolution in the interest of the Company.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives is in any way concerned or interested, whether financially or otherwise, in the proposed Resolution.

Registered Office
'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Date: 26th May, 2023

By Order of the Board of Directors

Neha Saraf
Company Secretary
Membership No.: A27024



Annexure - A

Details of Director seeking re-appointment:

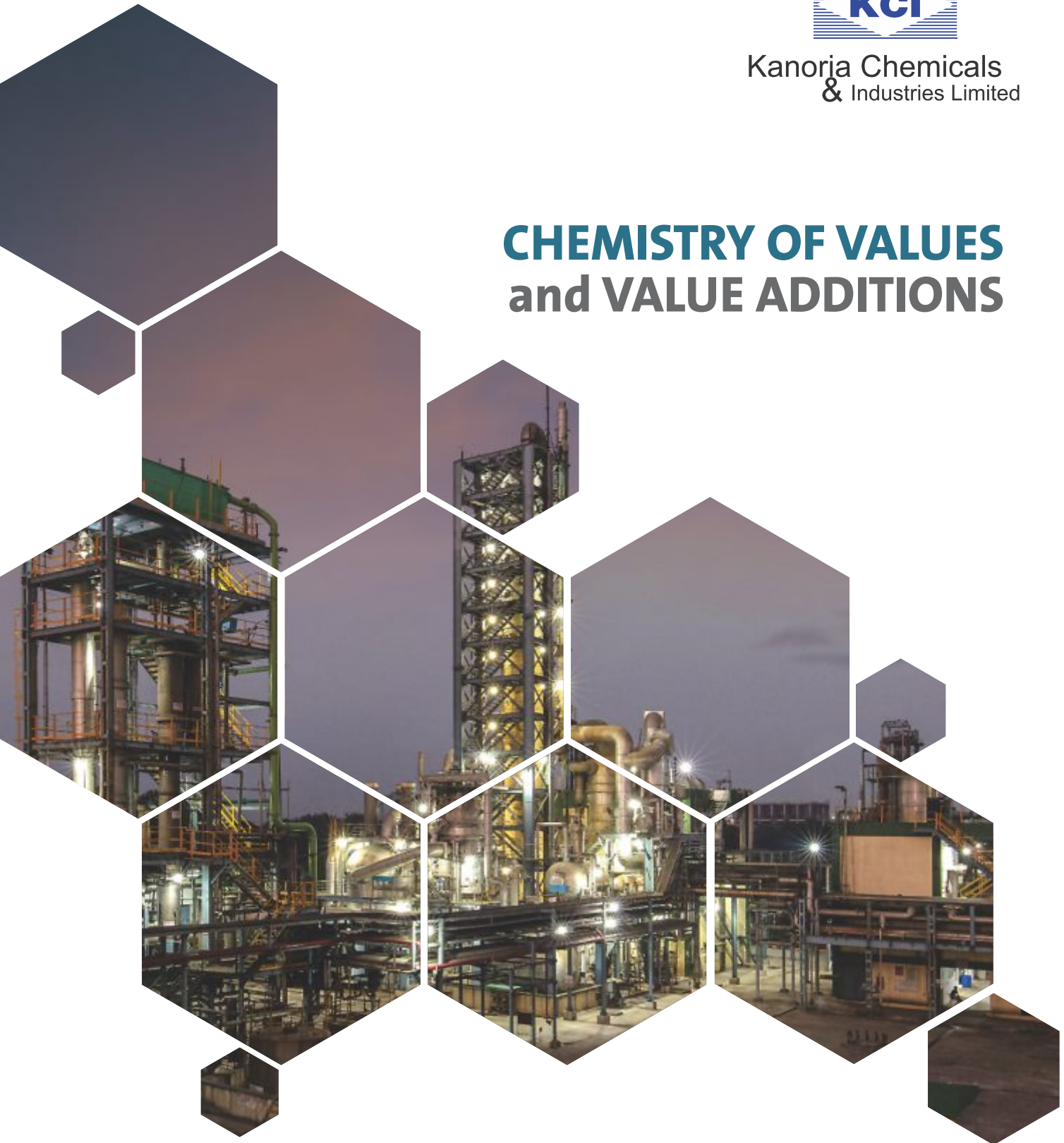
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India]

Name of Director	Smt. Madhuvanti Kanoria
DIN	00142146
Date of Birth	07.06.1955
Age	68 years
Particulars of experience, qualification, attributes or skills that qualify the Director for Board membership including expertise in specific functional areas	<i>Please refer point 17 above</i>
Skills and capabilities required for the role and the manner in which the Director meets such requirements	<i>Please refer point 17 above</i>
Directorships and Membership/Chairmanship of Committees of other Boards as on date of Notice	<i>Please refer point 17 above</i>
Listed entities from which the Director has resigned in the past three years	Nil
Shareholding in the Company (including beneficial ownership) and disclosure of relationship between directors inter-se or with other Key Managerial Personnel	Own – 498,321 equity shares Beneficial holding - Nil Relationship - Smt. Madhuvanti Kanoria is spouse of Shri R. V. Kanoria, Managing Director of the company and mother of Shri S. V. Kanoria, Wholetime Director of the company
Terms and conditions of re-appointment	<i>Please refer point 17 above</i>
Remuneration sought to be paid and last drawn	Nil (only sitting fee paid)
Date of first appointment on the Board	11 th February 2015
Number of Meetings of the Board attended during the year	4



Kanorja Chemicals
& Industries Limited

CHEMISTRY OF VALUES and VALUE ADDITIONS



ANNUAL REPORT

2022-23

ANNUAL REPORT

2022-23

Registered Office

'KCI Plaza', 6th Floor, 23-C, Ashutosh Chowdhury Avenue
Kolkata – 700 019
CIN: L24110WB1960PLC024910
Phone: +91-33-40313200
Email: info@kanoriachem.com
Website: www.kanoriachem.com

Corporate Office

Indra Prakash, 21, Barakhamba Road
New Delhi – 110 001
Phone: +91-11-43579200

Company Secretary

Neha Saraf

Group Chief Financial Officer

N. K. Nolkha

Auditors

Singhi & Co.
161, Sarat Bose Road,
Kolkata - 700 026

Bankers

Axis Bank Limited
HDFC Bank Limited
Yes Bank Limited

Registrar & Share Transfer Agent

C B Management Services (P) Limited
P-22, Bondel Road, Kolkata – 700 019
Phone: +91-33-40116700
Email: rta@cbmsl.com



Formaldehyde Plant - Vizag

BOARD OF DIRECTORS



Mr. R.V. Kanoria
Chairman & Managing Director



Mr. Sidharth K. Birla
Non-executive Independent Director



Mrs. M. Kanoria
Non-executive Non-Independent Director



Mr. H. K. Khaitan
Non-executive Independent Director



Mr. Amitav Kothari
Non-executive Independent Director



Mr. A. Vellayan
Non-executive Independent Director



Mrs. Suhana Murshed
Non-executive Independent Director



Mr. S.V. Kanoria
Wholetime Director



Acetaldehyde, Formaldehyde & Hexamine Plant - Ankleshwar

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Formaldehyde Plant - Naidupet

CHAIRMAN'S STATEMENT

The world is still recovering from the effects of the pandemic induced excessive monetary easing. To counter the effects of inflation, central banks are now resorting to abnormal hikes in interest rates even at the cost of growth. Most of the major economies of the world are faced with either a mild recession or stagflation. The fragility of global supply chains is leading to a race for onshoring of manufacturing at the cost of competitiveness. Rule based global trade has become dysfunctional. The Russian-Ukraine conflict continues almost unabated. Amidst all the uncertainties, the Indian economy still looks resilient and continues to be one of the best performing large economies of the world.

Despite the Government's efforts to promote manufacturing, private investment is still languishing but is showing some signs of recovery. It is hoped that, with increased public spending on infrastructure and its subsequent impact on demand, there will be significant pickup in private investment. The effects of the past and pent up demand has worn off and commodity prices are under significant pressure. The recovery post Covid has been K-shaped. As a consequence, the demand scenario remains ambiguous amongst different sectors, buoyant in some and tepid in others. Inequality poses a challenge to global leadership. In India, there is a need to formulate policies oriented towards employment generation. The PLI Scheme in my opinion is overly biased towards capital intensive investment.

During the year, the company's performance remained below expectation despite the fact that in terms of running efficiencies, all the plants across all the businesses ran better than in the previous year. The markets, however, remained volatile. In particular, the company's chemical business was hit by a sudden and steep unexplained reduction of prices by Chinese and other suppliers. In this regard, the company has filed an Anti-Dumping Petition, which is actively being pursued.

Commodity Chemical Prices are on the downside and margins continue to be under pressure. The company has embarked on a cost cutting programme which is expected to yield positive result in the medium term. To maintain its share of market and to keep pace with future demand driven by the construction industry, the company is also expanding its Formaldehyde capacity.



The electronic auto component business of the company under its subsidiary APAGCoSyst saw some mitigation in the supply of its raw materials, that is, semi conductors. The acute shortage of the previous years has abated to a large extent. The disturbed supply chain is, however, yet to fully normalize and the mismatch of some materials being available and some not continues. The situation, however, is promising and the current year is likely to be significantly better. The order book is extremely healthy and with the easing of supply chain constraints, capacity utilization at both its plants in the Czech Republic and in Canada, is likely to improve. The Canadian plant, which commenced its operations just before the pandemic, has taken an inordinately long time to stabilize having had to face the twin problems of both the pandemic and the semi conductor shortage. It is now on the path of stabilization.

Kanoria Africa Textiles, the company's wholly owned subsidiary, operating an integrated denim manufacturing plant in Ethiopia, is running profitably. It has, however, been affected by the geo-political environment. As a country Ethiopia is faced with a foreign exchange crisis and the challenge for our company is to meet its debt obligations in foreign exchange despite the fact that monies are available in the company. The silver lining is that some of the restrictions on Ethiopia have been lifted after human rights improvements. Ethiopia has also asked to be a part of BRICS. It is given to understand that the IMF is also considering a package to help Ethiopia in mitigating its foreign exchange crisis. As such, the prospects of the textile business in Ethiopia also look promising.

I express my gratitude to the teams at the company across all its businesses for their contribution in challenging circumstances.

R. V. Kanoria
Chairman & Managing Director

THE YEAR IN REVIEW

The global economy has encountered multiple events in 2022-23 like Russia-Ukraine war, energy crisis in Europe, surging inflation, debt tightening, fear of recession as well as the climate emergency. The Indian economy and Chemical Industry in particular, has felt the pressure of shrinking Revenue and profitability in the 2nd half of the 2022-23. Most of the basic chemicals saw a sharp correction in prices on account of global over supply situation due to weaker demand in Europe and China. There has also been significant dumping of selected chemicals in India from regular exporting countries. Depreciation of Indian currency against the US Dollar has also hampered the profitability of the Indian Chemical Industry who are reliant on imports of some basic chemicals. We at KCIL, felt the pressure on our profitability during the year.

The Company's assessments and prospects outlined hereunder are to be read in the context of the evolving and ever-changing situation.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Performance with respect to Operational Performance

During the year under review, the operations across various segments of the Company has shown improved efficiencies and productivity. As a result, the Electronic Automotive and Textile segments of the company performed much better than the immediately preceding year. However the performance of the Alco Chemicals segment, especially in the second half of the financial year under review, was marred by a sudden dumping of a key product manufactured by the company at a significantly lower prices.

The Revenue from Operations of the Company on a standalone basis increased by 4% from Rs. 6,491 million in the year 2021-22 to Rs. 6,752 million in the year 2022-23. The EBITDA, however, reduced from Rs. 704 million in the year 2021-22 to Rs. 396 million in the year 2022-23 due to dumping of the product and volatility in the prices. As a result, the Net Profit of the Company also reduced to Rs. 59 million during the year as against a Net Profit of Rs. 250 million in the immediately preceding financial year.

The operations at APAG CoSyst Group (APAG), engaged in the manufacturing of electronics for the Automotive segment, improved with the relatively better supply of semiconductors. APAG's Revenue from Operations increased by 23% from Rs. 5,918 million in the year 2021-22 to Rs. 7,250 million in the year 2022-23. The EBITDA more than doubled from Rs. 66 million in the year 2021-22 to Rs. 172 million in the year 2022-23. The Net Loss during the year reduced from Rs. 230 million in the year 2021-22 to Rs. 206 million in the year under review.

Kanoria Africa Textiles plc (KAT), another foreign subsidiary of the Company based in Ethiopia also delivered improved performance with Revenue from Operations increasing by 39% from Rs. 1,282 million during FY 2021-22 to Rs. 1,782 million in the year 2022-23. The EBITDA increased by 24% from Rs. 253 million in the year 2021-22 to Rs. 314 million in the year 2022-23. The Net Profit for the year was Rs. 18 million as against a profit of Rs. 2 million in the immediately preceding financial year.

The Consolidated Revenue from Operations increased by 15% from Rs. 13,691 million in the previous year to Rs. 15,784 million in the year under review. The Consolidated EBITDA decreased from Rs. 970 million in the year 2021-22 to Rs. 827 million in the year 2022-23. As a result, the Company incurred a Net Loss of Rs. 129 million on Consolidated basis during the year under review as against a Net Profit of Rs. 22 million in the previous year.

Key Financial Ratios

	2022-23	2021-22
Debtors Turnover	6.68	6.51
Inventory Turnover	12.78	13.39
Interest Coverage Ratio	4.78	9.90
Current Ratio	1.44	1.44
Debt Equity Ratio	0.19	0.15
Operating Profit Margin (%)	2.79	9.15
Net Profit Margin (%)	0.85	3.79
Return on Net Worth (%)	0.93	3.99

1. Operating Profit Margin was primarily lower due to dumping of a key product manufactured by the company at a significantly lower prices and volatility in input prices. This had a cascading adverse impact on Interest Coverage Ratio, Net Profit Margin and Return on Net Worth.
2. Debt Equity Ratio decreased due to lower profitability and increase in total debt.



Penta Plant - Ankleshwar

Alco Chemicals Segment

Industry structure and development

The Alco Chemicals Division of the Company caters to a diverse range of industries including primarily Pharma, Construction, Agrochemicals, infrastructure and Paints. It produces products such as Formaldehyde, Pentaerythritol, Hexamine, Sodium Formate, Phenolic Resins, and Acetaldehyde in its state of art facilities located at Ankleshwar (Gujarat), Vizag (Andhra Pradesh) and Naidupet (Andhra Pradesh).

The Company is a leading producer of Formaldehyde, Pentaerythritol, Phenolic Resins and Hexamine in India. The Formaldehyde plants are equipped with latest technologies, which have advantage of operational cost and better product quality. The Pentaerythritol, Hexamine and Phenolic Resins manufacturing technologies have been developed in-house by the Company and have been refined over the years to compete globally on cost and quality.

The state-of-the-art Phenolic Resin production plant of the Company has collaborative agreements with Hexion Inc. - the global leader in thermoset resins, and ASK Chemicals - a global player in foundry solutions and other resins. These collaborations enable the Company to add specialized, high-value products to its manufacturing portfolio.

Opportunities

The company has made a long term growth plan "Vision-2030" comprising of mix of projects in both new and existing product portfolios. We aim to grow multifold in revenue and profitability by the year 2030.

- As part of the 1st phase of Vision-2030, KCIL has commissioned its 2nd Phenolic Resins plant at its Ankleshwar unit. It makes KCIL, the only Phenolics Resins manufacturer in India to have plants in both West and East coast of India.
- KCIL's effort towards "New Product Development Cell (NPD Cell)" has started giving fruitful efforts. The company has decided to add Triacetin in its product portfolio. The Company has put up a pilot plant at Ankleshwar with in-house technology making on-spec product. Working on putting up the commercial plant at Ankleshwar is in progress.
- KCIL has also announced its new 300 TPD Formaldehyde Plant at its Ankleshwar unit. This plant will be based on the latest Metal Oxide technology.
- The company continues to retain the Responsible Care Logo ("RC Logo") in the year 2022-23. We now stand one among the prestigious 100 Chemical companies across India which has been awarded with this recognition. RC Logo is an initiative voluntarily undertaken by chemical companies worldwide to address public concerns about manufacturing, distribution and use of chemicals, all having common theme of making progress towards vision of no accidents, injuries or harm to environment.
- The Company's Formaldehyde plant at Naidupeta in the state of Andhra Pradesh is in operation. Work on the new Formaldehyde consuming plants by reputed manufacturers in nearby areas are under progress and are expected to be in operations during FY-24. Looking at the upcoming demand of Formaldehyde around our plant at Naidupeta, the company is considering the proposal to expand its Formaldehyde manufacturing capacity at Naidupeta.

- The company's R&D center at Ankleshwar has been granted recognition from Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India.
- Company's "Business Excellence Cell" is fully functional, and is working towards better management of plants for cost reductions and better efficiencies.

Threats

- Inordinate fluctuations in Methanol and Phenol prices due to fluctuation in the crude prices and depreciating rupee against US dollar poses a threat of forex loss.
- Cheaper imports of Pentaerythritol, Sodium Formate or Hexamine.
- The uncertainty of the geopolitical disturbances and its consequent impact on our business.

Performance

The operations of the Alco Chemicals Division were on a smooth run. Production and sales volumes were higher than the previous year. A very sharp decline in the prices of pentaerythritol from Q2 onwards due to dumping of the product by the regular exporters to India has very significantly impacted the revenues and margin in the financial year. The company has approached concerned ministry of Government of India for Anti Dumping Duty investigations.

Outlook

- As the Union budget focuses on increased spending on infrastructure, affordable housing and railways, the overall demand of our products would increase.
- India is expected to be one of the fastest growing economy in the world. Demands of our products are linked with the GDP of India and hence our business is estimated to be good in the coming year.
- There is threat of global recession which might lead to declining demand in the global markets. In such a scenario, there will be threat of dumping of products at cheaper prices in India from other exporting countries which may hamper our profitability.



Formaldehyde Plant - Vizag

Solar Power Segment

Industry structure and development

The Company's Solar Power Division located at Village Bap in Jodhpur District in the state of Rajasthan is engaged since 2012 in the generation of power from solar energy using Photo Voltaic (PV) technology. The 5.0 MW capacity plant was set up under the Renewable Energy Certificate (REC) scheme. The plant is equipped with dual axis tracking system in 2.5 MW capacity, which ensures capture of maximum solar radiation by orienting the modules to face the sun at all times.

The renewable energy sector, however, continues to face policy implementation and procedural difficulties. The Government also reduced the prices of RECs without commensurate adjustment in the number of RECs held. This is being collectively contested by the renewable energy industry through the concerned trade bodies, the Green Energy Association and the Indian Wind Power Association before the Hon'ble Supreme Court. Presently trading of RECs is stayed by Appellate Tribunal For Electricity (APTEL) order.

The state Government has not extended the Power Purchase Agreement beyond 31st March 2019 and the same is being contested by us in the Hon'ble High Court of Rajasthan.

Due to unfavorable developments we were not able to install a Solar Power Plant on our Agricultural Land admeasuring 183.16 Acres bearing Khasra No 194, 194/3 & 196/6 at Village Bawdi Barsinga, Tehsil Bap, Jodhpur. Due to the non-renewal of the Power Purchase Agreement (PPA) with DISCOM & drastic fall in the price of Renewable Energy Certificates(REC) the company found it commercially and financially unviable to install a Solar Power Plant and hence management decided to sell the said Agricultural land in the interest of the company.

Hence the company has sold its above said Agricultural Land admeasuring 183.16 Acres to buyers who are interested in setting up Solar Power plant.

Opportunities

- With the Government's ambitious targets for renewable energy generation, we have about 46.84 acres of unused land owned by the Company near to operational solar energy generation plant, which is a valuable asset for future expansion of the Solar Plant capacity.

Threats

- Power Purchase Agreement with Discom was not renewed by Discom during the year under consideration.

Performance

The operation of the Solar Power Division was marginally affected due to failure of Incinometer Sensor. Thus generation was marginally lower side during the year. The generation has since improved after failure Inclinomters were replaced with the new Inclinometers.

Outlook

- We have replaced the failed Inclinometer sensors with new Inclinometers, thus operation of the Division is expected to further improve w.r.t. Generation.

QUALITY ACCREDITATION AND OHSAS

The manufacturing units of the Company at Ankleshwar, Vishakhapatnam and Naidupeta maintain the ISO 9001 certification for quality management systems, the ISO 14001 certification for environment management systems and practices, and OHSAS 18001 certification for organizational health and safety systems during the year. The company maintains the permission for the use of Responsible Care Logo (RC) at the Ankleshwar Unit till 2024.

SAFETY AND ENVIRONMENT

The Company maintained its safety record and it remained an accident free year at all units.

Proactive practices in managing and protecting the environment ensured control on wastage and recycling resources.

On the sustainability front the Company has formed a HAZOP team to ensure maximum safe man-hours at our manufacturing sites during operations.

RISKS AND CONCERNS

Currently, the Company perceives the following main business risks:

- Dumping of Pentaerythritol, Sodium Formate and Hexamine at cheaper prices by other countries would adversely impact our profit margings.
- Extreme volatility in prices of raw materials and other inputs could lead to fluctuating margins.
- Non extension of Power Purchase Agreement and reduction of REC price by the Central Electricity Regulatory Commission (CERC) are areas of concern for the Company's solar power business.



Solar Panels, Bap-Rajasthan

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has an Internal Financial Controls ('IFC') framework, commensurate with the size, scale, and complexity of the Company's operations. The internal control framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance with corporate policies. The Company's internal financial control framework commensurates with the size and operations of the business and is in line with requirements of the Companies Act, 2013. The Company has laid down Standard Operating Procedures and policies to guide the operations of each of its functions. Business heads are responsible to ensure compliance with these policies and procedures. Continuous internal monitoring mechanisms ensure timely identification of risks and issues. The management, statutory auditors and internal auditors have also carried out adequate due diligence of the control environment of the Company. To maintain the objectivity and independence of the Internal Financial Control, the Internal Auditor reports to the Chairman of the Audit Committee. The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures, and policies at all locations of the Company. Based on the report of the Internal Auditor, departmental heads/ process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee and shared with the Statutory Auditors. The Audit Committee at its meetings reviews the reports submitted by the Internal Auditor. A Certificate provided by the CEO and CFO is placed before the Board of Directors which discusses the adequacy of the internal control systems and procedures.

An adequate system of internal control is in place. The assets, buildings, plant and machinery, vehicles and stocks of the Company are adequately insured, including for loss of profits.

The key elements of the control system are:

- Clear and well-defined organisation structure and limits of financial authority.
- Corporate policies for financial reporting, accounting, information security, investment appraisal and corporate governance.
- Annual budgets and business plan, identifying key risks and opportunities.
- Internal audit for reviewing all aspects of laid down systems and procedures as well as risks and control.
- Risk Management Committee that monitors and reviews all risk and control issues.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Company has consistently laid focus on people development and the role played by its human resources in inculcating organisational excellence in fast changing business environment. The Company adopts appropriate HR practices to impart fairness and transparency in all its operations. Each employee is guided by a detailed Code of Conduct that helps the organisation to achieve its goals in an ethical manner. KCI regularly conducts training programmes for different levels of employees to ensure mapping of job requirement and skills base.

The industrial relations climate of the Company continues to remain harmonious and cordial with focus on improving productivity, quality and safety.

The number of persons permanently employed by the Company as at the end of the year was 442.

SUBSIDIARIES PERFORMANCE AND OUTLOOK

Textiles Segment

The Company's integrated denim manufacturing unit in Ethiopia, Africa operates through its wholly owned subsidiary, Kanoria Africa Textiles plc ("KAT") incorporated in Ethiopia.

The country is still going through the political crises which to certain extent has been resolved with peace agreement. The government is committed



towards the peace agreement and maintaining law and order across the country. This initiative will have positive impact in long term with respect to the business in Ethiopia. The forex crises have worsened due to the civil war and will take sometime to be back on track.

Last year despite challenges company could sustain and perform better. With above positive changes in the political scenario of country KAT result is expected to be improved in current financial year. The only concern is the forex crises country is facing at present.

In last financial year due to political challenges, higher manpower turnover KAT could at least retain the operational efficiencies but could not improve as expected. There have been certain areas which have been identified for the improvement in current financial years which will result in better financial results. The team is committed and dedicated towards the goal of the organisation. It is expected to have increase in cash reserves during current financial years making KAT in better position. The export market has again picked up for KAT and will improve further. Domestic market though uncertain but seems to be better after the peace agreement.

Electronics Automotive Segment

APAGCoSyst Electronic Control Systems designs, develops, and produces ECUs and lighting for the automotive, and industrial sectors.

After a turbulent time with the severe and unprecedented global shortage of semiconductors, the supply chain is easing somewhat and the short-term future looks brighter than it did. The long-term prospects remain bright with a strong sales pipeline in both markets – Europe and North America.

In Europe, despite ongoing challenges in one product family or another, the breadth of over 250 finished products facilitates consistently healthy sales. This has helped reduce inventory and free up some liquidity. Demand is staying strong and the company is on track for a healthy short to medium-term forecast.

In Canada, the shortage has resulted in more difficult consequences with the cancellation of some car model variants, and a delay in others; resulting in a further delay in achieving month to month breakeven sales. Exacerbating this situation is the growing stock because of either the inability to convert to sales (because of a missing portion of the bill of material), or a delay in customer demand. In fact, because of a now foreseen period of 2-3 months of low demand, the company is exploring a temporary work-time reduction supported by the government. Following this period, sales are forecasted to grow to break-even levels.

In the long-term, APAG is poised to grow. Future contracted sales (based on

single-source awarded projects) are high. This fiscal year 2023-24 should see the company come very close to the CHF 100 mn. turnover barrier despite the strong Swiss Franc and then remain above for the following two years even with no additional contract awards. There are, however, new, further opportunities in the sales pipeline as well which can be won with the appropriate preparation and investment. After a few years of severe cost-control, this year will be capital expenditure-heavy for the company. Existing sold contracts and close to being won future opportunities require space expansion in the Czech plant and investments in standard and customised machinery. Moreover, the entry into ADAS (Automated Driving Assistance Systems) sub-components also requires some investments in the research and development team.

In addition to the supply chain challenges in the electronics market, the automotive industry is in a period of change – propulsion technology is changing from fossil fuels to electricity. Whilst electric cars still have small volumes, straddling both is important to cement the company's position in the future. This means higher working capital needs because forecasting sales of car models has become harder (as it is difficult to accurately predict whether a particular buyer profile will choose the electric or internal combustion car). The recent capital infusion will also help ride this period as the company is selling components with a healthy ratio between electric and internal combustion cars.

The next years will hopefully see APAGCoSyst develop into a strong player in the industry.

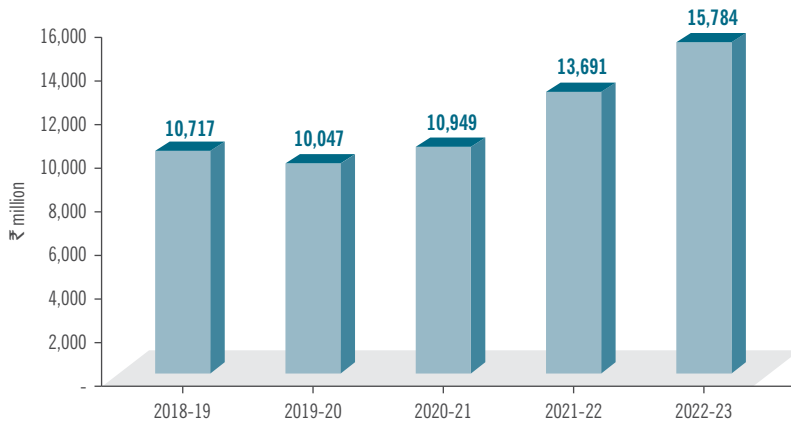


CAUTIONARY STATEMENT

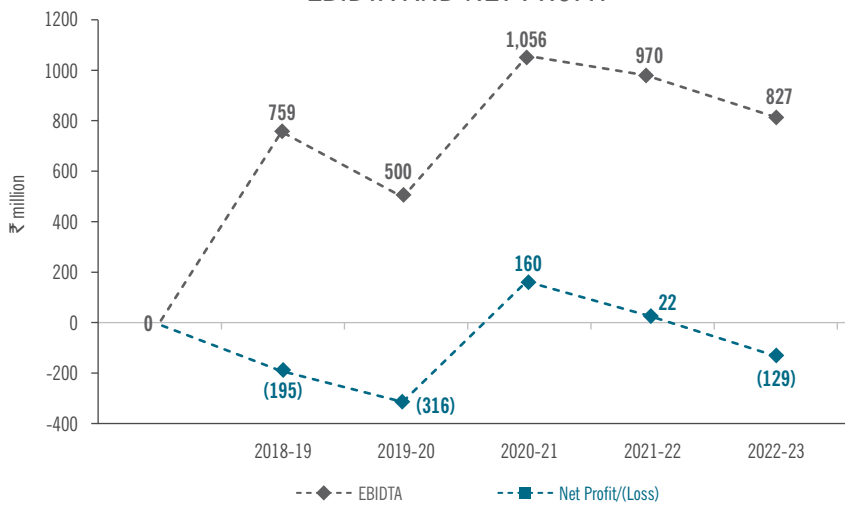
Statement in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

VALUE

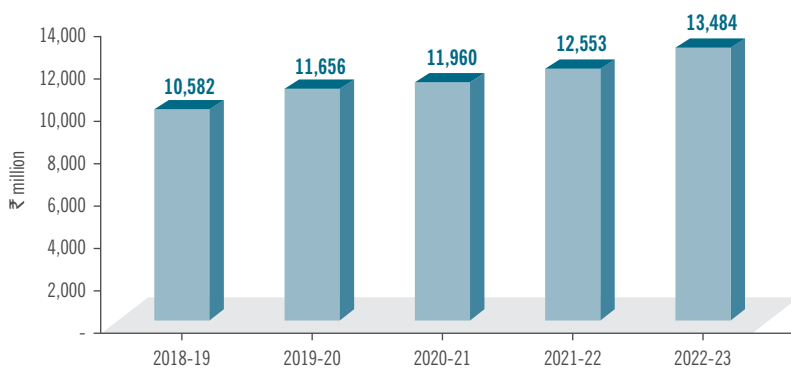
REVENUE FROM OPERATIONS



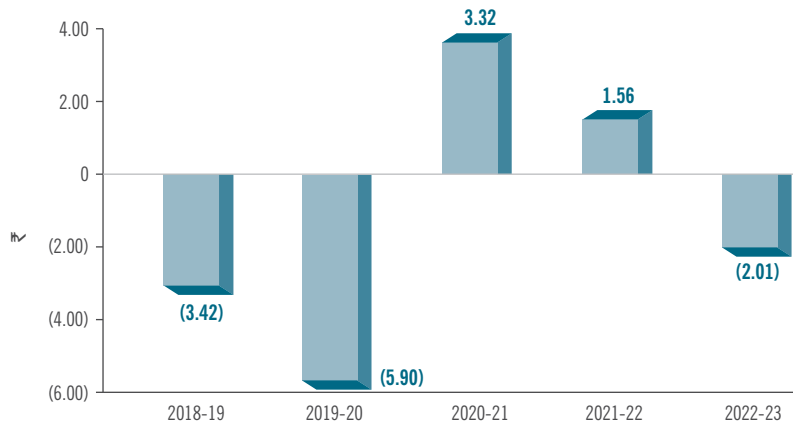
EBIDTA AND NET PROFIT



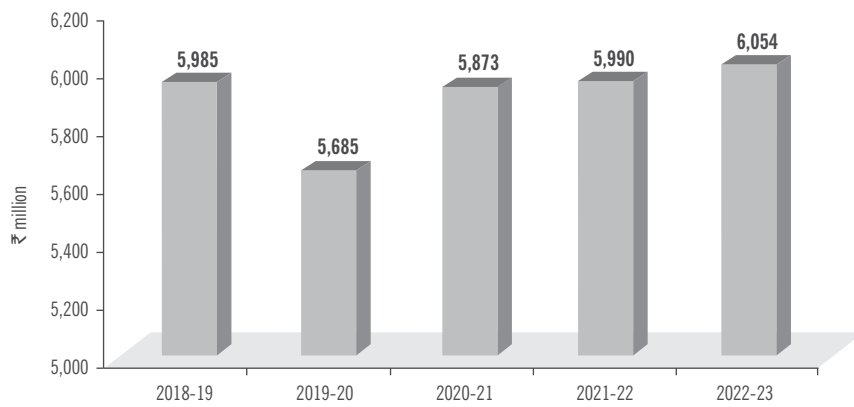
GROSS BLOCK



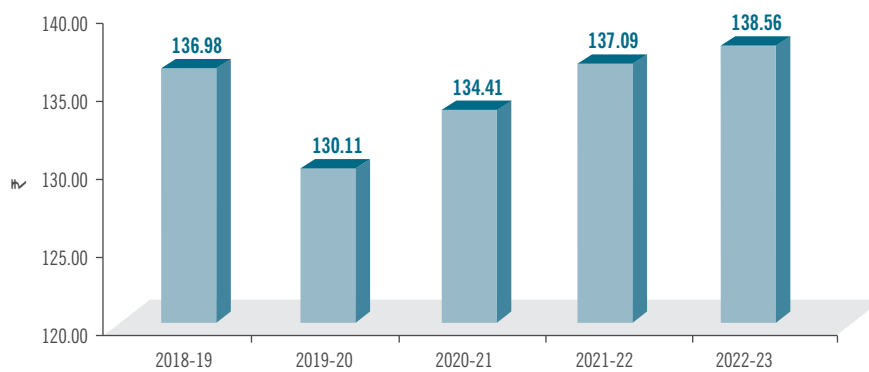
EARNING PER SHARE



EQUITY SHAREHOLDERS FUND



BOOK VALUE PER SHARE



Figures pertain to consolidated financials

DIRECTORS' REPORT

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting the Sixty Third Annual Report, along with the Audited Accounts of the Company for the financial year ended 31st March 2023.

Detailed information on the performance of your Company appears in the Annual Report. A discussion on the operations of the Company is given in the section titled 'The Year in Review'. Some of the statutory disclosures, however, appear in this Report. This Report, read along with the other sections, provides a comprehensive overview of the Company's performance and plans.

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March 2023 is summarised below:

(Rs. in million)

Particulars	2022-2023	2021-2022
Total Income	6,959.77	6,601.22
Profit before Depreciation & Amortisation, Finance Costs and Tax	396.20	703.56
Depreciation and Amortisation	211.94	211.18
Finance Costs	95.04	91.34
Profit/(Loss) before Tax	89.22	401.04
Tax Expenses	29.95	151.18
Profit/(Loss) for the year	59.27	249.86
Other Comprehensive Income for the year, net of Tax	1.09	0.78
Total Comprehensive Income for the year	60.36	250.64

STATE OF COMPANY'S AFFAIRS

During the year under review, the Company's chemical plants at Ankleshwar, Vizag and Naidupeta continued to run efficiently. The manufacturing and sales volumes of our products was higher than in the previous year. Sluggish market conditions and dumped imports from regular exporting countries have hampered the profitability. Our R&D Center at Ankleshwar was granted recognition from Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India.

The Company has made a long term growth plan "Vision-2030" comprising of a mix of projects in both new and existing product portfolios. We aim to grow multifold in revenue and profitability by the year 2030. As part of the phase-1 of the Vision, the Company has commissioned its Phenolic Resin plant at Ankleshwar, Gujarat and commercial production began from January 2023. With the plant at Ankleshwar, KCI became the only Phenolic Resin manufacturer in India with units on both West Coast and the East Coast. The company has also announced a new 300 TPD Formaldehyde plant at its Ankleshwar unit. The company's in-house R&D facility and New Product Development Cell is working on establishment of a commercial plant for Triacetin.

In the Solar Power segment, after the expiry of our Power Purchase Agreement (PPA) with the state Discom, the Govt. of Rajasthan has yet not renewed the PPA. In this regard we have filed a writ petition before the Hon'ble High Court of Rajasthan, and are awaiting a resolution. The generation has since improved after rectification of inverter, tracking-system and transformer.

No material changes and commitments have occurred after the close of the financial year 2022-23 till the date of this Report, which affect the financial position of the Company.

A brief description of the operations of the subsidiaries of the Company appears later in this report.

DIVIDEND

The Board of Directors has not recommended any dividend for the financial year ended 31st March 2023.

The Dividend Distribution Policy as approved by the Board may be accessed on the Company's website at the following link:
<https://a.storyblok.com/f/209886/x/fd9ac34653/dividend-distribution-policy.pdf>

TRANSFER TO RESERVES

The Company has not transferred any amount to Reserves for the financial year ended 31st March 2023.

CREDIT RATINGS

Care Ratings Limited has reaffirmed the rating for the long-term bank facilities of the Company as CARE A- and Outlook as "Stable" (Single A Minus; Outlook: Stable) and also reaffirmed rating for the short-term bank facilities as CARE A2+ (A Two Plus).

CONSOLIDATED FINANCIAL STATEMENT

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and provisions of the Companies Act, 2013 ("Act"), the audited Consolidated Financial Statement for the year ended 31st March 2023 has been annexed with the Annual Report.

DEPOSITS

During the year under review, the Company has not accepted any deposits from the public and that as at the end of the year there were no outstanding deposits under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls with respect to financial statements. The Company's Internal Control Systems are commensurate with the nature, size and complexity of its business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information. The policies and procedures adopted by the Company ensure prevention and detection of frauds and errors, accuracy and completeness of the records and timely preparation of reliable financial statements. No reportable material weakness in the design or operation was observed during the year.

DIRECTORS

During the year, Shri G. Parthasarathy (DIN: 00068510) and Shri Ravinder Nath (DIN: 00062186) ceased to be Independent Directors of the Company with effect from 4th September 2022, consequent to completion of their second terms as Independent Directors.

Except the above, there has been no change in the Board of Directors during the Financial Year ended March 31, 2023.

Smt. Madhuvanti Kanoria (DIN: 00142146) retires by rotation at the ensuing AGM under the applicable provisions of the Act and being eligible, offers herself for re-appointment as a Director of the Company.

Additional information, pursuant to the Listing Regulations and Secretarial Standard on General Meetings (SS2) of ICSI in respect of Director seeking re-appointment is given in the AGM Notice of the Company.

Further, as declared by them, none of the Directors of the Company is disqualified from being appointed as a Director, as specified in section 164(2) of the Companies Act, 2013 and rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules 2014 or is debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

The Company has received declarations from Shri A. Vellayan, Shri Amitav Kothari, Shri H. K. Khaitan, Shri Sidharth Kumar Birla and Smt. Suhana Murshed confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, the said Directors fulfill the conditions for appointment/re-appointment/continuation as Independent Directors as specified in the Act and the Listing Regulations and they are also independent of the Management.

KEY MANAGERIAL PERSONNEL

Shri N.K. Sethia retired as the Company Secretary and Compliance Officer of the Company with effect from 30th September, 2022.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors, through a Circular Resolution passed on 26th September, 2022, appointed Smt. Neha Saraf (ACS: 27024) as the Compliance Officer of the Company with effect from 1st October, 2022. Smt. Neha Saraf was appointed as the Company Secretary of the Company at Board Meeting dated 11th November, 2022.

STATEMENT OF INTEGRITY, EXPERTISE AND EXPERIENCE OF INDEPENDENT DIRECTORS

All the Independent Directors of the Company have been registered and are members of Independent Directors Databank maintained by Indian Institute of Corporate Affairs at Manesar (IICA). They have confirmed their compliance with Rules 6 (1) and 6 (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended. In the opinion of the Board, the Independent Directors of the Company have vast experience, expertise and integrity and their continued association would be of immense benefit to the Company.

PERFORMANCE EVALUATION

The Company has framed the criteria for performance evaluation of Independent Directors, the Board, the Board Committees and other individual Directors. Criteria for performance evaluation of the Chairman & Managing Director, Executive Director and Non-Independent Director have also been framed.

The criteria, among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity. The criteria for evaluating the Board's functioning/effectiveness inter alia includes its structure, strategic review, business performance review, internal controls, process and procedures.

The evaluation forms containing the criteria as framed were circulated and on the basis of responses, the Board evaluated the performance of individual Directors, its own performance and that of its Committees. The Independent Directors in their separate Meeting also carried out the performance evaluation of the Chairman & Managing Director, Executive Director and other non-independent Director as well as the Board of the Company. The Directors expressed overall satisfaction on the performance and functioning of the Board, its Committees and the Directors. No action was required to be taken on the previous year's observations and also no action is required to be taken on this year's observations.

FAMILIARISATION PROGRAMMES

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/procedures/processes of the Company, etc. through various programmes including plant visits. The details of the familiarisation programmes for Independent Directors are put on the website of the Company and can be accessed at the link: <https://a.storyblok.com/f/209886/x/a5a3a67de8/familiarisation-programme.pdf>

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2022-23, the Company held 4 (four) Meetings of the Board of Directors. The details of the Meetings and attendance of each of the Directors thereat are provided in the Report on Corporate Governance forming part of the Annual Report.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Shri Sidharth Kumar Birla, Independent Directors and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. During the Financial Year 2022-23, the Company held 4 (four) Meetings of the Audit Committee. The details of the Meetings and attendance of each of the Members thereat are provided in the Report on Corporate Governance forming part of the Annual Report.

The terms of reference of the Committee have also been provided in the Corporate Governance Report.

There has been no such incidence where the Board has not accepted the recommendation of the Audit Committee during the year under review.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company comprises of Shri H. K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. The Committee met once during the year under review, details of which are provided in the Report on Corporate Governance forming part of the Annual Report.

The terms of reference of the Committee have also been provided in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of Shri H. K. Khaitan, Shri Sidharth Kumar Birla and Shri A Vellayan, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. Shri Sidharth Kumar Birla and Shri A Vellayan were inducted in the Committee with effect from 4th September, 2022 on account of cessation of second term of Independent Directorships of Shri G. Parthasarathy and Shri Ravinder Nath and consequently also their Committee memberships.

The Committee met four times during the year under review, details of which have been provided in the Corporate Governance Report.

The terms of reference of the Committee have also been provided in the Corporate Governance Report.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors' independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees, and the same may be accessed at the Company's website at the following link: <https://a.storyblok.com/f/209886/x/d31aa193a6/nomination-and-remuneration-policy.pdf>

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company comprises of Smt. Madhuvanti Kanoria, Director, Shri R.V. Kanoria, Managing Director and Shri H. K. Khaitan, Independent Director. Smt. Madhuvanti Kanoria is the Chairperson of the Committee.

The Committee met twice during the year under review, details of which have been provided in the Corporate Governance Report.

The terms of reference of the Committee have also been provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company acts as a good Corporate Citizen, and in keeping with its philosophy, always strives to conduct its business in an inclusive, sustainable, socially responsible and ethical manner. The Company has in place a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The Corporate Social Responsibility Policy of the Company enables it to continue to make a responsible contribution towards the welfare of society.

The Company will undertake the CSR activities as are enumerated in Schedule VII of the Act. However, primarily the Company's focus will be on the following areas:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Rural Development activities/projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens.
- Ensuring environmental sustainability and ecological balance.
- Social economic development and relief and welfare of the scheduled caste, tribes, other backward classes, minorities and women.
- Contribution to the Prime Minister's National Relief Fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

The Company may also take other CSR activities as may be prescribed under the applicable statute from time to time. In addition, the Company may take such other appropriate activities for the society, from time to time, as may be thought fit by the CSR Committee and approved by the Board.

During the year, the Company has spent an amount of Rs. 1.85 million on the CSR activities as against the Budget of Rs. 1.82 million.

There is no unspent amount towards CSR expenses.

The Annual Report on the CSR activities, pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided as Annexure to this Report.

The CSR Policy may be accessed on the Company's website at the following link:

<https://a.storyblok.com/f/209886/x/656982d5c3/corporate-social-responsibility-policy.pdf>

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Company comprises of Shri R.V. Kanoria, Managing Director, Shri S.V. Kanoria, Wholetime Director, Shri H.K. Khaitan, Independent Director, Shri N.K. Nolkha - Group Chief Financial Officer and Shri Ranjeet Singh, Chief Executive - Chemicals Business. Shri R.V. Kanoria is the Chairman of the Committee. The Committee met twice during the financial year 2022-23, details of which have been provided in the Corporate Governance Report. The terms of reference of the Committee have also been provided in the Corporate Governance Report.

RISK MANAGEMENT

The Company's management systems, organisational structures, processes, codes of conduct together form the basis of risk management system that governs and manages associated risks. The Risk Management Committee of the Company assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures. The Board does not foresee any risk which may threaten the existence of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of the Annual Report.

SUBSIDIARIES

A) APAG

APAG Holding AG, Switzerland (“APAG”) is a subsidiary of the Company. APAG Elektronik AG, APAG Elektronik s.r.o, CoSyst Control Systems GmbH, APAG Elektronik LLC and APAG Elektronik Corp. are step-down subsidiaries of the Company. APAG CoSyst Elektronik Control Systems designs, develops, and produces ECUs and lighting for the automotive and industrial sectors.

After a turbulent time with the severe and unprecedented global shortage of semiconductors, the supply chain is easing somewhat. This has helped in reducing inventory and freeing up some liquidity. The long-term prospects remain bright with a strong sales pipeline in both markets – Europe and North America. In Europe, inspite of several ongoing challenges, the ability to produce over 250 finished products and the company's brand equity has resulted in consistently healthy sales. Demand remains reasonably strong and the company is on track for a healthy short to medium-term forecast.

In Canada, the shortage of semiconductors has resulted in the cancellation of various car model variants, with delay in others; causing further delay in achieving month to month breakeven sales. The growing stock because of either the inability to convert to sales (because of a missing portion of the bill of material), or a delay in customer demand further worsens the situation. In fact, because of a now foreseen period of 2-3 months of low demand, the company is exploring a temporary work-time reduction supported by the government. Following this period, sales are forecasted to grow to break-even levels.

In the long-term, APAG is poised to grow. This fiscal year 2023-24 should see the company come very close to the CHF 100 mn. turnover. The next years will hopefully see APAG CoSyst develop into an even stronger player in the industry.

Your Company (KCIL) continued to hold 328 shares in APAG consisting about 80% in APAG during the year under review. However, at the Board Meeting held on 11th April, 2023, KCIL's Board approved to sell 42 shares of APAG to a new strategic investor, Cosyst Holding AG, Switzerland (which is a wholly owned subsidiary of KPL International Ltd., India, a related party of the Company).

B) KAT

Kanoria Africa Textiles Plc, Ethiopia (“KAT”) is a wholly owned subsidiary of the Company. The Company's integrated denim manufacturing unit in Ethiopia, Africa operates through its wholly owned subsidiary, Kanoria Africa Textiles plc (“KAT”) incorporated in Ethiopia.

The continuing political crises in the Country, to certain extent, has been mitigated with a peace agreement. The government's initiative towards the peace agreement and maintaining law and order across the country will have positive impact in the long term with respect to the business in Ethiopia.

Last year, despite challenges, the Company could sustain and perform better. With positive changes in the political scenario of country, KAT's results are expected to improve in the current financial year. The forex crises which Ethiopia is currently facing, remains a matter of serious concern.

In last financial year due to political challenges resulting in higher manpower turnover KAT could retain the operational efficiencies but could not improve as expected. There have been certain areas which have been identified for the improvement in current financial year which should translate into better financial results. The team is committed and dedicated towards the goals of the organisation. The export market is picking up. Domestic market though uncertain seems to be better after the peace agreement.

A report on the financial position of the subsidiaries of the Company, as per the Companies Act, 2013, is provided in the Annual Report and hence is not repeated here for the sake of brevity.

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the following link:

<https://a.storyblok.com/f/209886/x/234f08894e/policy-for-determining-material-subsidiaries.pdf>

PARTICULARS OF INVESTMENTS MADE, LOANS, GUARANTEES GIVEN AND SECURITIES PROVIDED

Details of investments made, loans given, guarantees given and securities provided as covered under the provisions of Section 186 of the Act are given in the Note Nos. 6 and 38 of the Standalone Financial Statements.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and were approved by the Audit Committee and Board of Directors, as and when required. None of the transactions with any of the related parties were in conflict with the Company's interest. No Material RPTs, as per the materiality threshold, were entered during the year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company for FY 2022-23 and hence does not form part of this report.

The Policy on Related Party Transactions as approved by the Board may be accessed on the Company's website at the following link:

<https://a.storyblok.com/f/209886/x/aa1b855e02/policy-on-related-party-transactions.pdf>

STOCK EXCHANGE(S)

The Equity Shares of your Company are listed on two stock exchanges:

- National Stock Exchange of India Limited, Exchange Plaza, Plot no. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.
- BSE Limited, PhirozeJeejeeboy Towers, Dalal Street, Mumbai 400 001.

The annual listing fees for the year 2022-23 have been paid to both the stock exchanges where the shares of your Company are listed.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. In compliance with provisions of Section 177(9) of the Act and the Listing Regulations, the Company has in place a Whistle Blower Policy for its Directors, employees and any other stakeholder to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct or policies and leak or suspected leak of unpublished price sensitive information of the Company. The concerns may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. During the year under review, no employee was denied access to the Audit Committee.

The Whistle Blower Policy of the Company may be accessed on the Company's website at the following link:

<https://a.storyblok.com/f/209886/x/6e33061fc5/whistle-blower-policy.pdf>

CORPORATE GOVERNANCE

The Company adheres to good governance practices. Corporate Governance at KCI extends to all stakeholders and is embodied in every business decision. The Company places prime importance on reliable financial information, integrity, transparency, empowerment and compliance with the law in letter and spirit. While Management Discussion and Analysis Report appears in the Section titled 'the Year in Review' in the Annual Report, the Corporate Governance Report and the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance are annexed hereto and form a part of the Directors' Report.

There is a conscious effort to ensure that the values enshrined in the Codes of Conduct for the Directors and Senior Management Personnel and the Employees respectively, are followed in true spirit across all levels of the Company.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The 'Business Responsibility and Sustainability Report (BRSR) of your Company for the year ended March 31, 2023 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March 2023 may be accessed on the Company's website at the following link: <https://www.kanoriachem.com/investors/annual-returns/>

AUDITORS AND AUDITORS' REPORT

The Members had appointed M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), as the Statutory Auditors of the Company at the 62nd Annual General Meeting, to hold office as such, for a term of 5 years till the conclusion of the 67th Annual General Meeting. M/s. Singhi & Co. continues to be the Statutory Auditor of the Company for the financial year 2023-24.

The Auditors' Report for the financial year ended 31st March 2023 does not contain any qualification, reservation or adverse remark.

FRAUD REPORTING

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

COST AUDITORS

Pursuant to Section 148 of the Act, the Board, on the recommendation of the Audit Committee, has approved the appointment of M/s N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), Ahmedabad, as the Cost Auditors for conducting the audit of the cost records of the Company for the financial year

ended on 31st March 2023, at a remuneration of Rs. 1,65,000/- (Rupees One Lakh Sixty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred in the course of cost audit.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s Vinod Kothari & Co., Practising Company Secretaries (UIN: P1996WB042300), to conduct Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report for the financial year 2022-23 is provided as an Annexure to this Report. The Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial Year ended March 31, 2023 for all applicable compliances as per the Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report issued by M/s Vinod Kothari & Co., Practising Company Secretaries, has been submitted to the Stock Exchanges within 60 days from the end of the Financial Year.

INTERNAL AUDITORS

The Board of Directors of the Company has appointed M/s. Pawan Gupta & Co. as Internal Auditors to carry-out extensive Internal Audit of the Company for the Financial Year ended March 31, 2023.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditor, Internal Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Directors or Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

As required under Section 134 of the Act and the rules framed thereunder, the statement containing necessary information in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo is provided in the Annexure to this Report.

EMPLOYEES INFORMATION AND RELATED DISCLOSURES

As required under Section 197(12) of the Act read with the Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures of remuneration and other details/particulars of the Directors and employees of the Company are provided in the Annexure to this Report.

SAFETY AND ENVIRONMENT

The Company is committed to sustainable development and a safe & healthy workplace. Its approach to environment management is guided by the principle of provision of a safe working environment through continuous upgradation of technologies, prevention of pollution, conservation of resources and recycling of waste. Safety is a core value for us, and we are committed to achieve the goal of zero injuries.

As a result of its sustained compliance to Environment, Health, Safety and Quality standards, the Company's Alco Chemical Divisions at Ankleshwar, Vizag and Naidupeta are ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environment Management Systems and practices) and ISO 45001:2018 (Occupational Health and Safety Management Systems) certified. All the Divisions are also RC 14001:2015 certified for implementation of Responsible Care management systems, recognizing and responding to community concerns related to its products and its operations. The Company also maintains the Responsible Care Logo (RC Logo) at its Ankleshwar unit, which is in recognition of our performance on overall safety, environment management, community concerns and sustainability.

The Company has a documented Environment Health & Safety Policy that is communicated within the Company and also made available to the interested parties. With the view to achieve 'Zero Accidents status' the Company has developed health and safety procedures as well as safety targets and objectives.

Risk mitigation plans are regularly reviewed by a centralized EHS team. Hazards are identified using techniques such as Hazard and Operability Study (HAZOP), Hazard Identification and Risk Analysis (HIRA) etc. to ensure maximum safe man-hours at our manufacturing units during operations. The Company does regular 'Safety Talks' where employees share their knowledge on best safety practices in the industry and also share regular safety observation with compliance status.

On the sustainability front, the Company strives for sustainable development by setting ambitious goals and achieves them through strong EHS management programs.

The Company also lays thrust on renewable energy sources. The company is also purchasing and consuming hybrid (Wind/Solar) power at their manufacturing locations.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company's human resource development is founded on a strong set of values. The policies seek to instill spirit of trust, transparency and dignity among all employees.

The company, in its efforts to become a strength based organization has developed a comprehensive system to track and reward individual employee contribution towards company's Vision and Mission. Keeping in view our Vision-2030, company continues to provide ongoing internal and external training to its employees at different levels.

Industrial relations with the employees and workers across all locations of the Company continued to be cordial during the year.

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 statements in terms of Section 134(5) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended 31st March 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2023 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and are operating effectively; and
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124 of the companies act, 2013 and other applicable provisions, if any and rules made thereunder, unclaimed dividend amount of Rs. 5,69,928 for the Financial Year ended March 31, 2015 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

During the year, 7,109 equity shares were transferred to IEPF.

The details are provided at the website of the Company at the following link: <https://www.kanoriachem.com/investors/unpaid-dividend/>

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

The Company has constituted a Complaints Redressal Committee to consider and resolve sexual harassment complaints reported by women. During the year under review, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and that there was no complaint pending at the end of the year. The Company regularly conducts awareness programs for its employees.

The following is a summary of sexual harassment complaints received and disposed off during the year:

Sl. No.	Particulars	Status of the No. of complaints received and disposed off
1	Number of complaints on Sexual harassment received	NIL
2	Number of Complaints disposed off during the year	Not Applicable
3	Number of cases pending for more than ninety days	NIL
4	Number of workshops or awareness programme against sexual harassment carried out	The Company regularly conducts necessary awareness programmes for its employees
5	Nature of action taken by the employer or district officer	Not Applicable

INSURANCE

All properties and insurable interests of the Company have been fully insured.

COMPLIANCE WITH SECRETARIAL STANDARD

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

PREVENTION OF INSIDER TRADING CODE

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company has appointed Smt. Neha Saraf, Company Secretary as Compliance Officer under the said Regulations. The said Code has been complied during the year under review.

RECONCILIATION OF SHARE CAPITAL AUDIT

The Practicing Company Secretary's quarterly Certificate with regard to reconciliation of Share Capital Audit as required under the SEBI Listing Regulations is submitted to BSE and the NSE and is also placed before the Board of Directors.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

GENERAL

- i. No material changes and commitments affecting the financial position of the Company have occurred from the close of the financial year ended 31st March, 2023 till the date of this Report.
- ii. During the year under review, the Company has not issued sweat equity shares.
- iii. During the year under review, the Company has not issued shares with differential voting rights.
- iv. The Company has not revised any of its financial statements or reports.
- v. During the year under review, no application has been made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 against the Company.
- vi. During the year under review, there were no instance of one-time settlement with banks or financial institutions and hence the differences in valuation as enumerated under Rule 8 (5) (xii) of Companies (Accounts) Rules, 2014, as amended, do not arise.

ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the commitment and dedication of the employees for their untiring personal efforts as well as their collective contributions at all levels that have led to the growth and success of the Company. The Directors would like to thank other stakeholders including lenders and business associates who have continued to provide support and encouragement.

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 26th May, 2023

For and on behalf of the Board

R. V. Kanoria
Chairman & Managing Director
DIN:00003792

ANNEXURE TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

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

The Company acts as a good Corporate Citizen and as its philosophy always strive to conduct its business in inclusive, sustainable, socially responsible, ethical manner and to continuously work towards improving quality of life of the communities. The Company has in place a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The Corporate Social Responsibility Policy of the Company enables it to continue to make responsible contribution towards welfare of the society.

The scope of activities which the Company undertakes towards fulfilment of its CSR obligations are in line with Schedule VII of the Act. However, primarily the Company's focus is on the following areas:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Rural Development activities/projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens.
- Ensuring environmental sustainability and ecological balance.
- Social economic development and relief and welfare of the scheduled caste, tribes, other backward classes, minorities and women.
- Contribution to the Prime Minister's National Relief Fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

The Company may also take other CSR activities as may be prescribed under the applicable statute from time to time. In addition, the Company may take such other appropriate activities for the society, from time to time, as may be thought fit by the CSR Committee and approved by the Board.

B. Policy of the Company: The CSR Policy of the Company may be accessed on its corporate website at:

<https://a.storyblok.com/f/209886/x/656982d5c3/corporate-social-responsibility-policy.pdf>

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Smt. Madhuvanti Kanoria	Non-executive Non Independent Director	2	2
2.	Shri R. V. Kanoria	Managing Director	2	2
3.	Shri H. K. Khaitan	Independent Director	2	2

3. Provide the web-link where following are disclosed:

CSR Committee - <https://www.kanoriachem.com/investors/board-committees/>

CSR Policy - <https://a.storyblok.com/f/209886/x/656982d5c3/corporate-social-responsibility-policy.pdf>

CSR Projects approved by the Board - <https://a.storyblok.com/f/209886/x/1a27d0e1f6/csr-project-and-programme-2022-2023.pdf>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

Not Applicable

ANNEXURE TO THE DIRECTORS' REPORT

5. (a) Average net profit of the company as per section 135(5): Rs. 90.77 million
 (b) Two percent of average net profit of the company as per section 135(5): Rs. 1.82 million
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
 (d) Amount required to be set off for the financial year, if any: NIL
 (e) Total CSR obligation for the financial year (a+b-c): Rs. 1.82 million (Rs. 1.85 million approved by CSR Committee)
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - Rs. 1.85 million
 (b) Amount spent in Administrative Overheads – NIL
 (c) Amount spent on Impact Assessment, if applicable – NA
 (d) Total amount spent for the Financial Year [(a) + (b) + (c)] - Rs. 1.85 million
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (Rs. In million)	Amount Unspent (Rs. In million) : NIL				
	Total Amount transferred to Unspent CSR Account as per section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount (Rs. In million)	Date of transfer	Name of the Fund	Amount	Date of transfer
1.85	NIL	NA	NA	NA	NA

- (f) Excess amount for set-off, if any: Rs. 0.03 million

Sl. No.	Particular	Amount (in Rs.)
i.	Two percent of average net profit of the company as per sub-section (5) of section 135	1.82 million
ii.	Total amount spent for the Financial Year	1.85 million
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	0.03 million
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.03 million

ANNEXURE TO THE DIRECTORS' REPORT

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of transfer		
1	2021-22	Not applicable						
2	2020-21	0.14 million	Nil	Nil	Not applicable			
3	2019-20	Not applicable						

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

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

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 26th May, 2023

N. K. Nolkha
Group Chief Financial Officer

Madhuvanti Kanoria
Chairperson, CSR Committee
DIN:00142146

For and on behalf of the Board,

R. V. Kanoria
Chairman & Managing Director
DIN:00003792

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2023

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

To,
The Members,
Kanoria Chemicals & Industries Limited
KCI Plaza, 6th Floor,
23-C, Ashutosh Chowdhury Avenue, Kolkata - 700019

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanoria Chemicals & Industries Limited** [hereinafter called '**the Company**'] for the year ended March 31, 2023 ["**Period under Review**"] in terms of Audit Engagement Letter dated May 30, 2022. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Period under Review, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Period under Review, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), to the extent applicable:
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
6. **Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:**
 - a. Petroleum Act, 1934 read with Petroleum Rules, 2002;
 - b. Poison Act, 1919;
 - c. Indian Explosives Act, 1884 read with the Explosives Rules, 2008;
 - d. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
 - e. The Energy Conservation Act, 2001;
 - f. The Electricity Act, 2003 along with Indian Electricity Rules, 1956.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

ANNEXURE TO THE DIRECTORS' REPORT

MANAGEMENT RESPONSIBILITY:

Kindly refer to our letter of even date which is annexed as **Annexure 'I'** which is to be read along with and forms an integral part of this report.

We report that during the Audit Period, the Company has complied with the provisions of the Act, 2013, rules, regulations, guidelines, standards etc. mentioned above subject to the observations mentioned in this report.

The observations, if any, mentioned in this report are in addition to the observations and qualifications, if any, made by the statutory auditors of the Company or any other professional and the same has not been reproduced herein for the sake of repetition.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc.

We further report that:

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

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

All the decisions were unanimous and there was no instance of dissent in Board or Committee Meetings.

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

We further report that during the Period under Review, the Company has not undertaken specific events/ actions that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, except the following:

1. Declaration of dividend

During the Period under Review, the Board of Directors in its meeting held on 26th May, 2022 has recommended dividend of Re.1 per equity share at the rate of 20% per equity share of Rs. 5 each for the financial year ended on 31st March, 2022. The same was approved by the shareholders in their Annual General Meeting held on 1st September, 2022.

2. Commencement of production of new plant set up at Ankleshwar

During the Period under Review, the commercial production of the Phenolic Resin Plant at Ankleshwar, Gujarat with 6500 MTPA capacity has been commenced by the Company with effect from 1st January, 2023, and was duly intimated to the stock exchange on the same date.

3. Change in Company Secretary

The Board of Directors of the Company, on the recommendations of the Nomination and Remuneration Committee, has appointed Ms. Neha Saraf as the Company Secretary of the Company with effect from 11th November, 2022 due to superannuation of Mr. N. K. Sethia, the erstwhile Company Secretary of the Company.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Pammy Jaiswal
Partner

Membership No.: A48046

CP No.: 18059

UDIN: A048046E000388331

Peer Review Certificate No.: 781/2020

Place: Kolkata

Date: 26th May, 2023

ANNEXURE TO THE DIRECTORS' REPORT

Annexure I

ANNEXURE TO SECRETARIAL AUDIT REPORT (UN-QUALIFIED)

To,
The Members,
Kanoria Chemicals & Industries Limited
KCI Plaza, 6th Floor,
23-C, Ashutosh Chowdhury Avenue, Kolkata - 700019

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in Annexure II;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. We have conducted online and physical verification & examination of records, as facilitated by the Company for the purpose of issuing this Report.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns. We have not been provided with the financial statements for the period under review and therefore, we have not provided any comments on the same.
6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis and sample basis.
8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
9. The contents of this Report have to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
10. 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.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Pammy Jaiswal
Partner

Membership No.: A48046
CP No.: 18059

UDIN: A048046E000388331

Peer Review Certificate No.: 781/2020

Place: Kolkata
Date: 26th May, 2023

ANNEXURE TO THE DIRECTORS' REPORT

Annexure II

LIST OF DOCUMENTS

1. Agenda and Signed minutes (including draft for the last meeting) of the following:
 - a. Board Meeting;
 - b. Audit Committee Meeting;
 - c. Nomination and Remuneration Committee Meeting;
 - d. Stakeholders Relationship Committee Meeting;
 - e. Corporate Social Responsibility Committee Meeting;
 - f. Risk Management Committee Meeting;
 - g. Annual General Meeting
2. Annual Report 2021-22;
3. Forms filed with ROC during the year 2022-23;
4. Disclosures under Act, 2013 and those under Listing Regulations;
5. Policies framed under Act, 2013 and Listing Regulations;
6. Disclosures under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as available on the stock exchange website.
7. Statutory Registers maintained by the Company (on a sample basis)

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

(A) Conservation of Energy

(i) The steps taken for conservation of energy:

Major energy conservation initiative taken during the financial year 2022-23

- Stoppage of idle running NG Vibrator & Sifter vibrator in Penta plant through interlock provision
- Installation of VFD in CT Pump & Fan in Triacetin.
- Reduction of power consumption in Coal Boiler by using effective damper bellow resulted reduce operating speed of ID Fan
- Operation of Lime agitator on VFD in ETP.
- Improvement on BPT-1 Power Generation by replacing its turbine shroud.
- Reduction of Grid power cost by using hybrid power with 3rd party agreement.
- Absorber CT Pump & Fan power consumption reduction in FD Vizag.
- Installation of energy efficient pumps in Methanol feed & Boiler feed water pump at Vizag
- Auto tripping interlock provided in ACM-30 during idle running at Vizag
- Reduction of power cost by bidding the power through IEX at Vizag.
- Reduction of power consumption in CEP-1 & Condensate pump of turbine by installation of VFD at Naidupeta.
- Reduction of power consumption in FD-1, 2 & 3 Absorber tower Circulation pumps by installation of VFD at Naidupeta.

(ii) The steps taken by the Company for continuous utilization of alternate sources of energy: Use of different grades of Briquette in place of Coal in Boiler for steam generation is continued.

(iii) The capital investment on energy conservation equipments: Rs. 1.93 million

(B) Technology Absorption

(i) The efforts made towards technology absorption: NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL

(iii) Details of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

(iv) The expenditure incurred on Research and Development:

(Rs. in million)

Revenue Expenditure	1.92
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(C) Foreign Exchange Earnings and Outgo

(Rs. in million)

Foreign Exchange earned in terms of actual inflows during the year	108.07
Foreign Exchange outgo in terms of actual outflows during the year	1494.80

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 26th May, 2023

For and on behalf of the Board,

R. V. Kanoria
Chairman & Managing Director
DIN:00003792

ANNEXURE TO THE DIRECTORS' REPORT

A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of remuneration of each Director to the median remuneration of all employees and percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No.	Name of Directors and Key Managerial Personnel	Designation	The ratio of remuneration of each Director to the median remuneration of all employees of the Company for the financial year 2022-23	Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2022-23
1.	Shri R.V. Kanoria	Chairman & Managing Director	1.41	-
2.	Shri S. V. Kanoria	Wholetime Director	43.40	(3.75)
3.	Shri Amitav Kothari	Non-Executive Independent Director	0.53	(40.28)
4.	Shri H.K. Khaitan	Non-Executive Independent Director	0.94	(8.33)
5.	Shri Sidharth Kumar Birla	Non-Executive Independent Director	0.78	(8.75)
6.	Shri A. Vellayan	Non-Executive Independent Director	0.59	(4.00)
7.	Smt. Suhana Murshed	Non-Executive Independent Director	0.49	33.33
8.	Smt. Madhuvanti Kanoria	Non-Executive Non-Independent Director	0.51	(19.23)
9.	Shri N.K. Nolkha	Group Chief Financial Officer	-	9.49
10.	Smt. Neha Saraf *	Company Secretary	-	-

Notes: (a) Directors other than the Executive Directors received only the sitting fees during the financial years 2021-22 and 2022-23.

(b) In view of the best interest of the Company, Shri R. V. Kanoria, the Chairman & Managing Director decided to forgo his salary and did not take any remuneration during the years 2021-22 & 2022-23. However, he took a perquisite of Rs. 5,74,695/- during the F.Y. 2022-23. Consequently, the percentage increase in his remuneration is not given.

(c) Smt. Neha Saraf was appointed as a Company Secretary of the Company w.e.f. 11 November 2022 due to superannuation of Shri N. K. Sethia, the erstwhile Company Secretary of the Company and as such the comparison of her remuneration over the previous financial year is not given.

(d) Shri G Parthasarathy (DIN 00068510) and Shri Ravinder Nath (DIN 00062186) have ceased to be Directors of the Company with effect from 4th September, 2022 on end of their second term of Independent Directorship.

2. The number of permanent employees as on 31st March, 2023 was 442.
3. During the year 2022-23, the median remuneration of the employees as compared to previous year increased by 4.56%.
4. During the year, the average remuneration of the employees including Key Managerial Personnel decreased by 1.67% as compared to the previous year.
5. During the year, the average remuneration of the employees excluding Key Managerial Personnel decreased by 0.55% and the average remuneration of Key Managerial Personnel decreased by 4.11% compared to the previous year.

The remuneration of Directors, Key Managerial Personnel and other employees is in accordance with the Nomination and Remuneration Policy of the Company.

ANNEXURE TO THE DIRECTORS' REPORT

B. Particulars of employees pursuant to provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top 10 Employees in terms of remuneration drawn

(i) Employees in receipt of remuneration aggregating to not less than Rs. 1.02 Crore per annum or Rs. 8.50 Lakh per month

Sl. No.	Name and Age	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Joining	Last Employment
1.	Saumya Vardhan Kanoria (41 Years)	Wholetime Director	17,704,120	MS in Computer Science (19 Years)	21.08.2006	Morgan Stanley, USA
2.	Ranjeet Singh (54 Years)	Chief Executive- Chemicals Business	13,022,236	B. Sc. (Chemistry), MBA – Marketing (30 Years)	10.10.2018	Jubilant Life Sciences Limited

(ii) Other Employees

Sl. No.	Name and Age	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Joining	Last Employment
3.	Nirmal Kumar Nolkha (56 Years)	Group Chief Financial Officer	9,012,864	B. Com (Hons), ACA (35 Years)	02.04.1991	G. R. Magnets Limited
4.	Sanjay Kumar Ojha (51 Years)	Unit Head	4,891,308	B.E. (Mechanical) (26 Years)	11.06.2007	United Phosphorus Limited
5.	Anil S. Sodah (48 Years)	Asst. Vice President - Sales & Marketing	4,583,448	Diploma in Chemical Engineering (28 Years)	01.07.2019	Deepak Fertilisers And Petrochemicals Corporation Limited
6.	Anil D. Mishra (51 Years)	Asst. Vice President (EHS & Compliances)	4,322,592	M.Tech-Env. Engineering, PGDIS (Post Diploma Industrial Safety) (27 years)	20.12.2004	Khemani Distilleries Ltd., Daman
7.	Ravish Kumar Mundra (47 Years)	AVP (Accounts & Sales)- Chemical Business	3,600,362	B. Com, ACA (22 Years)	05.02.2007	Gopalakrishnan Aiyer & Co., Vapi
8.	Prabhu Dayal Sharma (63 Years)	Vice President	3,509,694	B.Com (42 years)	01.08.1987	Rajasthan Textile Mills, Bhawani Mandhi
9.	Gurumurthy Shrinivas Yeleswarapu (54 Years)	Sr. General Manager – Marketing	3,392,770	MBA Marketing, B.Sc (MPC) (31 Years)	11.12.2006	Indian Rayon, Veraval (A unit of Aditya Birla Nuvo)
10.	Ram Prasad Singh (56 Years)	Sr. GM (HR) – Chemical Business	3,210,809	MBA – Marketing & HR, M. Phil, B.A. (30 Years)	10.06.2019	Everest Industries Ltd., Dahej

The figures are on mercantile basis.

Notes: (a) Remuneration includes Salary, Commission, House Rent Allowance, Contribution to Provident Fund, Leave Travel Assistance, Medical and other facilities, as applicable.

(b) All the appointments are on employment agreement basis, except for executive Directors which are contractual.

(c) Shri R. V. Kanoria, Chairman & Managing Director is spouse of Smt. Madhuvanti Kanoria, a Director of the Company. Shri S. V. Kanoria, Wholetime Director is son of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria.

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Date: 26th May, 2023

For and on behalf of the Board,

R.V. Kanoria
Chairman & Managing Director
(DIN:00003792)

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L24110WB1960PLC024910
2	Name of the Listed Entity	Kanoria Chemicals & Industries Limited
3	Year of incorporation	1960
4	Registered office address	KCI Plaza', 6 th Floor, 23-C, Ashutosh Chowdhury Avenue, Kolkata - 700 019
5	Corporate address	Indra Prakash, 21 Barakhamba Road, New Delhi - 110 001
6	E-mail ID	info@kanoriachem.com
7	Telephone	033 40313200
8	Website	www.kanoriachem.com
9	Financial year for which reporting is being done	April 1, 2022 to March 31, 2023
10	Name of the Stock Exchange(s) where shares are listed	1. BSE Limited 2. The National Stock Exchange of India Limited
11	Paid-up Capital	Rs. 218466665
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name- Ranjeet Singh E-mail: ranjeet.singh@kanoriachem.com Contact no: +9111-43579200
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Standalone basis

II. Products/services

14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Organic Intermediate Chemical Manufacturing	Manufacturing, Distribution, Sales & Marketing	99.61

15. Details of business activities (accounting for 90% of the turnover)

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Formaldehyde	241	51.15
2	Hexamine	241	15.25
3	Pentaerythritol	241	16.68
4	Other	241	16.52

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	4	3	7
International	0	0	0

17. Markets served by the entity:

a. Number of locations

Locations	Number of offices
National (No. of States)	28
International (No. of Countries)	4

b. What is the contribution of exports as a percentage of the total turnover of the entity? 0.62%

c. A brief on types of customers: The company serves paint, plywood, chemicals, foundry customers etc. both directly as well as through distributors

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1	Permanent (D)	442	435	98.4	7	1.6
2	Other than Permanent (E)	0	0	0	0	0
3	Total differently abled employees (D + E)	442	435	98.4	7	1.6
WORKERS						
4	Permanent (F)	0	0	0	0	0
5	Other than permanent (G)	263	243	92.4	20	7.6
6	Total differently abled workers (F + G)	263	243	92.4	20	7.6

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1	Permanent (D)	0	0	0	0	0
2	Other than Permanent (E)	0	0	0	0	0
3	Total differently abled employees (D + E)	0	0	0	0	0
DIFFERENTLY ABLED WORKERS						
4	Permanent (F)	0	0	0	0	0
5	Other than permanent (G)	0	0	0	0	0
6	Total differently abled workers (F + G)	0	0	0	0	0

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	2	25
Key Management Personnel	4	1	25

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	2022-23 (Turnover rate in current FY)			2021-22 (Turnover rate in previous FY)			2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	14.6%	8%	15%	14.2%	10%	14.7%	16.0%	10%	16.6%
Permanent Workers	0	0	0	0	0	0	0	0	0

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the holding/subsidiary / associate companies / joint ventures (A)	Indicate whether holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Vardhan Limited	Holding	59.94	No
2	APAG Holding AG	Subsidiary	80.00	Not Applicable (as Foreign Company)
3	APAG Elektronik AG	Subsidiary	80.00	Not Applicable (as Foreign Company)
4	APAG Elektronik s.r.o.	Subsidiary	80.00	Not Applicable (as Foreign Company)
5	CoSyst Control Systems GmbH	Subsidiary	80.00	Not Applicable (as Foreign Company)
6	APAG Elektronik LLC	Subsidiary	80.00	Not Applicable (as Foreign Company)
7	APAG Elektronik Corp.	Subsidiary	80.00	Not Applicable (as Foreign Company)
8	Kanoria Africa Textiles PLC	Subsidiary	100.00	Not Applicable (as Foreign Company)

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No): Yes

(ii) Turnover (in Rs.) - 6,689.35 million

(iii) Net worth (in Rs.) - 6,404.52 million

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	2022-23			2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, redressal mechanism is in place to address & interact with community leaders to understand their concern, if any	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes https://www.kanoriachem.com/investors/	0	0	NA	0	0	NA
Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	2022-23			2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes http://www.kanoriachem.com/investors.html	2	0	NA	0	0	NA
Employees and workers	Yes (Refer - links given below in note)*	0	0	NA	0	0	NA
Customers		0	0	NA	0	0	NA
Value Chain Partners		0	0	NA	0	0	NA
Other (please specify)		NA	NA	NA	NA	NA	NA

*Note <https://a.storyblok.com/f/209886/x/6e33061fc5/whistle-blower-policy.pdf>
<https://a.storyblok.com/f/209886/x/c51c461187/conduct-for-directors-and-senior-management-personnel.pdf>

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

24. Overview of the entity’s material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Materiality Assessment is a foundational aspect of Integrated Reporting at Kanoria Chemicals given the influence material issues have on the business activities, stakeholders and their ability to create sustainable value.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Conservation – water, energy and waste recycling	Opportunity	Responsible use of resources that includes water conservation efforts, improving energy efficiency, reducing emissions, efficient waste minimizing & disposal approaches, designing innovative solutions to reduce, recycle & reuse, supports the Company's actions towards sustainable growth.	-	Positive, Conservation of resources leads to positive economic benefit as it brings about cost saving. - Efficient usage of resources, - Regulatory compliance and beyond
2	Renewable energy	Opportunity	Renewable energy initiatives like use of wind energy forms an important aspect of the Company's sustainability driven pursuits, which is also a promising solution to climate change problem	-	Positive i) Reduction in overall energy cost ii) Reduction in emissions.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	https://www.kanoriachem.com/investors/policies/								
2	Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Policies adopted by the Company are comparable with the best in the industry. Most of the policies are aligned to various standards such as ISO 9001 (quality management systems), ISO 14001 (environment management systems and practices) and ISO: 45001/OHSAS 18001 (organizational health and safety systems).								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Performance of the principles is reviewed time to time by various committees led by the management and Board of Directors								
Governance, leadership and oversight										
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Shri R.V. Kanoria, Chairman & MD								
9	Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, The Company has CSR Committee, Stakeholders' Relationship Committee and Risk Management Committee to oversee implementation of various policies and other sustainability related issues, as and when required. Besides, the Functional Heads are also authorized to ensure the implementation thereof.								

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

10. Details of Review of NGRBCs by the Company:																			
Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly/Any other – please specify)									
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	Business Responsibility policies of the Company are reviewed periodically or on a need basis by Senior Leadership Team including Managing Director.									
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	The Company is in compliance with the existing regulations as applicable and a Statutory Compliance Certificate on applicable laws is provided by the Managing Director/Group Chief Financial Officer/Chief Executive-Chemicals Business and Company Secretary to the Board of Directors, as and when required.									
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9	The Company evaluates the Policies internally.									
12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:	Not applicable																		
Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9										
The entity does not consider the Principles material to its business (Yes/No)	Not applicable																		
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Not applicable																		
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	Not applicable																		
It is planned to be done in the next financial year (Yes/No)	Not applicable																		
Any other reason (please specify)	Not applicable																		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators					
1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:					
Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes		
Board of Directors	During the year, the Board of Directors of the Company (including its Committees) has invested time on various updates comprising matters relating to an array of issues pertaining to the business, regulations, economy and environmental, social and governance parameters.		100		
Key Managerial Personnel	2	KCI Code of Conduct, Prevention of Sexual Harassment (POSH)	100		
Employees other than BoD and KMPs	3	1. KCI Code of conduct 2. Whistle Blower Policy 3. POSH	100		
Workers	2	1. KCI Code of conduct 2. POSH	95		
2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format. (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):					
Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine			NIL		
Settlement			NIL		
Compounding fee			NIL		
Non-Monetary					
Imprisonment			NIL		
Punishment			NIL		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.				
Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions			
NA				
4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy. The Code of Conduct for the employees of the Company covers the same and can be accessed at https://a.storyblok.com/f/209886/x/261352adfb/code-of-conduct-for-employees.pdf The Whistle Blower Policy of the Company extends to all stakeholders and can be accessed at https://a.storyblok.com/f/209886/x/6e33061fc5/whistle-blower-policy.pdf				
5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:				
	2022-23		2021-22	
Directors	NIL		NIL	
KMPs	NIL		NIL	
Employees	NIL		NIL	
Workers	NIL		NIL	
6. Details of complaints with regard to conflict of interest:				
	2022-23		2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NA	NIL	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	NA	NIL	NA
7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest. NIL				
Leadership Indicators				
1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year: NIL				
Total number of awareness programmes held	Topics / principles covered under the training		%age of value chain partners covered (by value of business done with such partners) under the awareness programmes	
2	Principle 4 & 6		15 (Transporters, Dealers & Customers)	
2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.				
Yes. The Directors have to give declarations about his/her interest or concern in other Companies, bodies corporate, firms or other association of individuals in Form MBP-1. If any Director is interested in the item of agenda at the time of meetings, he/she will vacate the Board to avoid conflict of interest				

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE.

Essential Indicators					
1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.					
	2022-23	2021-22	Details of improvements in environmental and social impacts		
R&D	100%	100%	Scaleup of lab scale developed product, strengthening of existing process & technology.		
Capex	23%	21%	Projects for Pollution Control & effluent reduction by recycling, recovery of used solvent, Safety for Employee & process, Use of hybrid energy to reduce fuel cost for power generation, use of alternate source of fuel, Capacity Expansion of existing products.		
2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No): Yes					
b. If yes, what percentage of inputs were sourced sustainably?					
The Company acknowledges that its supply chain can significantly impact the environment and society at large. In order to ensure sustainability across the entire value chain, the Company has made responsible sourcing an integral part of its sustainability strategy. The Company is actively involved in partnering with suppliers who have sustainability as one of the core values of their business and to achieve the same, we do periodic audit and beyond that we also do Knowledge sharing with our suppliers and help them in making their operations more efficient for mutual benefit and greater good. The Company endeavors on protection of environment, stake holders interest and cost effectiveness while procuring any raw material or goods. Adequate steps are taken for safety during transportation and optimization of logistics which in turn help to mitigate the impact on climate.					
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.					
a. Plastic Waste: Not applicable					
b. E-Waste: All E-waste generated in house is handed over to certified recycler					
c. Hazardous Waste: Not applicable, Our products get consumed by other industries, then they produce the finished products for the end user. Hazardous waste generated in house is handed over to PCB approved vendor for safe disposal.					
d. Other Waste: Not applicable					
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.					
The Company manufactures products which are intermediate products (input materials) for our customers, who then finally produce the finished products. Therefore, these products packaging materials becomes pre-consumer plastic waste to our customers who recycle it through certified recyclers.					
Leadership Indicators					
1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?					
NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
241	Formaldehyde, Hexamine, Pentaerythritol and other organic intermediate	99.61	Gate to Gate	NO	YES

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

<p>2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same. There are no significant social/environmental concerns and/or risks arising from production.</p>						
Name of Product/Service	Description of the risk/concern			Action Taken		
NIL	NIL			NIL		
<p>3. Percentage of recycled or reused input material to total material (by value) used in Products (for manufacturing industry) or providing services (for service industry).</p>						
Indicate input material	Recycled or re-used input material to total material					
	2022-23			2021-22		
NIL	NIL			NIL		
<p>4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:</p>						
	2022-23			2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NIL	NIL	NIL	NIL	NIL	NIL
Hazardous waste						
Other waste						
<p>5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category. The quantity of such material is almost negligible.</p>						
Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category					
NA	NA					

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators											
1. a. Details of measures for the well-being of employees:											
Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number	% (B / A)	Number	% (C / A)	Number	% (D / A)	Number	% (E / A)	Number	% (F / A)
Permanent employees											
Male	435	435	100	435	100	NA	NA	NA	NA	NA	NA
Female	7	7	100	7	100	7	100	NA	NA	NA	NA
Total	442	442	100	442	100	7	100	NA	NA	NA	NA
Other than Permanent employees											
Male	0	0	0	0	0	0	0	NA	NA	NA	NA
Female	0	0	0	0	0	0	0	NA	NA	NA	NA
Total	0	0	0	0	0	0	0	NA	NA	NA	NA
b. Details of measures for the well-being of workers:											
Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Female	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Total	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Other than Permanent workers											
Male	243	243	100	243	100	NA	NA	NA	NA	NA	NA
Female	20	20	100	20	100	20	100	NA	NA	NA	NA
Total	263	263	100	263	100	20	100	NA	NA	NA	NA
2. Details of retirement benefits, for Current FY and Previous Financial Year.											
Benefits	2022-23			2021-22							
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)					
PF	100%	100%	Y	100%	100%	Y					
Gratuity	100%	100%	Y	100%	100%	Y					
ESI	100%	100%	Y	100%	100%	Y					

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

<p>3. Accessibility of workplaces Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard. Most of our working locations are accessible for differently -abled employees</p>						
<p>4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy - Equal opportunity is covered as part of our Kanoria Chemicals Code of Conduct https://a.storyblok.com/f/209886/x/261352adfb/code-of-conduct-for-employees.pdf The Company provides equal opportunities to all its employees and to all eligible applicants for employment in the Company. It does not unfairly discriminate on any ground including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable law.</p>						
<p>5. Return to work and Retention rates of permanent employees and workers that took parental leave. Not applicable</p>						
Gender	Permanent employees			Permanent workers		
	Return to work rate	Retention rate		Return to work rate	Retention rate	
Male	Not applicable					
Female	Not applicable					
Total	Not applicable					
<p>6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.</p>						
				Yes/No (If Yes, then give details of the mechanism in brief)		
Permanent Workers				Yes, the Company has multiple mechanisms to redress grievances such as Works Committee, town hall, EHS Committee, KCI CoC (ethics) and Connect to HR through various channels.		
Other than Permanent Workers						
Permanent Employees						
Other than Permanent Employees						
<p>7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:</p>						
Category	2022-23			2021-22		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent employees (other than workers)	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
Total Permanent workers	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

8. Details of training given to employees and workers:										
Category	2022-23					2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (A)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (B)	% (B / A)	No. (C)	% (C / A)
Employees										
Male	435	435	100	302	69.4	401	401	100	283	70.6
Female	7	7	100	6	85.7	8	8	100	6	75.0
Total	442	442	100	308	69.7	409	409	100	288	70.4
Workers										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0
9. Details of performance and career development reviews of employees and worker:										
Category	2022-23			2021-22						
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)				
Employees										
Male	435	435	100	401	401	100				
Female	7	7	100	8	8	100				
Total	442	442	100	409	409	100				
Workers										
Male	0	0	0	0	0	0				
Female	0	0	0	0	0	0				
Total	0	0	0	0	0	0				
10. Health and safety management system:										
a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system? Yes, KCI business process is committed to achieve goal of zero injuries by adopting Safety as Core Value. KCI occupational health & safety management framework activities covers across all manufacturing locations and same are aligned with the KCI EHS policy as well as ISO 45001:2018. This coverage also ensure the protection of health & safety of its employees, contractors, visitors, supply chain partners and relevant stakeholders										

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has Risk Management mechanisms in place to identify and assess existing and potential risks across its operations for preventing incidents, injuries, occupational disease, emergency control & prevention. Considering the hazards associated with operations and hazardous chemicals used, sites have developed structured Hazard Identification, Risk Assessment and management both qualitative and quantitative which is regularly reviewed and mitigation plans are put in place for high-risk areas.

The process also considers roles and responsibilities, monitoring control measures, competency training and awareness of individuals associated with such activities.

For all activities including routine or non-routine, hazards are identified by a trained cross-functional team and risk assessment and management is done through Hazard Identification and Risk Assessment (HIRA)/ Job Safety Analysis (JSA)/ Standard Operating Procedure (SOP) and Work Instruction (WI) which is referred before starting any activity.

The Company has procedures for process safety management as per the guidelines of CCPs & OHSAS 3132, including Layers of Protection Analysis (LOPA) and Safety Integrity Level (SIL). Identified hazards and associated risks are addressed through operational control measures using hierarchy of control approach. Techniques like Process Hazard Analysis (PHA), what-if-analysis, Failure Mode Effect Analysis (FMEA) are carried out on a case-to-case basis.

On a day-to-day basis unsafe conditions and hazards are also identified by employees and reported through various platforms. Storing and handling of toxic chemicals like ammonia, flammable materials like Methanol, Ethanol etc. are identified as the major process hazards at the site for which the Company has carried out Quantitative Risk Assessment and HAZOP study and engineering review by external/ internal experts as appropriate.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, we promote our employees to report near-miss incidents identified through various platforms which is analysed by an investigation committee. All sites have specific procedure for reporting of work-related hazard, injuries, unsafe condition and unsafe act

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, all employees are covered under health insurance / ESI scheme and all the sites have access to non-occupational medical and healthcare services either on-site or through tie-ups with reputed medical entities in close proximity. In addition, personnel are being trained to respond appropriately to medical emergencies on-site.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	2022-23	2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company is committed to sustainable development and a safe & healthy workplace. Its approach to environment management is guided by the principle of provision of a safe working environment through continuous upgradation of technologies, prevention of pollution, conservation of resources and recycling of waste. Safety is a core value for us, and we are committed to achieve the goal of zero injuries.

The Company has a documented Environment Health & Safety Policy that is communicated within the Company and also made available to the interested parties. With the view to achieve 'Zero Accidents' status, the Company has developed health and safety procedures as well as safety targets and objectives.

Risk mitigation plans are regularly reviewed by a centralised EHS team. Hazards are identified using techniques such as Hazard and Operability Study (HAZOP), Hazard Identification and Risk Analysis (HIRA) etc. to ensure maximum safe man-hours at our manufacturing units during operations. The Company has started regular 'Safety Talks' at the Ankleshwar unit where employees share their knowledge on best safety practices in the industry.

On the sustainability front, the Company strives for sustainable development by setting ambitious goals and achieves them through strong EHS management programs and of course ensures compliance with applicable rules and regulations

As a result of its sustained compliance to Environment, Health, Safety and Quality standards, the Company's Alco Chemical Divisions at Ankleshwar, Vizag and Naidupet are ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environment Management Systems and practices) and ISO 45001:2018 (Occupational Health and Safety Management Systems) certified. All the Divisions are also RC 14001:2015 certified for implementation of Responsible Care management systems, recognizing and responding to community concerns related to its products and its operations. The Company also maintains the Responsible Care Logo (RC Logo) at its Ankleshwar unit, which is in recognition of our performance on overall safety, environment management, community concerns and sustainability

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

13. Number of Complaints on the following made by employees and workers:						
	2022-23			2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA
14. Assessments for the year:						
			% of your plants and offices that were assessed (by entity or statutory authorities or third parties)			
Health and safety practices			100%			
Working Conditions			100%			
15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.						
All safety related incidents are investigated by cross-functional team. All critical factors involved in an incident are determined through root cause analysis & investigation and corrective/preventive actions are identified to prevent recurrence.						
The detailed investigation and root causes identified by cross-functional team are reviewed by the Senior Management. Learning from incident is further discussed in the safety talk, safety committee meeting etc. to bring awareness and prevent recurrence of incidents.						
There is a process for reporting of safety incidents (critical near miss, process safety events, fire incidents, etc.) through daily safety observation & various plaforms						
Leadership Indicators						
1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).						
Employees: Yes						
Worker: Yes						
2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.						
The Company monitors remittance of statutory dues by value chain partners as part of processing their bills on a regular basis with periodic audits.						
3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:						
	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment			
	2022-23	2021-22	2022-23	2021-22		
Employees	0	0	0	0		
Workers	0	0	0	0		
4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)						
Yes, the Company provides opportunities for engagement on specific projects / assignments across the organisation, as and when required.						
5. Details on assessment of value chain partners:						
			% of value chain partners (by value of business done with such partners) that were assessed			
Health and safety practices			85			
Working Conditions			82			
6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.						
1. ISO 45001/OHSAS 18001 certification is mandatory for all Value chain partners involved with High-Risk jobs execution with organization						
2. Ensured 100% Safety Training of Workforce of Service providers						
3. Periodic safety performance Evaluation of Service providers.						

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators				
<p>1. Describe the processes for identifying key stakeholder groups of the entity. Yes, the Company has identified key stakeholder groups and mapped its internal and external stakeholders. We consider individuals, groups, institutions or entities that contribute to shaping our business that add value or constitute a core part of the business value chain as key stakeholders. The key categories include (i) Government and regulatory authorities (ii) Employees (iii) Consumers (iv) Suppliers (v) Investors, Shareholders and Lenders (vi) Local Community (vii) NGOs.</p>				
<p>2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.</p>				
Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/ Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Annual General Meeting, email, Stock Exchange intimations, annual report, Quarterly results, media release & company website, physical shareholders meet, etc.	Ongoing	KCI performance, dividends, profitability and financial stability and growth prospects
Employees	No	Digital as well as physical channels of communication including e-mails, leadership, appraisal and training programmes for personal and professional growth. Senior Management talk and briefing, goal setting and review, exit interview, employee engagement, employee survey, Notice board, Websites & Newsletter	Ongoing	Innovations, Operational efficiencies, Business Excellence, Improvement Areas, long term strategy, training awareness, Employee engagements and professional growth.
Customers	No	Physical and virtual meetings, customer events, calls, e-mail, Website, Senior Personnel Customer Visit, Customer Plant Visit, Complaints Management, Customer Survey, email and information on packaging	Ongoing	Product quality and availability, Responsiveness, aftersales services, responsible guidelines and Life cycle assessment, new product updates, participate in the bids/ tenders.
Suppliers/Partners	No	Communication and partnership meet, plant visits, professional network, contract management/ review, e-mail and website	Ongoing	Quality, timely delivery and payments, EHS check compliance, ethical behaviour & IMS standard
Government	No	Meetings with local/state/national govt and ministries, seminar, submissions, media release, conferences membership in local enterprises and industry bodies (ICC, FICCI, CII, CHEMEXIL & DPMC)	Ongoing	EHS & Sustainability framework, Changes in regulatory framework, understand and discuss matters pertaining to the industry
Communities	Yes	Meets with community/local authority, community visit, partnership with local charities and volunteerism	Ongoing	Community development, livelihood support, education, health and Rural Development.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board - The Company management regularly interacts with key stakeholders i.e. investors, customers, suppliers, employees, etc. Feedback from such interactions is shared with the Board during the Board meetings, as and when required.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No).

If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

We use multiple platforms to engage with a wide variety of stakeholders to understand their unique needs and concerns. Kanoria Chemicals follows an integrated approach of balancing stakeholder requirements while formulating Long-Term Plans/ Annual Business Plan, which helps to mitigate adverse impacts and community risks that may arise from our operations. A robust governance structure at Board & Corporate level (Corporate Social Responsibility & Sustainability Committee, Risk Management Committee and Audit Committee) ensures periodic oversight of material issues and related action plan.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Company values the support of its stakeholders and respects the interest and concerns they have towards the Company. We endeavor to bring difference in the lives of our associated stakeholders. The Company proactively engages with and responds to those sections in the society that are disadvantaged, vulnerable and marginalized. The Company assesses the needs of local stakeholders and address societal needs through its CSR initiatives.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators										
1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:										
Category	2022-23					2021-22				
	Total (A)	No. employees workers covered (B)		% (B / A)		Total (C)	No. employees workers covered (D)		% (D / C)	
Employees										
Permanent	442	442		100		409	409		100	
Other than permanent	0	0		0		0	0		0	
Total Employees	442	442		100		409	409		100	
Workers										
Permanent	0	0		0		0	0		0	
Other than permanent	263	235		89		226	206		91	
Total Workers	263	235		89		226	206		91	
2. Details of minimum wages paid to employees and workers, in the following format:										
Category	2022-23					2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	435	0	0	435	100	401	0	0	401	100
Female	7	0	0	7	100	8	0	0	8	100
Other than permanent										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Workers										
Permanent										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Other than permanent										
Male	243	243	100	0	0	214	214	100	0	0
Female	20	20	100	0	0	12	12	100	0	0

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

(Amount in Rs.)

3. Details of remuneration/salary/wages, in the following format:						
	Male			Female		
	Number	Median remuneration/salary/wages of respective category		Number	Median remuneration/salary/wages of respective category	
Board of Directors (BoD)	6	352,500		2	205,000	
Key Managerial Personnel	1	9,012,864		1	1,512,751	
Employees other than BoD and KMP	432	394,552		6	921,715	
Workers	243	10,927		20	9,238	
4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) Yes, The Company is committed to protect the human rights of its stakeholders. Human resource is considered as a valuable resource in the organization. Human resource practices of the Company aim at ensuring not only protection but also respect for human rights. All aspects of human rights are inbuilt and covered under the Company's Code of Conduct as well in various human resource practices / policies of the Company.						
5. Describe the internal mechanisms in place to redress grievances related to human rights issues - The mechanism to redress grievances under human rights is same as for other grievances. On receipt of any concern/ grievance, it is registered preliminary and checks are done. Anything outside the purview of the Code of Conduct is informed back to the complainant. For complaints within the purview of the CoC, an investigator takes care of the same. The investigator conducts investigation by validating, analysing and gives his observations and recommendations. The investigation report is further reviewed by the top level head and/or MD alongwith the Audit Committee (depending upon the grievance) and the recommendations are acted upon. The documentation of the action taken is filed for records.						
6. Number of Complaints on the following made by employees and workers:						
	2022-23			2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA
7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases. As part of Code of Conduct, Whistleblower policy and POSH policy, the company has a clause mentioned on the protection of identity of the complainant. Strict confidentiality is maintained while dealing in with all such complaints. The Company takes strict action against those who retaliates against reporters.						
8. Do human rights requirements form part of your business agreements and contracts? (Yes/No): Yes						
9. Assessments for the year:						
			% of your plants and offices that were assessed (by entity or statutory authorities or third parties)			
Child labour			NA			
Forced/involuntary labour			NA			
Sexual harassment			100% by third party and statutory bodies			
Discrimination at workplace			NA			
Wages			100% by third party and statutory bodies			
Others – please specify			NA			
10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above. There were no concerns.						

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Leadership Indicators	
<p>1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints. No such complaints received on human rights violations</p>	
<p>2. Details of the scope and coverage of any Human rights due-diligence conducted - Human rights due diligence is a way for enterprises to proactively manage potential and actual adverse human rights impacts with which they are involved. The prevention of adverse impacts on people is the main purpose of human rights due diligence. It concerns risks to people, not risks to business. Human rights due diligence involves the actions taken by a Company to both identify and act upon actual and potential human rights risks for employees / workers in its operations, supply chains and the services it uses.</p>	
<p>3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016? Yes most our premises are accessible to differently-abled visitors</p>	
<p>4. Details on assessment of value chain partners:</p>	
	<p>% of value chain partners (by value of business done with such partners) that were assessed</p>
Sexual Harassment	NA
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	
<p>5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above. Not Applicable</p>	

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators		
1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:		
Parameter	2022-23	2021-22
Total electricity consumption (A) (in tj)	276	240
Total fuel consumption (B) (tj)	756	514
Energy consumption through other sources (C)	NIL	NIL
Total energy consumption (A + B + C)	1,032	754
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.000000155	0.000000117
<i>Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No</i>		
2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. No		
3. Provide details of the following disclosures related to water, in the following format:		
Parameter	2022-23	2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	25,200	22,350
(iii) Third party water	5,66,049	5,08,661
(iv) Seawater/desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	5,91,249	5,31,011
Total volume of water consumption (in kilolitres)	5,91,296	5,31,120
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000089	0.0000083
<i>Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No</i>		
4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. The company has implemented Zero Liquid Discharge for Naidupeta unit and the same is in process for other units		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	2022-23	2021-22
Nox	MT	4.38	4.2
Sox	MT	4.22	3.67
Particulate matter (PM)	MT	3.16	2.53
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	MT	1.01	0.73
Hazardous air pollutants (HAP)	NA	NA	NA
Others– please specify	NA	NA	NA

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	2022-23	2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	48,399	33,893
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	26,444	22,978
Total Scope 1 and Scope 2 emissions per rupee of turnover		0.00000112	0.00000088

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details. - Yes, At KCI, we are aware of the impact of climate change on society and business and therefore, strive to continuously reduce our greenhouse gas (GHG) emissions. The Company has established the roadmap for carbon emission reductions and is working on renewable source of energy along with technological intervention to meet its carbon reduction plan. Biomass firing trails have been conducted successfully and currently running as well. Site specific activities to reduce GHG-emissions are in place.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

8. Provide details related to waste management by the entity, in the following format:		
Parameter	2022-23	2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	NIL	NIL
E-waste (B)	0	0.5
Bio-medical waste (C)	0.003	0.001
Construction and demolition waste (D)	NIL	NIL
Battery waste (E)	NIL	NIL
Radioactive waste (F)	NIL	NIL
Other Hazardous waste. Please specify, if any. (G)	NIL	NIL
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	ETP Sludge	241.7
	Spent Carbon	104.25
	Spent Carbon	90.21
	Used Oil	68.12
	Spent Catalyst	1.95
	Discarded Liner	0
	Discarded Liner	10.16
Total (A+B + C + D + E + F + G + H)	344.023	181.511
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	12.11	9.14
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	12.11	9.14
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	9.34	11.26
(ii) Landfilling	114.87	42.5
(iii) Other recovery operations	207.37	119.23
Total	331.58	172.99
<i>Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No</i>		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The company ensures responsible waste management practice involving reduce, reuse and recycle concept. We have phenol recovery system to reuse generated effluent in our process and ensure safe disposal as per the guidelines of PCB either for co-processing or reuse. Moreover we sent the carbon waste to cement industry and they use spent carbon as a input material.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format: Not Applicable

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
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Not applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
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NIL

12. Is the entity compliant with the applicable environmental law/ regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format: Yes, the Company has complied with the applicable environmental law/regulations/guidelines, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non- compliance	Any fines/penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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Not applicable

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Leadership Indicators		
1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:		
Parameter	2022-23	2021-22
From renewable sources		
Total electricity consumption (A)	NIL	NIL
Total fuel consumption (B)	NIL	NIL
Energy consumption through other sources (C)	NIL	NIL
Total energy consumed from renewable sources (A+B+C)	NIL	NIL
From non-renewable sources		
Total electricity consumption (D) (in tJ)	276	246
Total fuel consumption (E)	756	514
Energy consumption through other sources (F)	NIL	NIL
Total energy consumed from non-renewable sources (D+E+F)	1,032	760
<i>Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No</i>		
2. Provide the following details related to water discharged:		
Parameter	2022-23	2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
(ii) To Groundwater		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
(iii) To Seawater		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
(iv) Sent to third- parties		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment (Tertiary) in KL	1,18,454	1,15,118
(v) Others		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
Total water discharged (in kilolitres)	1,18,454	1,15,118
<i>Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No</i>		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): Not applicable

For each facility/plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	2022-23	2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	NIL	NIL
(ii) Groundwater	NIL	NIL
(iii) Third party water	NIL	NIL
(iv) Seawater / desalinated water	NIL	NIL
(v) Others	NIL	NIL
Total volume of water withdrawal	NIL	NIL
Total volume of water consumption (in kilolitres)	NIL	NIL
Water intensity per rupee of turnover (Water consumed/turnover)	NIL	NIL
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
(ii) Into Groundwater		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
(iii) Into Seawater		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
(iv) Sent to third-parties		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
(v) Others		
- No treatment	NIL	NIL
- With treatment-please specify level of treatment	NIL	NIL
Total water discharged (in kilolitres)	NIL	NIL
<i>Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No</i>		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:			
Parameter	Unit	2022-23	2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, Sf6, NF ₃ , if available)	Metric tonnes of CO ₂	Planing to calculate and record Scope 3 emission from FY 2023-24	Planing to calculate and record Scope 3 emission from FY 2023-24
Total Scope 3 emissions per rupee of turnover			
<i>Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No</i>			
5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities. The company monitors the water quality & air quality on a regular basis as per the PCB norms & environmental regulations.			
6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:			
S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Leak Detection & Alarm	For Ammonia & Acetaldehyde Storage facilities, KCI undertook a leak detection and alarm project to proactively and regularly check for fugitive losses of Ammonia & Acetaldehyde emissions. This project was initiated at our facility in Ankleshwar Gujarat. Due to its success, a similar project was rolled out for Methanol leak detection at our facilities in Vizag,	Reduction of Acetaldehyde, Ammonia & Methanol Emissions.
2	Phenol Recover System	Phenol recovery system is installed to recover residual phenol in the effluent generated from Resin Plant. The recovered phenol is again used as a raw material	i) Substantial reduction in organic load ii) Reuse of recycled phenol
7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link. Yes, the company has on site and off site emergency preparedness plan in place to address any external and internal disasters. We have tied up with our near by industry as a Mutual Aid Partner			
8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard. No adverse impact			
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. 60-70% of domestic critical suppliers have been assessed for environmental impacts			

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators		
1. a. Number of affiliations with trade and industry chambers/associations. – 6 b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/ affiliated to.		
S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/associations (State/National)
1	Federation of Indian Chambers of Commerce & Industries (FICCI)	National
2	Confederation of Indian Industry (CII)	National
3	Indian Chamber of Commerce (ICC)	National
4	PHD Chamber of Commerce & Industry	National
5	Indian Chemical Council (ICC)	National
6	CHEMEXIL, Basic Chemicals Cosmetics & Dyes Export Promotion Council	National
2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities. There is no action taken or underway against Kanoria Chemicals & Industries Limited on any issue related to anti- competitive conduct by the entity.		
Name of authority	Brief of the case	Corrective action taken
Not applicable		

Leadership Indicators					
1. Details of public policy positions advocated by the entity: Not applicable					
S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/ Quarterly/Others – please specify)	Web Link, if available
Not applicable					

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators						
1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year - Not applicable						
Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link	
Not applicable						
2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: Not applicable						
S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not applicable						
3. Describe the mechanisms to receive and redress grievances of the community. The Company has mechanisms to receive and redress grievances received from the community. A site level committee consisting of members from various departments like HR & Admin, EHS etc. is formed which receives the grievances (written/verbal) and works towards its redressal. The concerns are recorded and tracked for closure. In addition, there is regular engagement with key community institutions and representatives. The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for all stakeholders including Directors, employees, vendors and suppliers to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. No personnel have been denied access to the Audit Committee.						
4. Percentage of input material (inputs to total inputs by value) sourced from suppliers: The Company gives priority to local suppliers for consumable spares and job works. Additionally, the Company employs workmen from nearby communities. This workforce is educated and provided training in occupational health and safety matters.						
			2022-23	2021-22		
Directly sourced from MSMEs/ small producers			50-60%	45-55%		
Sourced directly from within the district and neighbouring districts			30-40%	40-45%		

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Leadership Indicators				
1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above): Not applicable				
Details of negative social impact identified			Corrective action taken	
Not applicable				
2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:				
S. No.	State	Aspirational District	Amount spent (In INR)	
1	Gujarat	Bharuch	3,00,000	
2	Gujarat	Bharuch	2,08,000	
3	Gujarat	Bharuch	3,00,000	
4	Gujarat	Bharuch	2,00,000	
5	Gujarat	Bharuch	2,00,000	
6	Gujarat	Narmada	2,00,000	
7	Gujarat	Bharuch	1,71,000	
8	Central	Delhi (PM Care Fund)	1,00,000	
9	Gujarat	Bharuch	1,71,000	
			Total	1,85,0000
3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No) - No (b) From which marginalized/vulnerable groups do you procure? Nil (c) What percentage of total procurement (by value) does it constitute? Nil				
4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge: Not applicable				
S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not applicable				
5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved: Not applicable				
Name of authority		Brief of the Case		Corrective action taken
Not applicable				

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

6. Details of beneficiaries of CSR Projects:			
S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Sevashram Trust, Bharuch (Promoting Preventive Health Care) Contribution to purchase of Cardiac devices to Sevashram Hospital Panch Batti, Bharuch	135	80%
2	(Promoting Preventive Health Care) a. Organising Health Camp in Villages-Sarangpur, Jitali near to KCI, Ankleshwar Plant	792	75%
	b. Qty-2 RO Water Purification System at a School in Sarangpur Village and Wastebins installation at Ankleshwar & Bharuch Rly Stations.	600	70%
3	Shree Sardar Vallabhbhai Patel Rotary General Hospital Trust, Bharuch (Promoting Preventive Health Care) Contribution to Sardar Patel Hospital & Heart Institute, Ankleshwar for purchase of Medical devices & Equipment	100	80%
4	Society of Education Welfare & Action Rural(SEWA), Jhagadia, Bharuch (Promotion of Education) Vocational skill training by sponsoring 4 Nos. of student of Vivekananda Gramin Tekniki Kendra's, Jhagadia, Bharuch	4	100%
5	Shri Harsiddhi Vidyaniketan Trust Rajpipla, Narmada (Dist.), Gujarat (Promotion of Education) Contribution in construction of School (Shri Saraswati Vidyalaya upto primary level) Building, Rajpipla, Narmada(Dist.), Gujarat	50	80%
6	Vidhyabharati Vanvasi Sikshan Samitee, Kakadkui, Netrang, Bharuch (Contribution to cause for inequalities faced by socially and economically backward group) Renovation of Hostel facilities for Adivasi children at Shree Madhav Vidyapeeth, Kakadkui, Netrang, Bharuch	306	100%
7	Shri Jay Mataji Education Trust, Valia, Bharuch (Dist.) (Promotion of Education) Contribution for purchase of Interactive Display System - a Smart Class Room for Shri Jay Mataji Vidyamandir (Secondary School), Sardarnagar, Valia, Bharuch	200	75%
8	Contribution to PM Cares Fund (Citizen Assistance & Relief in Emergency Situations)	Proportionate ratio indeterminable	NA
9	Lions Club of Ankleshwar Industrial Area Community Trust, Ankleshwar (Promotion of Education) Contribution for purchase of Interactive Display System - a Smart Class Room for Lions School (Higher Secondary) Plot No. 5603/2, New Colony, GIDC Estate, Ankleshwar- 393002	250	70%

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators						
1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback. The company has mechanism in place for registering complaints from customers. The grievances are resolved without any delay and within stipulated time.						
2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:						
					As a percentage to total turnover	
Environmental and social parameters relevant to the product					100%	
Safe and responsible usage					100%	
Recycling and/or safe disposal					NA	
3. Number of consumer complaints in respect of the following:						
	2022-23		Remarks	2021-22		Remarks
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	0	0	NA	0	0	NA
4. Details of instances of product recalls on account of safety issues:						
	Number		Reasons for recall			
Voluntary recalls	0		NA			
Forced recalls	0		NA			
5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy. Yes, the company has framework for identification of internal and external risks specifically faced by the Company on cyber security and risks related to data privacy and managed by risk management committee. It is available under clause "Information Technology" of KCI Code of conduct. https://a.storyblok.com/f/209886/x/261352adfb/code-of-conduct-for-employees.pdf						
6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services. Nil						

Leadership Indicators	
1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available). The information on product and services of the entity can be accessed at https://www.kanoriachem.com/products/	
2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services. Through MSDS sheet, Company brochure, Customer training, outreaches, product labels etc	
3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services. The company informs through email & phone calls.	
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Yes, the company provide product information through Emergency information panel on the product. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No): Yes	
5. Provide the following information relating to data breaches:	
a. Number of instances of data breaches along-with impact - Nil	
b. Percentage of data breaches involving personally identifiable information of customers - Not applicable	

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Your Company has complied with the provisions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”).

A Report on the implementation of Corporate Governance by the Company as per the Listing Regulations, 2015 is given below.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is commitment to values and integrity in directing the affairs of the Company. It is an integral part of the Company's strategic management. Its basic tenets – adherence to ethical business practices; delegation; responsibility and accountability; honesty and transparency in the functioning of management and the Board; true, complete and timely disclosures and compliance of law, ultimately result in maximising shareholders value and in protecting the interests of stakeholders.

The Company is committed to and always strives for excellence through adoption of and adherence to good corporate governance in the true spirit.

The Company is guided by a well-balanced Board comprising Directors, who are all outstanding professionals of eminence and integrity. Strategic management by a professional Board is the focal point of the Company's Corporate Governance philosophy and practice.

A core group of top-level executives further strengthens and reinforces the foundation of Corporate Governance in the Company. Competent professionals across the organisation have put in place the best in terms of systems, processes, procedures and technologies.

BOARD OF DIRECTORS

Composition

The Board as on 31st March 2023 consisted of 8 (eight) Directors including 6 (six) Non-executive Directors out of which 5 (five) are Independent Directors. Shri R.V. Kanoria, B.Sc., MBA (Hons.), representing the promoters is holding the executive position and is designated as the Chairman & Managing Director of the Company. He has 49 years of industrial, managerial, administrative and commercial experience. Shri S. V. Kanoria, an MS in Computer Science having 19 years work experience, is the Wholetime Director of the Company.

During the year under review, the Board met 4 (four) times; on 26th May, 2022, 9th August, 2022, 11th November, 2022 and 10th February, 2023. The composition of the Board, Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2023 by each Director in the companies including this Company are as under:

Name of Director	Name of the other Indian listed company where directorship held	Category of Directors	Directorship ¹ (Including in Indian listed companies)	Committee Membership ²	Committee Chairmanship ²
Executive Directors					
Shri R.V. Kanoria (DIN: 00003792)	Nestle India Limited	Non-executive Independent Director	8	6	3
	J K Paper Limited	Non-executive Independent Director			
	Ludlow Jute & Specialties Limited	Non-executive Non-Independent Director			
Shri S. V. Kanoria (DIN: 02097441)	None	NA	4	1	-

Name of Director	Name of the other Indian listed company where directorship held	Category of Directors	Directorship ¹ (Including in Indian listed companies)	Committee Membership ²	Committee Chairmanship ²
Non-Executive Non-Independent Director					
Smt. Madhuvanti Kanoria (DIN: 00142146)	None	NA	1	-	-
Non-Executive Independent Directors					
Shri Amitav Kothari (DIN:01097705)	Kiran Vyapar Limited	Non-executive Independent Director	3	4	2
Shri H.K. Khaitan (DIN:00220049)	Steel Products Limited	Executive Director	4	5	2
	India Carbon Limited	Non-executive Independent Director			
Shri Sidharth Kumar Birla (DIN: 00004213)	Xpro India Limited	Executive Director	4	1	-
Shri A. Vellayan (DIN:00148891)	Coromandel International Limited	Non-executive Chairman (Non-independent)	4	-	-
	NOCIL Limited	Non-executive Independent Director			
Smt. Suhana Murshed (DIN: 08572394)	Saregama India Limited	Non-executive Independent Director	4	2	-
	Stel Holdings Limited	Non-executive Independent Director			
	Xpro India Limited	Non-executive Independent Director			

- Shri G Parthasarathy (DIN 00068510) and Shri Ravinder Nath (DIN 00062186) have ceased to be Directors of the Company on end of their second term as Independent Director on 4th September, 2022.

1. This excludes Directorship held in Indian Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.
2. Committee refers to Audit Committee and Stakeholders Relationship Committee.

Notes

- i Smt. Madhuvanti Kanoria is the spouse of Shri R. V. Kanoria. Shri S. V. Kanoria, Wholetime Director, is the son of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria. None of the other Directors is related to any other Director on the Board.
- ii None of the Directors has any business relationship with the Company.
- iii The Company has two woman Directors on its Board of Directors.
- iv None of the Directors received any loans and advances from the Company during the year.
- v None of the Directors holds Directorships in more than the permissible number of companies under the Companies Act, 2013 or Directorships/Membership/Chairmanship of Board Committees as permissible under Regulations 17A and 26 of the Listing Regulations, 2015. All the Directors have certified that they are not disqualified for appointment as a Director in any company.
- vi Additional information pursuant to the Listing Regulations, 2015 in respect of Director seeking re-appointment is given in the AGM Notice.

The attendance of Directors at the Board Meetings and the Annual General Meeting held during the year 2022-23 is as under:

Name of Director	Category of Directors	Board Meetings held during the year	Attendance at	
			Board Meetings	Last AGM
Shri R.V. Kanoria (DIN: 00003792)	Promoter – Chairman & Managing Director	4	4	Yes
Smt. Madhuvanti Kanoria (DIN: 00142146)	Non-Executive Non-Independent Director	4	4	Yes
Shri S. V. Kanoria (DIN: 02097441)	Executive Director	4	4	Yes
Shri Amitav Kothari (DIN:01097705)	Non-Executive Independent Director	4	3	Yes
Shri H.K. Khaitan (DIN:00220049)	Non-Executive Independent Director	4	4	Yes
Shri Sidharth Kumar Birla (DIN: 00004213)	Non-Executive Independent Director	4	4	No
Shri A. Vellayan (DIN:00148891)	Non-Executive Independent Director	4	4	No
Smt. Suhana Murshed (DIN:08572394)	Non-Executive Independent Director	4	4	No
Shri G Parthasarathy* (DIN:00068510)	Non-Executive Independent Director	2	2	Yes
Shri Ravinder Nath* (DIN:00062186)	Non-Executive Independent Director	2	2	NO

* Shri G Parthasarathy (DIN 00068510) and Shri Ravinder Nath (DIN 00062186) have ceased to be Directors of the Company on end of their second term of Independent Directorship on 4th September, 2022.

Equity Shares of the Company held by Directors

The Directors, who held the Equity Shares of the Company as on 31st March 2023 are Shri R.V. Kanoria (461,481), Smt. Madhuvanti Kanoria (498,321), Shri S. V. Kanoria (556,440), Shri A. Vellayan (15,000), Shri H. K. Khaitan (100), Shri Sidharth Kumar Birla (25), Shri Amitav Kothari (4) and Smt Suhana Murshed (5).

Familiarisation Programmes for Board Members

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/procedures/ processes of the Company, etc. through various programmes including plant visits. The details of the familiarisation programmes for Independent Directors are put on the website of the Company and can be accessed at the link: <https://a.storyblok.com/f/209886/x/a5a3a67de8/familiarisation-programme.pdf>

Skills/Expertise/Competence of the Board of Directors

The core skills/expertise/competencies identified by the Board as required in the context of the Company's business(es) for it to function effectively and available with the Directors are as given below:

Sl. No.	Skills / expertise / competencies	Name of Directors
1	Leadership qualities	Sarvashri R. V. Kanoria, Amitav Kothari, H. K. Khaitan, S. K. Birla, A. Vellayan, S. V. Kanoria, Smt. Madhuvanti Kanoria and Smt. Suhana Murshed
2	Industry knowledge and experience	Shri R. V. Kanoria and Shri S. V. Kanoria
3	Financial expertise	Sarvashri R. V. Kanoria, Amitav Kothari, S. K. Birla, A. Vellayan and H. K. Khaitan
4	Risk Management	Sarvashri R. V. Kanoria, Amitav Kothari and H. K. Khaitan
5	Understanding of relevant laws, rules, regulations and policies	Sarvashri R. V. Kanoria, Amitav Kothari, S. K. Birla, A. Vellayan, H. K. Khaitan and Smt. Suhana Murshed
6	Corporate Governance	Sarvashri R. V. Kanoria, Amitav Kothari, S. K. Birla, A. Vellayan, Smt. Madhuvanti Kanoria and Smt. Suhana Murshed
7	Global experience/International exposure	Sarvashri R. V. Kanoria, A. Vellayan, H. K. Khaitan, Smt. Madhuvanti Kanoria and Smt. Suhana Murshed

Responsibilities

The primary role of the Board is to protect and enhance shareholder value. It monitors the effectiveness of the Company's governance practices and makes changes as necessary. The Board exercises independent judgment on corporate affairs. The Board's concentration is also on strategy, policy and control, delegation of power and specifying approvals that remain in the Board's domain besides review of corporate performance and reporting to shareholders. The Board and Management's roles are clearly demarcated.

The Management is required to:

- a) provide necessary inputs to assist the Board in its decision making process in respect of the Company's strategies, policies, performance targets and code of conduct;
- b) manage day-to-day affairs of the Company to achieve targets and goals set by the Board in the best possible manner;
- c) implement all policies and the code of conduct as approved by the Board;
- d) provide timely, accurate, substantive and material information, including on all financial matters and any exceptions, to the Board and/or its Committees;
- e) ensure strict compliance with all applicable laws and regulations; and
- f) implement sound and effective internal control systems.

The management and the conduct of the affairs of the Company lie with the Managing Director who heads the management team. The Managing Director acts as a link between the Board and the Management and is also responsible for leading and evaluating the work of other executive leaders. He presides over all meetings of the Board and of the shareholders of the Company. He takes a lead role in managing the Board and facilitates effective communication among directors. He is responsible for overseeing matters pertaining to governance, composition and effectiveness of the Board and its committees, and the performance of individual directors. He also monitors industry developments and standards, identifies opportunities for expansion and acquisition, and strengthens relationships with customers, shareholders and markets to enhance shareholder value and implementing the organization's vision.

Role of Independent Directors

The Independent Directors play an important role in deliberations and decision-making at the Board Meetings and bring to the Company wide experiences in their respective fields. They also contribute in significant measure to Board Committees. Their independent role vis-à-vis the Company means that they have a special contribution to make in situations where they add a broader perspective by ensuring that the interests of all stakeholders are kept in acceptable balance and in providing an objective view in instances where a (potential) conflict of interests may arise between stakeholders

Meetings of Independent Directors

It is important for the Independent Directors to have meetings without the presence of the executive management, in order to enable the Board to provide fair judgment in all matters related to the functioning of the Company. The Company's Independent Directors meet at least once in every financial year without the presence of Non Independent Directors or Management Personnel. During the year under review, 1 (one) Meeting of Independent Directors was held on 10th February 2023, wherein the Independent Directors carried out the performance evaluation of the Chairman & Managing Director, Executive Director and other Non Independent Director as well as the Board of the Company. The Meeting also assessed the quality, quantity and timeliness of the flow of information by the Management of the Company to the Board of Directors.

Confirmation of Independence

Based on the declarations received from the Independent Directors, the Board of Directors is of the opinion that they meet the criteria of independence as per Regulation 16(1)(b) of SEBI Listing Regulations and that they are independent of the management

Certificate of Company Secretary in Practice

A Certificate obtained from a Company Secretary in Practice, confirming that none of the Directors of the Company is debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority, is annexed hereto.

Resignation of the Independent Directors during the year

None of the Independent Directors resigned during the Financial Year 2022-23. However, Shri Ravinder Nath (DIN 00062186 and Shri G Parthasarathy (DIN 00068510) ceased to be Independent Directors with effect from 4th September, 2022 on account on end of their second term as Independent Director.

BOARD MEETINGS

Selection of Agenda Items for Board Meetings

- i) The Company holds a minimum of 4 (four) Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. The gap between two Meetings is not more than 120 days. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.

- ii) All divisions and departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion and approval by the Board or by Committees. All such matters are communicated to the Company Secretary in advance so that these may be included in the Agenda for the Board or Committee Meetings.
- iii) At the beginning of each meeting of the Board, the Chairman & Managing Director briefs the Board members about the key developments relating to the Company.
- iv) At each of the 4 (four) pre-scheduled Board Meetings, managers are invited to make presentations on the major business segments and operations of the Company before taking on record the results of the Company for the preceding financial quarter. Sufficient support information is provided to the Board in advance for all strategic matters of significance pertaining to expansion plans, financing and diversifications. These are discussed and deliberated in detail at the Board level.
- v) Among others, the following items are placed at the Board Meetings for the consideration/review/approval of the Board:
 - Annual Operating Plans and Budgets and any updates.
 - Capital Budgets and any updates.
 - Quarterly results of the Company and its Business Segments.
 - Minutes of Meetings of the Board and its Committees.
 - The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary and any change in respect thereof.
 - 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 material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
 - 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 Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
 - 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. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
 - Sale of material nature of investments, subsidiaries, assets, which is 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.

In addition, the other matters requiring the Board's consideration/review/approval, from time to time, are also placed at the Board Meetings. The Board's annual agenda includes recommending dividend (if any), determining Directors who shall retire by rotation and recommending appointment/reappointment of Directors and Auditors, authentication of annual accounts and approving the Directors' Report, long term strategic plans for the Company and the principal issues that the Company expects to face in the future. The Board also considers/approves the other matters as required to be considered/approved by the Board as per the Companies Act, 2013 and the Listing Regulations, 2015. At Board Meetings, note and review of the functions of the Committees also take place.

The Chairman of the Board and the Company Secretary in consultation with other concerned persons in senior management finalise the agenda papers for the Board Meeting. Directors have access to the Company Secretary's support for all information of the Company and are free to suggest inclusion of any matter in the Agenda.

Board Material Distributed in Advance

- i) Agenda Papers are circulated to the Directors in advance. All material information is incorporated in the Agenda Papers for facilitating meaningful and focussed discussions at the Meeting. Where it is not practicable to attach any documents to the Agenda, the same are placed on the table at the Meeting with specific reference to this effect in the Agenda.
- ii) In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted to be taken at the Meeting.

Recording Minutes of Proceedings at Board and/or Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting. Draft Minutes are circulated to all the members of the Board for their comments. The Minutes of proceedings of a Meeting are entered in the Minutes Book within 30 days from the conclusion of the Meeting.

Compliance

The Company Secretary while preparing the agenda, notes on agenda and minutes of the Meetings, ensures adherence to the applicable provisions of law including the Companies Act 2013, Secretarial Standards and the Listing Regulations, 2015.

BOARD COMMITTEES

To enable better and focussed attention on the affairs of the Company, the Board delegates specific matters to its Committees. These Committees also prepare the groundwork for decision-making and report at the subsequent Board Meetings. No matter, however, is left to the final decision of any Committee, which under the law or the Articles may not be delegated by the Board or may require the Board's explicit approval. Minutes of the Committee Meetings are circulated to all Directors and discussed at the Board Meetings. During the year, all recommendations of the committees were approved by the Board.

Audit Committee

The Audit Committee comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Shri Sidharth Kumar Birla, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. The Members of the Committee have requisite knowledge of finance, accounts and Company law.

The Audit Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015. The terms of reference of the Audit Committee inter alia include the following:

- a) Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- b) Approval of payment to Statutory Auditors for rendering of any other services;
- c) Review and monitor the Auditor's independence and performance, and effectiveness of audit process and adequacy of Internal Control Systems;
- d) Review with the Management, the Annual Financial Statement and the Auditors 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; (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;
- e) Reviewing with the Management, the quarterly Financial Statement before submission to the Board for approval;
- f) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- g) Approval or any subsequent modification of transactions of the Company with related parties;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever it is necessary;
- j) Evaluation of internal financial controls and risk management systems;
- k) Monitoring the end use of funds raised through public offers and related matters;
- l) Review of appointment, removal and terms of remuneration of Internal Auditor;
- m) Review of Internal Audit Reports, discussion with Internal Auditors and follow up of any significant findings therein;
- n) 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;
- o) Review the functioning of the Whistle Blower mechanism;
- p) Review 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;
- q) 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;
- r) Review the utilization of loans and/or advances from/investment by the holding company in the subsidiary as prescribed.
- s) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder;
- t) Review management discussion and analysis of financial condition and results of operations;
- u) Review management letters/letters of internal control weaknesses issued by the statutory auditors;
- v) 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;
- w) Review statement of deviations;
- x) Approve appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- y) To carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

The Company Secretary acts as the Secretary of the Audit Committee.

During the financial year 2022-23, the Committee met 4 (four) times; on 26th May, 2022, 9th August, 2022, 11th November, 2022 and 10th February, 2023, wherein all the members were present, except Shri Amitav Kothari who was not present at the Committee Meeting dated 9th August, 2022.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 1st September 2022. The Board has accepted all recommendations made by the Audit Committee.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Shri H. K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholtime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee.

The Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015, which comprise the following:-

- To approve and authorise issuance of share certificates for sub-division, split, consolidation, renewal, issuance of duplicates thereof or issuance of new certificates, in cases of loss or old decrepit or worn out certificates;
- To consider and resolve the grievances of security holders of the Company including complaints related to transfer / transmission of shares, non- receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.;
- Review the measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports/ statutory notices by the shareholders of the Company;
- To delegate powers of the above acts to any executive of the Company or to the Registrar and Transfer Agents (RTA) of the Company;
- To carry out any other function as may be referred to by the Board of Directors from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

The Board of Directors of the Company vide a circular resolution passed on 26th September, 2022, has appointed Smt. Neha Saraf as the Compliance Officer of the Company with effect from 1st October, 2022 due to superannuation of Shri N. K. Sethia, the Compliance Officer of the Company.

The Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting held on 1st September 2022.

During the year, the Company received 2 nos. of complaints, all of which were redressed to the satisfaction of shareholders; Further, no complaint was pending for resolution at the end of the financial year 2022-23.

During the financial year 2022-23, one Meeting of the Committee was held on 10th February 2023, wherein all the members were present.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company comprises of Shri H. K. Khaitan, Shri Sidharth Kumar Birla, Shri A. Vellayan, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. Shri Sidharth Kumar Birla and Shri A Vellayan were inducted in the Committee with effect from 4th September, 2022 consequent to cessation of second term of Independent Directorship of Shri G. Parthasarathy and Shri Ravinder Nath and consequently also their Committee membership.

The Nomination and Remuneration Committee's constitution, terms of reference and roles are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015. The terms of reference of the Nomination and Remuneration Committee inter alia include the following-

- i Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- ii Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and ensure that:-
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

- iii To formulate criteria for performance evaluation of Independent Directors and the Board;
- iv Devising a policy on Board diversity;
- v To recommend to the Board, whether to extend or continue the term of appointment of Independent Director;
- vi To recommend to the Board, remuneration payable to senior management.
- vii To carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting held on 1st September 2022.

During the financial year 2022-23, the Committee met 4 (four) times; on 26th May, 2022, 9th August, 2022, 11th November, 2022 and 10th February, 2023.

Attendance of Members at Nomination and Remuneration Committee Meetings held during the year 2022-23:

Name of Director	No. of Meetings attended
Shri R. V. Kanoria	4
Shri H.K. Khaitan	4
Shri Sidharth Kumar Birla*	2
Shri A Vellayan*	2
Shri Ravinder Nath*	2
Shri G. Parthasarathy*	2

*Shri Sidharth Kumar Birla and Shri A Vellayan were inducted in the Committee with effect from 4th September, 2022 consequent to cessation of second term of Independent Directorship of Shri G. Parthasarathy and Shri Ravinder Nath and consequently also their Committee membership.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated a Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees.

Criteria for Appointment of Directors

In evaluating the suitability of a person and recommending to the Board his / her appointment as a Director of the Company, the Nomination and Remuneration Committee may take into account and ascertain factors such as:

- i Personal and professional ethics, integrity and values
- ii Educational and professional background
- iii Willingness to devote sufficient time and energy in carrying out the duties and responsibilities effectively

Nomination and Remuneration Policy

The Company's Nomination and Remuneration Policy has been formulated, keeping in view the following guiding principles:-

- i Ensuring that the remuneration and other terms of employment are as per the trends and practices prevailing in peer companies and the industry.
- ii Providing reward commensurate with the efforts, dedication and achievement in performance of duty.
- iii Attracting, retaining, motivating and promoting talent and ensuring long term sustainability of talented personnel and create competitive advantage.

The Nomination and Remuneration Policy is in consonance with the existing Industry practice.

The Managing Director and Wholetime Director are paid remuneration as per their agreements with the Company. These agreements are approved by the Board, on the recommendation of the Nomination and Remuneration Committee, and then also placed before the shareholders for their approval. The remuneration structure of the Managing Director and the Wholetime Director comprises salary, perquisites, other benefits and commission (payable on the net profits of the Company, calculated as per the applicable provisions of the Companies Act, 2013). The Managing Director and Wholetime Director are not paid sitting fee for attending Meetings of the Board or Committees thereof.

Non-Executive/Independent Directors receive remuneration by way of fees for attending Meetings of Board or Committee thereof, as fixed by the Board of Directors from time to time, within the limits as prescribed under the applicable law. They are paid a sitting fee of Rs.50,000/- for attending each Board Meeting. The sitting fee for attending each Audit Committee Meeting and Nomination and Remuneration Committee Meeting is Rs. 20,000/- and it is Rs.5,000/- for attending each Meeting of other Committees. Non-Executive/Independent Directors are also reimbursed for expenses incurred for participation in Meetings of the

shareholders, the Board of Directors or Committee thereof or for any other purpose in connection with the business of the Company. There is no other pecuniary relationship or transactions of the Non-Executive Directors with the Company. There are no stock option benefits to any of the Directors. The Criteria for making payments to Non-Executive/Independent Directors has been updated in the website of the Company at:

<https://a.storyblok.com/f/209886/x/e03fd10ecb/criteria-payments-to-ned.pdf>

The remuneration of the Senior Management Personnel of the Company is guided by the competitiveness and is based on the individual person's key responsibilities and performance. They may receive variable pay in addition to fixed salaries. The performance-based pay to the SMP, including revisions, if any, would be based on the individual's performance related to the fulfilment of various improvement targets or the attainment of certain objectives.

The other employees' remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

The Nomination and Remuneration Policy may be accessed at the Company's website at the link:

<https://a.storyblok.com/f/209886/x/d31aa193a6/nomination-and-remuneration-policy.pdf>

Criteria for Performance Evaluation of Directors

The criteria for performance evaluation of Directors among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity.

Details of Remuneration paid or payable to Directors for the Financial Year ended 31st March, 2023

(Figures in Rupees)

Name of Director	Salary	Perquisites and other benefits	Commission	Sitting Fees*	Total
Shri R.V. Kanoria [@]	-	5,74,695	-	-	5,74,695
Shri Amitav Kothari	-	-	-	2,15,000	2,15,000
Shri H.K. Khaitan	-	-	-	3,85,000	3,85,000
Shri Ravinder Nath	-	-	-	1,40,000	1,40,000
Shri G. Parthasarathy	-	-	-	1,40,000	1,40,000
Shri Sidharth Kumar Birla	-	-	-	3,20,000	3,20,000
Shri A. Vellayan	-	-	-	2,40,000	2,40,000
Smt. Madhuvanti Kanoria	-	-	-	2,10,000	2,10,000
Smt. Suhana Murshed	-	-	-	2,00,000	2,00,000
Shri S. V. Kanoria	91,20,000	85,84,120	-	-	1,77,04,120

* Includes Sitting Fee paid for Board and Committee Meetings

[@] Shri R. V. Kanoria voluntarily decided to forgo his salary during the financial year 2022-23.

Details of Agreement

Name	From	To	Tenure
Shri R.V. Kanoria - Managing Director	10.01.2021	09.01.2024	3 Years
Shri S. V. Kanoria - Wholetime Director	01.04.2022	31.03.2025	3 Years

For termination of agreement, the Company and the Whole time Director are required to give a notice of three months or three months' salary in lieu thereof.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Smt. Madhuvanti Kanoria, Non Executive Director, Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, Independent Director. Smt. Madhuvanti Kanoria is the Chairperson of the Committee.

The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013.

The terms of reference of the Corporate Social Responsibility Committee comprise the following:-

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject as specified in Schedule VII of the Companies Act, 2013 (as amended from time to time).
- To recommend the amount of expenditure to be incurred on the activities in a financial year.
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Any other matter/thing as may be considered expedient by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.

Role of the CSR Committee:-

- The Committee will carry out any other function as may be referred from time to time by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.
- The CSR Committee will review the implementation of the CSR Programmes and issue necessary direction from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this Policy. The Committee will keep the Board apprised of the status of the implementation of CSR activities.

During the financial year 2022-23, the Committee met two times; on 26th May, 2022 and 3rd August, 2022, wherein all the Members were present.

The CSR Policy may be accessed at the Company's website at the link: <https://a.storyblok.com/f/209886/x/656982d5c3/corporate-social-responsibility-policy.pdf>

Finance Committee

The Finance Committee comprises of Shri R.V. Kanoria, Managing Director, Shri H.K. Khaitan, Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director. Shri R. V. Kanoria is the Chairman of the Committee.

The Committee determines on behalf of the Board, the matters relating to Debentures, Term Loans, Commercial Paper and any other types of financial assistance from Financial Institutions, Banks, Mutual Funds and others, creation of securities and allotment of securities etc. and other matters related and incidental therewith.

In addition, the Committee also carries out any other function as may be referred from time to time by the Board of Directors.

Risk Management Committee

The Risk Management Committee of the Company comprises Shri R. V. Kanoria, Managing Director, Shri S. V. Kanoria, Wholetime Director, Shri H. K. Khaitan, Independent Director, Shri N. K. Nolkha - Group Chief Financial Officer and Shri Ranjeet Singh, Chief Executive - Chemicals Business. Shri R. V. Kanoria is the Chairman of the Committee.

The terms of reference of the Risk Management Committee inter alia include the following:-

- (1) To formulate a detailed risk management policy which shall include:-
 - A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.

During the year under review, the Committee met two times; on 3rd August 2022 and 25th January 2023.

Complaints pertaining to Sexual Harassment

There was no complaint pertaining to sexual harassment filed with the Complaint Redressal Committee of the Company during the financial year 2022-23 and no complaint was pending at the end of the year.

GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as per details given below:

Year	Date	Time	Venue	No. of Special Resolution(s) passed
2021-22	1 st September 2022	11.00 A. M.	At the registered Office (deemed venue) of the Company – Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)	-
2020-21	16 th September 2021	11.00 A. M.		1
2019-20	15 th September 2020	11.00 A. M.		-

No extraordinary general meeting of the members was held during fiscal 2023

During the year 2022-23, no resolution was passed by way of Postal Ballot. However, the Company has passed a Special Resolution for re-appointment of Shri Sidharth Kumar Birla as an Independent Director for second term of 5 years with effect from 17th May, 2023, through Postal Ballot through electronic e-voting, on 15th May, 2023.

The postal ballot process was undertaken in accordance with the provisions of sections 102, 110 of the Companies Act, 2013 (“the Act”) read with Rule 22 of the Companies (Management and Administration) Rules, 2014. Shri Amit Choraria, a Practising Chartered Accountant was appointed as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner and to report thereon.

As per the relevant circulars of the MCA and SEBI, the Postal Ballot Notice was sent electronically to those Members of the Company whose e-mail addresses were registered with the Company/Registrar and Share Transfer Agent/Depository Participants as on Friday the 7th April, 2022, being the cut-off date for e-voting. The remote e-voting period commenced from 9.00 A.M. (IST) on Sunday, the 16th April, 2023 and ended at 5.00 P.M. (IST) on Monday, the 15th May, 2023.

Based on the Scrutinizer's Report, results of the Postal Ballot through e-voting was declared on 16th May, 2023 at the Registered Office of the Company. The resolution was passed with the requisite majority. The details of the Postal Ballot Voting through e-voting are given below:

Voting Result of Special Resolution for re-appointment of Shri Sidharth Kumar Birla as an Independent Director for second term of 5 years with effect from 17th May, 2023

Valid votes cast in favour of the resolution – 99.34%
Valid votes cast against the resolution – 00.66%

The same is also updated on the website of the Company at <https://www.kanoriachem.com/investors/postal-ballot/>

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

DISCLOSURES:

SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statements, particularly the investments made by the subsidiary companies. The minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company.

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the link: <https://a.storyblok.com/f/209886/x/234f08894e/policy-for-determining-material-subsidiaries.pdf>

RELATED PARTY TRANSACTIONS

During the year under review, the Company had not entered into any material transaction with any of its related parties. All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis.

None of the transactions with any of the related parties were in conflict with the Company's interest. Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the Note No. 43 to the Standalone Financial Statements, forming part of the Annual Report. There are no pecuniary relationships or transactions with the non-executive Director and Independent Directors.

The Policy on Related Party Transactions as approved by the Board of Directors may be accessed on the Company's website at the link: <https://a.storyblok.com/f/209886/x/aa1b855e02/policy-on-related-party-transactions.pdf>

DETAILS OF NON-COMPLIANCE

No penalty has been imposed by any stock exchange, SEBI, or any other statutory authority, nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years except payment of settlement amount of Rs. 1.91 million by the Company during the financial year 2021-22 to SEBI as per SEBI's Settlement Order relating to non-closure of Trading Window in the year 2011-12, pursuant to the erstwhile SEBI (Prohibition of Insider Trading) Regulation, 1992.

WHISTLE BLOWER POLICY

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and the Listing Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors, employees and any other stakeholder to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct or policies and leak or suspected leak of unpublished price sensitive information of the Company. The concerns may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Whistle Blower Policy of the Company may be accessed on the Company's website at the link: <https://a.storyblok.com/f/209886/x/6e33061fc5/whistle-blower-policy.pdf>

MEANS OF COMMUNICATION

The Company makes timely disclosures of required information to the Stock Exchanges in terms of the Listing Regulations and other applicable rules and regulations issued by the SEBI.

The quarterly and annual financial results were taken on record and approved within the prescribed time limits. The approved results were thereafter sent to the Stock Exchanges and also posted on website of the Company for the information of shareholders/investors.

The financial results were also published in English and vernacular (Bengali) language newspapers within 48 hours of the Meeting and are displayed on website <https://www.kanoriachem.com/investors/newspaper-publications/>

The Company issues official press releases to the print media from time to time and also updates Analysts on the activities of the Company, as and when required. The Company has its own website www.kanoriachem.com where information about the Company is displayed and regularly updated. An e-mail ID investor@kanoriachem.com has been created and displayed on the Company's website for the purpose of interaction including registering complaints by the investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of the Annual Report.

CEO AND CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, 2015, the Managing Director and the Group Chief Financial Officer of the Company have certified to the Board regarding review of financial statement for the year under review, compliance with the accounting standards and applicable laws and regulations, maintenance of internal control for financial reporting and accounting policies

CODE OF CONDUCT

The Company has Codes of Conduct for its Directors and Senior Management Personnel as well as for its other Employees. The Codes of Conduct are available on the Company's website at <https://www.kanoriachem.com/investors/code-of-conduct/>

It is confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct for Directors and Senior Management Personnel for the financial year 2022-23, as required under Regulation 26(3) of the Listing Regulations, 2015 and a declaration to this effect signed by the Chairman & Managing Director forms part of the Annual Report.

MECHANISM TO PREVENT INSIDER TRADING

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has framed a Code of Conduct to regulate, monitor and report trading by Designated Persons, which inter alia, prohibits trading in the shares of the Company by the Designated Persons, while in possession of unpublished price sensitive information in relation to the Company.

TRANSFER OF SHARES/UNCLAIMED DIVIDEND TO IEPF AUTHORITY

As required under Section 124(6) of the Companies Act, 2013, during the year the Company has transferred 7,109 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority.

During the year under review, the Company has deposited unclaimed dividend of Rs. 569,928/- for the year 2014-15 to the Investor Education and Protection Fund on 17th October, 2022, pursuant to Section 125 of the Companies Act, 2013 read with allied rules.

UNCLAIMED SHARES

Pursuant to Regulation 39 of the Listing Regulations, 2015, for the unclaimed shares issued in physical form and remaining unclaimed, the Company has a separate "Unclaimed Suspense Account." The particulars of Unclaimed Suspense Account are as follows:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	13	7,698
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	-	-
Number of shares transferred to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority, as required under Section 124(6) of the Companies Act, 2013	2	156
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the end of the year. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	11	7,542

TOTAL FEES PAID TO AUDITOR

Total fees for all the services paid by the Company to the Statutory Auditor during the year under review amounted to Rs. 2.33 million. None of the subsidiary companies has paid any fee to the Company's Statutory Auditor or any of its network firm.

RECOMMENDATIONS OF THE COMMITTEES

During the year, the Board of Directors has accepted all the recommendations of the Committees of the Board and there have been no instances of non acceptances of any of the Committee recommendations by the Board

Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which Directors are interested

Loans given by the Company

(Rs. in million)

Name of the entity in which Director is interested	Nature of Interest	Amount
APAG Holding AG	Subsidiary	159.24

Loans given by the Subsidiary /Step down Subsidiaries

Entity providing the loan	Entity receiving loan	Amount
APAG Holding, AG*	APAG Elektronik AG, Switzerland	449.65
APAG Elektronik s.r.o. Czech Republic	APAG Holding, AG*	142.99
APAG Holding, AG*	APAG Elektronik LLC, US	141.96
APAG Elektronik AG, Switzerland	APAG Elektronik Corp. Canada	172.08

Note: *APAG Holding, AG is direct subsidiary of the Company. Others are step down subsidiaries.

Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

Name	Date of incorporation	Place of incorporation	Name of Statutory Auditors	Date of appointment of Statutory Auditors
APAG Holding AG	19.05.2005	Freienbach, Canton Schwyz, Switzerland	Balmer-Etienne AG	07.04.2016
APAG Elektronik AG	21.11.1975	Freienbach, Canton Schwyz, Switzerland	Balmer-Etienne AG	29.04.2015
APAG Elektronik s.r.o. Czech Republic	14.09.1993	Regional Court in Hradec Králové, Czech Republic	PKF APOGEO Audit	3 years contract until closing 31.3.2025
Kanoria Africa Textile PLC	23.07.2012	Addis Ababa, Africa	Tibebe Mengistu	01.01.2014

COMPLIANCE OF MANDATORY AND NON-MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of Corporate Governance specified in the Listing Regulations. The Company has adopted the discretionary requirements specified in Part E of Schedule II of the Listing Regulations as given below:

i) Audit Opinion:

For the year under review, the Auditors have expressed their unmodified opinion on the financial statements of the Company.

ii) Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee. The same is reported by briefing the Audit Committee through observations, review, comments and recommendations etc. in the Internal Audit Reports by the Internal Auditor of the Company.

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, 2015 is annexed to this Report

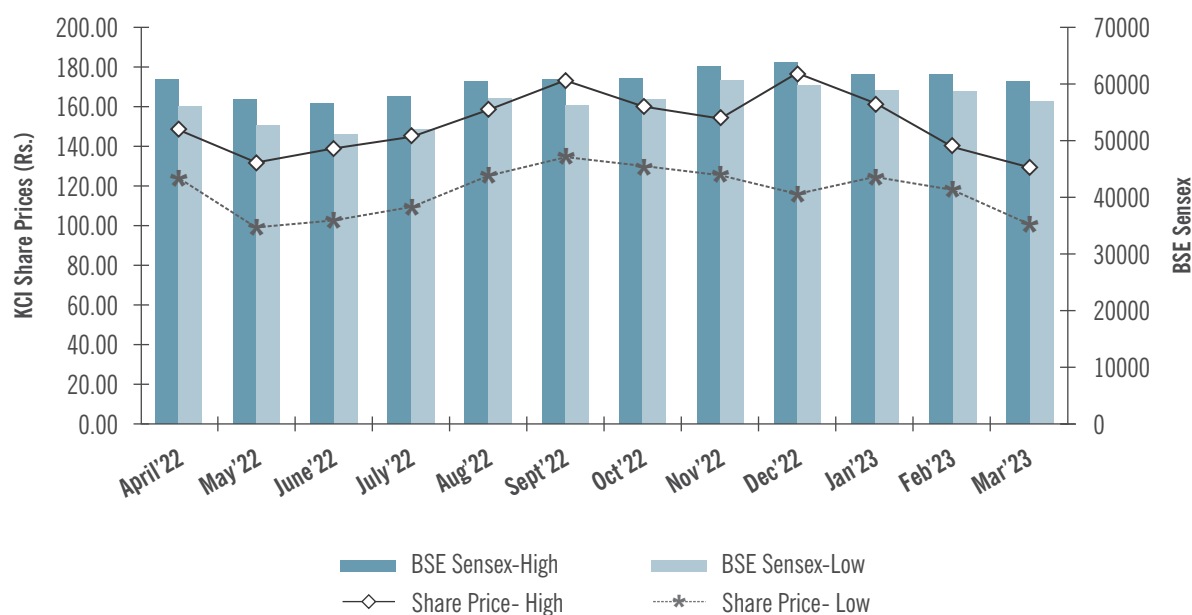
GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting • Date and time • Venue/Mode	Friday, the 8 th September, 2023 at 11.00 A. M. Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial Year <u>Financial Calendar 2023-24</u> (tentative and subject to change) • Financial Results for the: quarter ending 30 th June 2023 quarter ending 30 th September 2023 quarter ending 31 st December 2023 year ending 31 st March 2024 • Annual General Meeting 2023-24	1 st April to 31 st March)) Within 45 days of end of respective quarter) By 30 th May 2024 By September 2024
3.	Date of Book Closure	Not Applicable (Cut Off date – 1 st September, 2023)
4.	Dividend Payment Date	Not Applicable for F.Y. 2022-23

5.	Listing on Stock Exchanges	National Stock Exchange of India Ltd. 'Exchange Plaza' Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 www.nseindia.com BSE Limited P. J. Towers, Dalal Street, Fort Mumbai - 400 001 www.bseindia.com Note: Listing fee for the year 2022-23 has been paid to the above Stock Exchanges.			
6.	Stock Code: BSE Limited National Stock Exchange of India Limited	50 6525 KANORICHEM			
7.	Stock Price Data (in Rs./per share)				
	Months	BSE*	NSE*		
		High	Low	High	Low
	April 2022	148.75	123.90	150.65	122.00
	May 2022	131.95	99.20	132.00	98.75
	June 2022	139.15	103.00	140.00	104.20
	July 2022	145.00	109.25	146.00	110.50
	August 2022	158.80	125.65	157.35	126.00
	September 2022	173.70	135.10	170.00	136.05
	October 2022	159.80	130.00	158.00	138.30
	November 2022	154.10	126.05	152.50	130.75
	December 2022	177.00	115.90	177.00	116.00
	January 2023	161.80	125.00	161.90	123.10
	February 2023	140.05	118.00	141.00	120.20
	March 2023	129.00	100.65	125.90	100.25

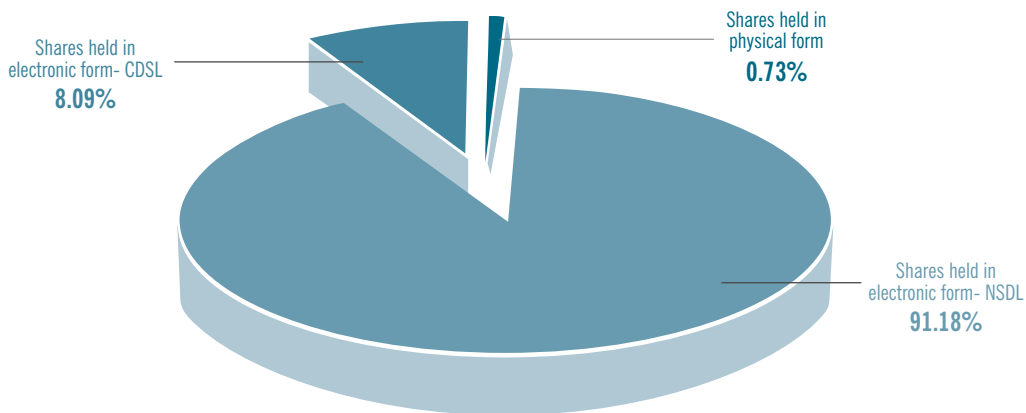
* Source: Website of BSE and NSE

KCI Share Prices/BSE Sensex (Monthly High/Low)



8.	Registrar and Transfer Agent	CB Management Services (P) Limited P-22, Bondel Road, Kolkata –700 019 Phone : (033) 40116700 Fax : (033) 40116739 Email : rta@cbmsl.com
9.	(a) Share Transfer System	Shareholders' requests for transfer / transmission of Equity shares and other related matters are handled by the Registrar & Share Transfer Agent and are affected within stipulated timelines, if all the documents are valid and in order. Shares of the Company are transferred in dematerialised form.
	(b) Dematerialisation of Shares and liquidity	<p>Depositories: National Securities Depository Limited, Mumbai (“NSDL”) and Central Depository Services (India) Limited, Mumbai (“CDSL”). The Equity Shares of the Company are compulsorily traded and settled through Stock Exchanges only in the dematerialised form.</p> <p>Details of shares held in dematerialised form with depositories as on 31st March 2023:-</p> <p>NSDL: 39,840,101 Shares (91.18%) CDSL: 3,533,915 Shares (8.09%)</p> <p>Shares held in Physical form: 319,317 Shares (0.73%)</p> <p>Under the Depository System, International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 138C01024.</p> <p>Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Company is informed periodically by the Depositories about the beneficiary holdings to enable the Company to send corporate communication, dividend etc.</p> <p>The requests received for dematerialisation are processed within a period of 10 days from the date of receipt of request provided they are in order in every respect.</p>

The Company has connectivity with the Depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Annual Custody Fee for the financial year 2022-23 has been paid by the Company to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

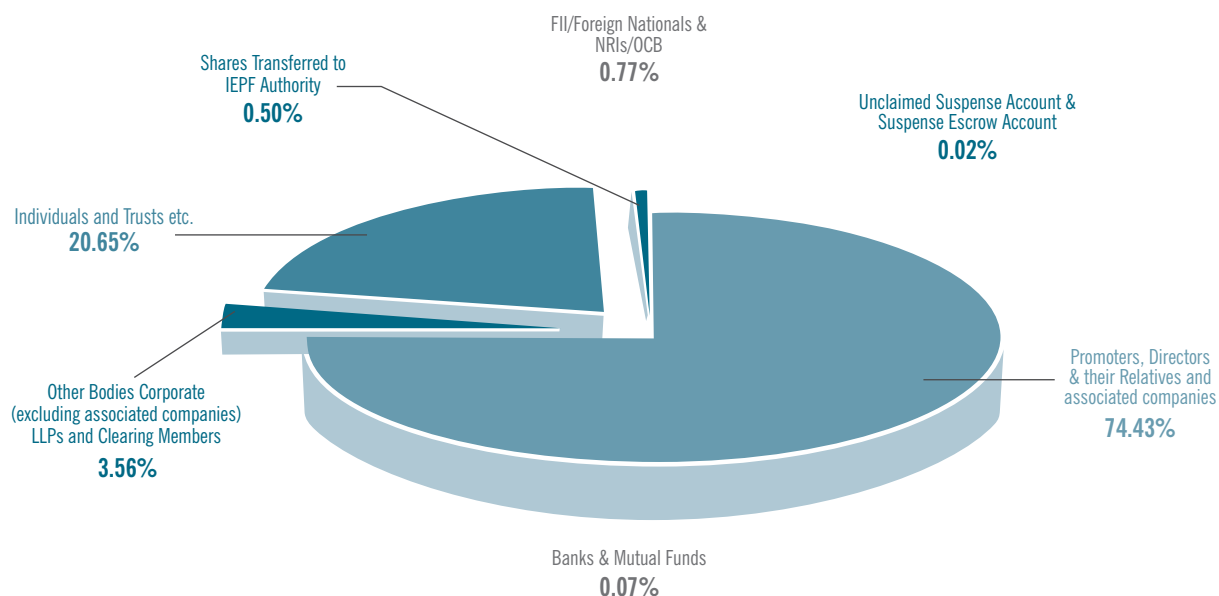


(c) National Electronic Clearing Service (NECS) for Dividend	Members holding Shares in demat form should ensure that the correct and updated particulars of their Bank Account are available with their Depository Participant (DP) and Members holding Shares in physical form should provide the electronic credit mandate to the Registrar and Share Transfer Agent of the Company. This would facilitate receiving dividend payment through electronic mode from the Company and avoid postal delays and loss in transit
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10. Distribution of Equity Shareholding as on 31 st March 2023					
	Nominal value of Shareholding	Number of Shareholders	% of Shareholders	Number of Equity Shares	% of Share Capital
	Up to Rs. 5,000	12,899	91.44	2,125,840	4.87
	Rs. 5,001 - Rs. 10,000	568	4.02	842,460	1.93
	Rs. 10,001 - Rs. 20,000	317	2.25	887,771	2.03
	Rs. 20,001 - Rs. 30,000	133	0.94	659,949	1.51
	Rs. 30,001 - Rs. 40,000	32	0.23	224,283	0.51
	Rs. 40,001 - Rs. 50,000	45	0.32	429,222	0.98
	Rs. 50,001 - Rs. 1,00,000	55	0.39	786,065	1.80
	Rs. 1,00,001 and above	58	0.41	37,737,743	86.37
	Total	14,107	100.00	43,693,333	100.00

11. Equity Shareholding Pattern as on 31 st March 2023			
Category	No. of Shares held	% of Shareholding	
Promoters, Directors & their Relatives and associated companies	32,522,014	74.43	
FII/Foreign Nationals & NRIs/OCB	338,564	0.77	
Banks & Mutual Funds	31,425	0.07	
Other Bodies Corporate (excluding associated companies), LLPs and Clearing Members	1,556,077	3.56	
Individuals and Trusts etc.	9,016,655	20.65	
Shares transferred to IEPF Authority	220,156	0.50	
Unclaimed Suspense Account	7,542	0.02	
Suspense Escrow Account	900	-	
Total	43,693,333	100.00	

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2023



12.	Top Ten Shareholders of the Company as on 31 st March 2023		
Sl. No	Name of Shareholders	No. of shares	% of shareholding
i.	Vardhan Limited	26,190,872	59.94
ii.	R V Investment & Dealers Limited	3,210,120	7.35
iii.	Kirtivardhan Finvest Services Limited	1,154,907	2.64
iv.	Mukul Mahavir Agarwal	584,211	1.34
v.	Sanjiv Dhiresbhai Shah	574,603	1.32
vi.	Saumya Vardhan Kanoria	556,440	1.27
vii.	Madhuvanti Kanoria	498,321	1.14
viii.	Vishal Rameshbhai Patel	474,409	1.09
ix.	Rajya Vardhan Kanoria	461,481	1.06
x.	Anand Vardhan Kanoria	434,739	0.99
	Total	34,140,103	78.14
13.	Outstanding GDR/ADRs/Warrants or any convertible Instruments, conversion date and likely impact on equity.	The Company has not issued GDRs/ ADRs/ Warrants or any other convertible Instruments.	
14.	Commodity Price Risk/Foreign Exchange Risk and Hedging Activities	<p>The Company is affected by the price volatility of methanol, one of its major raw materials. Its operating activities require a continuous supply of methanol. The Company monitors price and demand/supply situation on continuous basis and takes risk mitigation measures for any material adverse effect on the Company.</p> <p>The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company monitors the foreign exchange fluctuations on continuous basis and takes risk mitigation measures for any material adverse effect on the Company. The Company enters into forward exchange contracts against its foreign currency exposure relating to underlying liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign currency exposure as on 31st March, 2023 are disclosed in Note No. 41 to the Standalone Financial Statements.</p>	
15.	Credit Ratings and any revisions thereto for any debt instruments or any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad.	<p>The Company has not issued any debt instrument and does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad.</p> <p>Care Ratings Limited has reaffirmed the rating for the long-term bank facilities of the Company as CARE A- Outlook - "Stable" (Single A Minus; Outlook: Stable) and also reaffirmed rating for the short-term bank facilities as CARE A2+ (A Two Plus).</p>	
16.	Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.	Not Applicable	
17.	Plant Locations	<p>I. Alcochem Ankleshwar Division Ankleshwar Chemical Works, 3407, GIDC Industrial Estate, P.O. Ankleshwar - 393 002, Dist. Bharuch (Gujarat).</p> <p>II. Alcochem Vizag Division Plot No.32, Jawaharlal Nehru Pharma City, Parwada, Vishakhapatnam - 531 021, Andhra Pradesh</p> <p>III. Alcochem Naidupet Division Plot No. 50 and 51, Block - C, Industrial Park, Menakur Village, Naidupet - 524 421, Dist. Nellore, Andhra Pradesh</p> <p>IV. Solar Power Plant Vill. Bawdi Barsinga, P.O. Bap, Tehsil: Phalodi, Dist. Jodhpur (Rajasthan)</p>	
18.	Address for Correspondence: For Investors' matters	<p><i>Company Secretary</i> Kanoria Chemicals & Industries Limited 'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019 Phone : (033) 4031 3200 Email: neha.saraf@kanoriachem.com Website: http://www.kanoriachem.com</p>	
	For queries relating to Financial Statements	<p><i>Group Chief Financial Officer</i> Kanoria Chemicals & Industries Limited 'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019 Phone: (033) 4031 3200 Email: nolkha@kanoriachem.com Website: http://www.kanoriachem.com</p>	

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata - 700 019
Date: 26th May, 2023

For and on behalf of the Board,

R. V. Kanoria
Chairman & Managing Director
DIN:00003792

DECLARATION AFFIRMING COMPLIANCE WITH THE CODE OF CONDUCT

(Regulation 34, read with Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This is to confirm that the Company has adopted a Code of Conduct for its Directors and Senior Management Personnel ("Code") and that the same is available on the website of the Company, www.kanoriachem.com

I hereby declare that all the Board Members and Senior Management Personnel have affirmed their compliance with the aforesaid Code for the Financial Year ended 31st March 2023

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata - 700 019
Date: 26th May, 2023

For and on behalf of the Board,

R. V. Kanoria
Chairman & Managing Director
DIN:00003792

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)

In pursuance of sub clause (i) of clause 10 of Para C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) in respect of KANORIA CHEMICALS & INDUSTRIES LTD (CIN: L24110WB1960PLC024910), we hereby certify that:

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2023, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority

For N.K. & Associates
Company Secretaries

Navin Kothari
Proprietor

FCS No.: 5935 CP No.: 3725
Peer Review No.: 1384/2021
UDIN.: F005935E000277855

Place: Kolkata
Date: 26.05.2023

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **Kanoria Chemicals & Industries Limited** ("the Company"), for the year ended on 31st March, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Corporate Governance Report.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V to the Listing Regulations during the year ended 31st March, 2023.

Other Matters and Restriction on Use

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
9. This Report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

Place: New Delhi
Dated: 26th day of May, 2023

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Rajiv Singhi
Partner
Membership No.: 053518
UDIN: 23053518BGZCGA1373

INDEPENDENT AUDITOR'S REPORT

To the Members of

KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of **M/S. KANORIA CHEMICALS & INDUSTRIES LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS ") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

EMPHASIS OF MATTER

We draw our attention to Note 36 of the standalone financial statements, regarding revenue recognition for sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the current year is Rs. 25.82 million (Previous Year Rs. 21.82 million) and the corresponding to date receivables amounting to Rs. 90.92 million have been included in Trade Receivables.

Our opinion is not modified in respect of this matter.

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, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report:

Sl. No.	Key Audit Matter	Auditor's Response
1	<p>Investment in Subsidiaries</p> <p>The company carries its investments in two foreign subsidiaries at cost, adjusted for impairment if any. At 31st March 2023, total investments amounted to Rs. 2011.45 million, the amount is significant to the financial statements. Moreover, the testing of impairment exercise involves the use of estimates and judgments. The identification of impairment events and the determination of an impairment charge also require the application of significant judgments by management, in particular with respect to the timing, quantity and estimation of future cash flows. In view of the significance of the investments and the above, we consider investment valuation/impairment to be a significant key audit matter.</p>	<p>Besides obtaining an understanding of management's process and controls with regard to testing the investment for impairment, our audit procedures comprised, amongst others:</p> <ul style="list-style-type: none"> We have assessed the valuation methodology used by management and the requirements in Ind AS and tested the inputs used Our audit response also consisted of analysing the possible indications of impairment and discussed them with management. We have discussed the forecasted results of the investments with management and also reviewed the substantiation of the forecasts based on historical information. We have reviewed the market value of assets provided by the management based upon prevalent market conditions and evidences of the market value of the assets.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include 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.

INDEPENDENT AUDITOR'S REPORT

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the relevant rules, 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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:

- a. 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.
- b. 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 system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of 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 interests of such communication.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTERS

The standalone financial statements of the Company for the year ended 31st March, 2022 have been audited by the predecessor auditor whose report dated 26th day of May, 2022 had expressed an unmodified opinion.

Our report on the standalone financial statement is not modified in respect of the above matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by the Companies (Auditor's report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by section 143(3) of the Act, we report that:
 - a). We have sought and obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose 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, Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows 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 from time to time.
 - e). On the basis of written representations received from the Directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of section 164(2) of the Act.
 - f). With respect to the adequacy of the internal financial controls with reference to the standalone financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g). In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid/provided by the Company to its directors during the year is 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 as at March 31, 2023 on its financial position in its Standalone financial statements - Refer Note No. 31 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.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company, except for Rs. 1.55 million which is held in abeyance due to pending legal cases.
 - iv) a. The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries (Refer Note 52 to the standalone financial statements).
 - b. The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, during the year no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 53 to the standalone financial statements).
 - c. Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under paragraph (2) (h) (iv) (a) & (b) above, contain any material mis-statement.
 - v). The dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The Board of Directors of the company has not proposed any dividend for the financial year 2022-23.
 - vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Rajiv Singhi
Partner
Membership No. 053518
UDIN: 23053518BGZCFY2651

Place: Kolkata
Dated: 26th day of May, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kanoria Chemicals & Industries Limited of even date)

- i. In respect of the Company's fixed assets:
- a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.
(B) The company has maintained proper records showing full particulars of intangible assets.
 - b) The management has physically verified the property, plant and equipment of the Company in a phased manner to cover the entire block of assets over a period of three years, which is reasonable having regard to the size of the Company and nature of its assets and no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company as at the balance sheet date.
 - d) The company has not revalued any of its property, plant and equipment (including Right of Use assets) or intangible asset during the year.
 - e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated during the year or are pending as at 31st March, 2023 against the Company for holding any benami property under the Prohibition of Benami Property Transaction Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The inventories have been physically verified during the year by the management. For stocks lying with the third parties at the year end, written confirmations have been obtained. In our opinion, the frequency of verification is reasonable and procedures & coverage as followed by the management were appropriate. The discrepancies noticed on verification between the physical stock and the book stock for each class of inventory, wherever ascertained were not more than 10%.
- (b) During the year, the company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current asset of the Company. The quarterly returns/statements filed by the company with such banks are in agreement with the books of accounts other than those as set out below (Refer note no. 46 to the standalone financial statements):

Name of the Banks	Quarter Ended	Particulars of security provided	Amount as per Books of Accounts (Rs. in million)	Amount as per Quarterly Statements (Rs. in million)	Differences (Rs. in million)	Reasons for material differences
Axis Bank, HDFC Bank and Yes Bank	June, 2022	Inventories and Debtors less Creditors	761.85	893.83	131.98	Primarily inclusion of certain liabilities not forming part of creditors for goods.
	September, 2022	Inventories and Debtors less Creditors	828.78	927.41	98.63	
	December, 2022	Inventories and Debtors less Creditors	727.66	806.54	78.88	
	March, 2023	Inventories and Debtors less Creditors	669.76	790.32	120.56	

- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has made investments and granted loans but not provided any guarantee or security or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

- a. During the year, the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies, firms, Limited Liability Partnerships or any other parties as follows:

(Rs. in million)

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/ provided during the year including interest converted to loan				
- Subsidiaries	-	-	180.00	-
- Others	-	-	-	-
Balance outstanding as at balance sheet date in respect of above cases				
- Subsidiaries	-	-	1087.53	-
- Others	-	-	-	-

- b. According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and the terms and conditions of the loans granted during the year, prima facie are not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or advances in the nature of loan during the year.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular.
- d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount during the year for more than ninety days in respect of loans given.
- e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- f. According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees & securities provided, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of section 73 to 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government has prescribed maintenance of cost records under section 148(1) of the Act, for the Company. We have broadly reviewed such accounts and records and are of the opinion that prime facie, the prescribed accounts & records have been made & maintained but no detailed examination of such records and accounts have been carried out by us.
- vii. According to the information and explanations given to us and on the basis of our examination of the books of account:
- a) The Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods & service tax, cess and other statutory dues during the year with the appropriate authorities. No undisputed statutory dues as above were outstanding as at March 31, 2023 for a period of more than six months from the date they became payable.

The details of disputed dues of income tax, sales tax, duty of customs, duty of excise, value added tax or goods and service tax or any other statutory dues which

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

have not been deposited and the forum where the dispute is pending as on March 31, 2023 are as under:

Name of the statute	Nature of the Dues	Amount (Rs. in millions)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	76.35	AY 2016-17, AY 18-19 & AY 2019-20	Commissioner Income Tax (Appeals), Kolkata
The Indian Stamp Act, 1899	Stamp Duty	4.06	2011-12	Rajasthan High Court
The Finance Act, 1994	Service Tax	0.40	2016-17	The Customs Excise and Service Tax Appellant Tribunal, Vadodara
The Customs Act, 1962	CENVAT Credit of Custom Duty	1.60	2016-17	Commissioner of Customs & Central Tax (Appeal) at Tribunal, Guntur, AP

- viii. According to the information and explanations given to us, Company has not surrendered or disclosed any transactions, previously unrecorded in the books of accounts, as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us and the records of the Company examined by us including representation received from the management, the Company has not been declared wilful defaulter by any bank, financial institution or other lender.
- (c) According to the information and explanations given to us and the records of the Company examined by us, Term Loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, prima facie, no funds raised on short-term basis have been used for long-term purpose by the Company.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the company.
- (f) According to the information and explanations given to us and the records of the Company examined by us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the company.
- x. (a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument). Accordingly reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanations and representations made by the management, no whistle-blower complaints have been received during the year (and up to date of report) by the company.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

- xii. The Company is not a Nidhi Company. Accordingly, clause 3(xii)(a) to 3(xii)(c) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) The company has an internal audit system commensurate with the size and nature of its business.
(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit has been considered by us.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him and hence requirement to report on clause 3(xv) of the Order is not applicable on the Company.
- xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.
(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
(d) Management has represented that, to the best of its knowledge and belief, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. In our opinion and according to the information and explanations provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, provisions of clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx. (a) According to the records of the Company examined by us and the information and explanation given to us, the company has no unspent amount in respect of other than ongoing projects, accordingly, clause 3(xx)(a) of the Order is not applicable.
(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no unspent amount under section 135(5) of the Companies Act, pursuant to ongoing projects at the balance sheet date, accordingly, clause 3(xx)(b) of the Order is not applicable.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Rajiv Singhi
Partner
Membership No. 053518
UDIN: 23053518BGZCFY2651

Place: Kolkata
Dated: 26th day of May, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kanoria Chemicals & Industries Limited of even date)

Report on the Internal Financial Controls with reference to the standalone financial statement under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the standalone financial statement of Kanoria Chemicals & Industries Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to the standalone financial statement 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 with reference to the standalone financial statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to the standalone financial statement 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 with reference to the standalone financial statement and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statement included obtaining an understanding of internal financial controls with reference to the standalone financial statement, 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 standalone financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENT

A company's internal financial control with reference to the standalone financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

accounting principles. A company's internal financial control with reference to the standalone financial statement 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENT

Because of the inherent limitations of internal financial controls with reference to the standalone financial statement, 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 with reference to the standalone financial statement to future periods are subject to the risk that the internal financial control with reference to the standalone financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to the standalone financial statement and such internal financial controls with reference to the standalone financial statement were operating effectively as at March 31, 2023, based on the internal control with reference to the standalone financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

Place: Kolkata
Dated: 26th day of May, 2023

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Rajiv Singhi
Partner
Membership No. 053518
UDIN: 23053518BGZCFY2651

STANDALONE BALANCE SHEET

As at 31st March 2023

(Rs. in million)

	Notes	As at 31 st March 2023	As at 31 st March 2022
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	4,045.01	3,992.16
(b) Capital Work-in-Progress	5C	0.17	48.77
(c) Other Intangible Assets	5B	2.47	3.44
(d) Financial Assets			
(i) Investments	6A	2,113.95	2,020.52
(ii) Loans	7	827.54	837.98
(iii) Others	8	22.76	19.51
(e) Other Non-Current Assets	9	4.73	24.72
Total Non-Current Assets		7,016.63	6,947.10
Current Assets			
(a) Inventories	10	526.39	520.60
(b) Financial Assets			
(i) Investments	6B	65.09	70.02
(ii) Trade Receivables	11	858.70	1,143.35
(iii) Cash and Cash Equivalents	12A	0.43	36.21
(iv) Bank Balances other than (iii) above	12B	4.45	14.02
(v) Loans	7	264.53	2.69
(vi) Others	8	112.79	86.64
(c) Current Tax Assets (Net)	13	125.47	111.09
(d) Other Current Assets	9	59.54	57.04
(e) Assets held for Sale	14	36.16	20.88
Total Current Assets		2,053.55	2,062.54
Total Assets		9,070.18	9,009.64
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	15	218.49	218.49
Other Equity	16	6,186.03	6,169.36
Total Equity		6,404.52	6,387.85
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	650.47	588.70
(b) Provisions	19	61.14	85.55
(c) Deferred Tax Liabilities (Net)	20A	523.31	514.00
Total Non-Current Liabilities		1,234.92	1,188.25
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	593.72	381.28
(ii) Trade Payables	21		
Total outstanding dues of Micro and Small Enterprises		58.39	41.47
Total outstanding dues of Others		566.92	818.41
(iii) Other Financial Liabilities	18	125.23	122.13
(b) Other Current Liabilities	22	18.92	30.00
(c) Provisions	19	67.56	40.25
Total Current Liabilities		1,430.74	1,433.54
Total Liabilities		2,665.66	2,621.79
Total Equity and Liabilities		9,070.18	9,009.64
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E
RAJIV SINGHI
Partner
Membership No. 053518
Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)
N. K. NOLKHA
Group Chief Financial Officer

R. V. KANORIA
Managing Director
(DIN:00003792)
NEHA SARAF
Company Secretary
(ACS: 27024)

STANDALONE STATEMENT OF PROFIT & LOSS

For the year ended 31st March 2023

(Rs. in million)

	Notes	For the year ended 31 st March 2023	For the year ended 31 st March 2022
INCOME			
Revenue from Operations	23	6,752.10	6,491.32
Other Income	24	207.67	109.90
Total Income		6,959.77	6,601.22
EXPENSES			
Cost of Materials Consumed		5,254.10	4,749.42
Change in Inventories of Finished Goods and Work-in-Progress	25	(39.10)	(50.46)
Employee Benefit Expenses	26	388.73	357.66
Other Expenses	27	959.84	841.04
Expenses		6,563.57	5,897.66
Profit before Finance Costs, Depreciation & Amortisation and Tax		396.20	703.56
Finance Costs	28	95.04	91.34
Depreciation and Amortisation Expenses	5A, 5B	211.94	211.18
Profit before Tax		89.22	401.04
Tax Expenses:			
Current Tax		21.03	72.20
Deferred Tax		8.92	78.98
Profit for the Year		59.27	249.86
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	29A	1.48	0.81
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		(0.39)	(0.03)
B Items that will be reclassified to Profit or Loss	29B	-	-
Other Comprehensive Income for the Year (net of tax)		1.09	0.78
Total Comprehensive Income for the Year		60.36	250.64
Earning per Share (INR) - Basic & Diluted	30	1.36	5.72
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

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NEHA SARAF
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STANDALONE STATEMENT OF CHANGES IN EQUITY

For the period ended 31st March 2023

(Rs. in million)

(A) Equity Share Capital						
	Year ended 31 st March 2023			Year ended 31 st March 2022		
	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period
Equity Share Capital	218.47	-	218.47	218.47	-	218.47
Add : Forfeited Shares (amount paid up)	0.02	-	0.02	0.02	-	0.02
Total	218.49	-	218.49	218.49	-	218.49

(B) Other Equity							
	Reserves and Surplus				Items of Other Comprehensive Income		Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	Equity Instruments	Debt Instruments	
As at 31 st March 2021	34.17	161.50	72.69	5,644.18	6.18	-	5,918.72
Profit for the Year				249.86			249.86
Other Comprehensive Income				0.88	(0.10)	-	0.78
Total Comprehensive Income	34.17	161.50	72.69	5,894.92	6.08	-	6,169.36
As at 31 st March 2022	34.17	161.50	72.69	5,894.92	6.08	-	6,169.36
Profit for the Year				59.27			59.27
Other Comprehensive Income				0.61	0.48	-	1.09
Total Comprehensive Income	34.17	161.50	72.69	5,954.80	6.56	-	6,229.72
Dividend Paid				(43.69)			(43.69)
As at 31 st March 2023	34.17	161.50	72.69	5,911.11	6.56	-	6,186.03

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA
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STANDALONE STATEMENT OF CASH FLOW

For the year ended 31st March 2023

(Rs. in million)

	For the year ended 31 st March 2023	For the year ended 31 st March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	89.22	401.04
Adjustments for:		
Unrealized Debts and Claims Written Off	0.20	1.16
Provision for Bad & Doubtful Debts & Advances (Net)	(0.04)	(1.89)
Finance Costs	95.04	91.34
Depreciation & Amortisation	211.94	211.18
(Profit)/Loss on Sale of Fixed Assets (Net)	(94.82)	(0.42)
(Gain)/Loss on Sale of Investments as FVTPL/FVTOCI (Net)	(36.44)	(1.19)
Interest Income	(42.27)	(39.86)
Fair Value (Gain)/Loss on Financial Instruments as FVTPL (Net)	43.82	(45.12)
Dividend Income	(0.14)	(0.18)
Guarantee Fee Income	(17.15)	(16.21)
Liabilities Written Back	(3.64)	(4.37)
Operating Profit before Working Capital Changes	245.72	595.48
Adjustments for:		
(Increase)/ Decrease in Trade and Other Receivables (Net)	279.18	(287.30)
Inventories	(5.79)	(79.07)
Increase/ (Decrease) in Trade and other Payables (Net)	(234.06)	270.40
Cash Generated from Operations	285.05	499.51
Income Tax (Paid)/Refund (net)	(35.41)	(8.42)
Net Cash used in/from Operating Activities	249.64	491.09
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(307.48)	(127.32)
Sale of Fixed Assets	186.89	3.00
Loans & Advances to Subsidiaries (Net)	(230.32)	5.39
Purchase of Investments	(144.34)	(0.28)
Sale of Investments	49.01	17.79
Bank Deposits (held as security)	9.24	0.35
Interest Received	11.30	1.76
Guarantee Fee Received	1.09	0.15
Dividend Received	0.14	0.18
Net Cash used in/from Investing Activities	(424.47)	(98.98)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (Net)	274.20	(272.74)
Dividend Paid	(43.69)	-
Finance Costs Paid	(91.46)	(93.15)
Net Cash used in/from Financing Activities	139.05	(365.89)
Net Increase/(Decrease) in Cash and Cash Equivalents	(35.78)	26.22
Cash and Cash Equivalents at the beginning of the year	36.21	9.99
Cash and Cash Equivalents at the end of the year (Note 12A)	0.43	36.21

Note: a. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.
b. The composition of Cash and Cash Equivalents have been determined based on the Accounting Policy No. 3(0).

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA
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N. K. NOLKHA
Group Chief Financial Officer

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Company Secretary
(ACS: 27024)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1: Corporate Information

Kanoria Chemicals & Industries Limited (the Company) having its registered office at 'KCI Plaza', 23C Ashutosh Chowdhury Avenue, Kolkata – 700 019, India, is a Public Limited Company incorporated and domiciled in India. The Equity Shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. The Company is primarily engaged in manufacture of Industrial Chemicals in India.

2: Basis of Preparation

A. Statement of Compliance

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

These financial statements have been approved for issue by the Board of Directors on 26th May, 2023.

B. Functional and Presentation Currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded off to the nearest two decimals of millions, unless otherwise indicated.

C. Historical Cost Convention

The financial statements have been prepared following accrual basis of accounting on a historical cost basis, except for the following which are measured at fair value:

- I. Certain Financial Assets and Liabilities
- II. Defined Benefit Plans

D. Fair Value Measurement

A number of Company's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as under:

- I. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- II. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- III. 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, at the end of each reporting period.

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. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 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.

E. Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset or liability is treated as current if it satisfies any of the following condition:

- I. the asset/liability is expected to be realised/settled in normal operating cycle;
- II. the asset is intended for sale or consumption;
- III. the asset/liability is held primarily for the purpose of trading;
- IV. the asset/liability is expected to be realised/settled within twelve months after the reporting period;
- V. the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- VI. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current.

Deferred tax assets or liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

F. Use of Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including contingent liabilities. Actual results may differ from these estimates. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Detailed information about estimates and judgements is included in Note 4.

3: Significant Accounting Policies

A. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency at the exchange rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss on net basis.

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 a foreign currency are translated using the exchange rates at the date when the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 and Loss are also recognised in OCI or Statement of Profit and Loss, respectively.

B. Property, Plant & Equipment

I. Recognition & Measurement

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of PPE includes its purchase cost, non refundable taxes and duties, directly attributable cost of bringing the item to its working condition for its intended use and borrowing cost if the recognition criteria is met.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition, are also added to the cost of self-constructed assets. The Company considers a Project to be 'unit of measure' for construction of a manufacturing plant rather than individual assets comprising the project in appropriate cases for the purpose of capitalisation of expenditure incurred during construction period.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

Subsequent costs are included in an item of PPE's carrying value or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any unamortized part of the previously recognized expenses of similar nature is derecognized.

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

An item of PPE or any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an item of PPE is recognised in Statement of Profit and Loss.

II. Depreciation methods, estimated useful lives and residual value

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act except for following items where useful life is considered as lower than that prescribed based on technical assessment:

PPE/PPE Group	Useful life
Effluent treatment plant Digester	15 years
Measuring instruments like flow meters, transmitters, level gauges etc.	10 years
Other Independent Instruments	15 years

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Depreciation on an item of PPE purchased/sold during the year is provided on pro-rata basis.

Freehold land is not depreciated.

The residual values are not more than 5% of the cost of an item of PPE.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

C. Intangible Assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses, if any.

The Company amortises intangible assets with a finite useful life using the straight line method over three years.

Amortisation methods and useful lives are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

D. Leases

Effective April 1, 2019, the Company has applied Ind AS 116 'Leases' which establishes the criteria to determine the contracts having lease component within them. Ind AS 116 replaces Ind AS 17 'Leases'.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of lease requires significant judgement. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The company determines the lease term as non-cancellable period of a lease, together with both the periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease.

Leasehold land with perpetual right has been included in property plant & equipment.

E. Assets Held for Sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met: (i) decision has been made to sell, (ii) the assets are available for immediate sale in its present condition, (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

F. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial Assets

Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- a. The Company's business model for managing the financial asset and
- b. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investment in debt instruments, cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI. The Company has made such election on an instrument by instrument basis. These equity instruments are not held for trading. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

to all other investments of the Company excluding investments in subsidiary companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortized cost (other than trade receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

II. Financial Liabilities

Initial recognition and measurement:

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

quoted market price in an active market for an identical liability (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method.

Derecognition:

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 between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

III. Derivative Financial Instruments

Derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage Company's exposure to foreign exchange rate and interest rate risks are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately. The Company does not hold derivative financial instruments for speculative purposes.

G. Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

H. Inventories

Inventories of raw materials, stores and spare parts, work in progress and finished goods are measured at lower of cost and net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be used are expected to be sold at or above cost. In case of certain products, where cost cannot be ascertained reliably, the same are measured at net realisable value.

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition. Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on weighted average method.

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

I. Income Tax

Income Tax comprises current and deferred tax and is recognised in Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity as the case may be.

I. Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years. It is measured using tax rates and tax laws enacted by the reporting date.

II. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes i.e tax base.

Deferred Tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, carried forward tax losses and unused tax credits.

Deferred Tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax laws that have been enacted or substantively enacted by the reporting date.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

J. Revenue Recognition

I. Revenue from Contract with Customer:

The Company derives revenue primarily from sale of manufactured and traded goods. Revenue is recognized on satisfaction of performance obligation upon transfer of goods to a customer at an amount that reflects the consideration to which the company is expected to be entitled to in exchange for those goods.

The transaction price of goods sold is net of variable consideration on account of returns, trade allowances, rebates and amounts collected on behalf of third parties. This variable consideration is estimated based on the expected value of outflow. The company recognizes revenue when it is probable that future economic benefits will flow to the Company and the amount of revenue can be reliably measured.

Sale of Products: Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

II. Renewable Energy Certificates (RECs)

RECs are recognised as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is measured on the basis of actual sale price on transfer of RECs and at CERC prescribed floor price for RECs held by/acrued to the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

III. Interest Income

Interest income from debt instruments is recognised on accrual basis using effective interest rate method applicable on such debt instrument.

IV. Dividend

Dividend income is recognised when the Company's right to receive the payment is established.

K. Employee Benefits

I. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g. towards bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

II. Defined contribution plan

Provident Fund, a defined contribution plan, is a post employment benefit plan under which the Company pays contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Company recognises the contributions payable towards the provident fund as an expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees.

III. Defined benefit plan

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company has unfunded Gratuity liability towards this which is provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any, excluding interest) are immediately recognised in the balance sheet with corresponding debit or credit to Other Equity through OCI. Remeasurements are not classified to profit or loss in subsequent periods.

Net interest and changes in the present value of defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

IV. Other long term employee benefits

The liabilities for earned leave are measured and provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurement gains or losses are recognised in Statement of Profit and Loss in the period in which they arise.

L. Borrowing Costs

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred. Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

M. Exceptional items

When items of income and expense in the statement of profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

N. Earning per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the post tax effect of finance costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the issue of all dilutive potential equity shares.

O. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short term deposits with remaining maturity of 3 months or less, which are subject to an insignificant risk of change in value.

P. Cash dividend to Equity shareholders

The Company recognises a liability to make distribution of cash dividend to equity shareholders of the Company when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

Q. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation 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.

Where the effect of time value of money is material, provisions are measured at present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense.

R. Contingent Liabilities and Assets

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 beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are not recognised in the financial statements.

S. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

T. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

U. Recent applicable Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

- I Ind AS 1 – Presentation of Financial Statements: The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- II Ind AS 12 – Income Taxes: The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its standalone financial statements.
- III Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

4: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, 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.

(i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Equity Investments measured at FVTOCI

The company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to PL.

(b) Business Model for Investment of Debt Instruments

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset. Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows. Such financial assets have been accordingly classified and measured at amortised cost.

(ii) 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.

(a) Defined Benefit Plans

"The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

(b) Fair Value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Depreciation/Amortisation and Useful Lives of Property, Plant and Equipment/Intangible Assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

(d) Impairment of Financial Assets

The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(e) 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, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where 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.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

(f) Taxes

The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

5A: Property Plant and Equipment

(Rs. in million)

	Gross Carrying Value				Depreciation				Net Carrying Value
	As at 01.04.22	Additions	Disposal/Reclassification	As at 31.03.23	As at 01.04.22	For the Year	Disposal/Reclassification	As at 31.03.23	As at 31.03.23
Land & Site Development :									
Freehold	746.87	-	-	746.87	-	-	-	-	746.87
Leasehold	797.80	-	-	797.80	78.45	11.22	-	89.67	708.13
Buildings	970.65	65.36	82.74	953.27	215.54	28.01	20.37	223.18	730.09
Plant & Equipment*	2,798.93	294.75	85.92	3,007.76	1,073.60	162.23	42.52	1,193.31	1,814.45
Furniture & Fixtures	46.64	4.01	5.16	45.49	25.86	3.01	4.67	24.20	21.29
Vehicles & Fork Lifts	26.36	3.26	2.52	27.10	12.21	2.88	1.67	13.42	13.68
Office Equipment	30.74	3.45	0.47	33.72	20.17	3.28	0.23	23.22	10.50
Total	5,417.99	370.83	176.81	5,612.01	1,425.83	210.63	69.46	1,567.00	4,045.01

* Plant & Equipment of Rs. 26.16 million is classified as assets held for sale.

	Gross Carrying Value				Depreciation				Net Carrying Value
	As at 01.04.21	Additions	Disposal/Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Disposal/Reclassification	As at 31.03.22	As at 31.03.22
Land & Site Development :									
Freehold*	762.37	-	15.50	746.87	-	-	-	-	746.87
Leasehold	797.80	-	-	797.80	67.24	11.21	-	78.45	719.35
Buildings*	924.79	55.90	10.04	970.65	188.58	31.10	4.14	215.54	755.11
Plant & Equipment	2,684.87	115.37	1.31	2,798.93	915.41	158.83	0.64	1,073.60	1,725.33
Furniture & Fixtures	46.16	0.84	0.36	46.64	22.52	3.49	0.15	25.86	20.78
Vehicles & Fork Lifts	23.35	6.55	3.54	26.36	12.21	2.48	2.48	12.21	14.15
Office Equipment	27.43	3.91	0.60	30.74	17.02	3.63	0.48	20.17	10.57
Total	5,266.77	182.57	31.35	5,417.99	1,222.98	210.74	7.89	1,425.83	3,992.16

* Freehold Land of Rs. 15.50 million and Building of Rs. 5.38 million are classified as assets held for sale.

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

5B: Intangible Assets

(Rs. in million)

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.22	Additions	Disposal/Reclassification	As at 31.03.23	As at 01.04.22	For the Year	Disposal/Reclassification	As at 31.03.23	As at 31.03.23
Computer Software	20.78	0.34	0.07	21.05	17.34	1.31	0.07	18.58	2.47

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.21	Additions	Disposal/Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Disposal/Reclassification	As at 31.03.22	As at 31.03.22
Computer Software	17.55	3.23	-	20.78	16.90	0.44	-	17.34	3.44

5C: Capital Work-in-Progress Aging Schedule:

	Amount in Capital Work-in-Progress					Amount in Capital Work-in-Progress				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.23	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.22
Project in Progress	0.17	-	-	-	0.17	48.77	-	-	-	48.77

Note: There is no project whose completion is overdue or which has exceeded its cost compared to its original plan.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

6: Investments

(Rs. in million)

	31 st March 2023			31 st March 2022		
	Face Value Rs.	Nos.	Amount	Face Value Rs.	Nos.	Amount
(A) Non Current Investments:						
Investments at Cost						
Equity Shares, Fully Paid (Unquoted) In Subsidiary Companies						
APAG Holding AG, Switzerland	CHF 1000	328	567.28	CHF 1000	300	423.14
Kanoria Africa Textiles Plc, Ethiopia	ETB 10	62,997,916	1,444.17	ETB 10	62,997,916	1,444.17
Total Investments at Cost			2,011.45			1,867.31
Investments at Fair Value through OCI						
Equity Shares, Fully Paid (Quoted)						
IFCI Ltd.	10	200	0.00	10	200	0.00
HDFC Bank Ltd.	1	5,000	8.05	1	5,000	7.35
Bank of India	10	9,000	0.67	10	9,000	0.41
NMDC Ltd.	1	8,000	0.89	1	8,000	1.30
Equity Shares, Fully Paid (Unquoted)						
Enviro Technology Ltd.	10	10,000	0.10	10	10,000	0.10
BEIL Infrastructure Ltd.	10	1,400	0.01	10	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.	50	5	0.00	50	5	0.00
Narmada Clean Tech	10	822,542	8.23	10	822,542	8.23
Woodlands Multispeciality Hospital Ltd.	10	2,180	0.02	10	2,180	0.02
Total Investments at Fair Value through OCI			17.97			17.42
Investments at Fair Value through PL						
Alternative Investment Funds (Unquoted)						
IIFL Seed Venture Fund	5	2,411,693	44.28	7	2,411,693	82.88
Chiratae Trust	100,000	180	40.25	100,000	200	52.91
Total Investments at Fair Value through PL			84.53			135.79
Total Non Current Investments (A)			2,113.95			2,020.52
(B) Current Investments:						
Investments at Fair Value through PL						
Alternative Investment Fund (Unquoted)						
IIFL Real Estate Fund (Domestic) Sr.2	4	9,313,812	33.92	4	9,313,812	33.99
IIFL Real Estate Fund (Domestic) Sr.3	7	5,365,000	26.60	7	5,365,000	26.68
ICICI Prudential Real Estate AIF-II	100	68,827	4.57	100	144,418	9.35
Total Investments at Fair Value through PL			65.09			70.02
Total Current Investments (B)			65.09			70.02
		Non-Current	Current		Non-Current	Current
Aggregate book value of quoted investments		9.61	-		9.06	-
Aggregate market value of quoted investments		9.61	-		9.06	-
Aggregate value of unquoted investments		2,104.34	65.09		2,011.46	70.02

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

7: Loans

(Rs. in million)

	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
(Unsecured, considered good) Loans to Related Parties				
Loans to Subsidiaries ¹ (Refer note 38)	826.87	260.66	836.45	-
Other Loans				
Loans to Employees	0.67	3.87	1.53	2.69
Total Loans	827.54	264.53	837.98	2.69

¹ Outstanding Loans to Kanoria Africa Textiles PLC, a subsidiary is Rs. 451.91 million as at 31st March, 2023 (previous year Rs. 398.52 million) which includes interest converted into Funded Interest Loan of Rs. 20.76 million during the year (previous year Rs. 21.68 million) and is receivable after September, 2028.

8: Other Financial Assets

(Unsecured considered good) Security Deposits	22.76	-	19.51	-
Export Benefits and Claims Receivable	-	11.91	-	12.03
Interest and Dividend Receivable	-	0.46	-	0.56
Interest and Fees receivable from Related Parties	-	100.42	-	74.05
Total Other Financial Assets	22.76	112.79	19.51	86.64

9: Other Assets

(a) Capital Advances	-	-	19.34	-
(b) Advances other than Capital Advances				
(i) Advances to Related Party	-	36.86	-	36.86
(ii) Other Advances	4.73	16.13	5.38	15.41
(iii) Balance with Government Authorities		6.55		4.77
Total Other Assets	4.73	59.54	24.72	57.04

10: Inventories

	31 st March 2023	31 st March 2022
(At lower of cost and net realisable value) Raw Materials	218.41	192.93
Raw Materials in Transit	28.68	102.52
Work-in-Progress	10.16	10.84
Finished Goods	148.01	114.05
Finished Goods in Transit	11.77	5.95
Stores & Spare Parts	109.36	94.31
Total Inventories	526.39	520.60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

11: Trade Receivables

(Rs. in million)

	31 st March 2023	31 st March 2022
Secured, considered good	2.37	2.37
Unsecured, considered good	856.33	1,140.98
With Significant Increase in Credit risk	0.90	0.95
Less: Allowance for Bad & Doubtful Debts	0.90	0.95
Total Trade Receivables	858.70	1,143.35

Trade Receivables Ageing Schedule

	Outstanding for following periods from due date of payment						31 st March 2023
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables-considered good	646.60	118.14	0.64	-	0.03	-	765.41
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.04	0.04
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	2.37	2.37
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.86	0.86
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	0.90	0.90
Unbilled Trade Receivable	90.92						90.92
Total	737.52	118.14	0.64	-	0.03	2.37	858.70

	Outstanding for following periods from due date of payment						31 st March 2022
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables-considered good	925.34	149.37	0.05	0.24	0.01	-	1,075.01
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.09	0.09
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	2.37	2.37
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.86	0.86
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	0.95	0.95
Unbilled Trade Receivable	65.97						65.97
Total	991.31	149.37	0.05	0.24	0.01	2.37	1,143.35

12A: Cash and Cash Equivalent

	31 st March 2023	31 st March 2022
Balance with Banks	0.08	35.93
Cash on hand	0.35	0.28
Total Cash and Cash equivalent	0.43	36.21

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

12B: Other Bank Balances

(Rs. in million)

	31 st March 2023	31 st March 2022
Earmarked balances with Banks (Unpaid Dividend Accounts)	4.11	4.44
Bank Deposits (held as security)	0.34	9.58
Total Other Bank Balances	4.45	14.02

13: Current Tax Assets

	31 st March 2023	31 st March 2022
Income Tax Payments (net of provision)	125.47	111.09
Total Current Tax Assets	125.47	111.09

14: Assets held for Sale

	31 st March 2023	31 st March 2022
Freehold Land	-	15.50
Buildings	-	5.38
Plant & Equipment	26.16	-
Intangible Assets under development	10.00	-
Total Assets held for Sale	36.16	20.88

15: Equity Share Capital

	31 st March 2023		31 st March 2022	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised Share Capital				
Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid				
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02
Total		218.49		218.49

(c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

(d) Shares held by holding company

	31 st March 2023		31 st March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Vardhan Limited	26,190,872	130.95	26,190,872	130.95

(e) Details of shareholders holding more than 5% shares in the company

Name of the Shareholder	31 st March 2023		31 st March 2022	
	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,190,872	59.94	26,190,872	59.94
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(f) Promoter's Shareholding

Name of the Promoters	Shares held by promoters as at 31 st March 2023		Shares held by promoters as at 31 st March 2022		Percentage of change during the year
	No. of Shares	% holding	No. of Shares	% holding	
Vardhan Limited	26,190,872	59.94	26,190,872	59.94	-
Rajya Vardhan Kanoria	461,481	1.06	461,481	1.06	-
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35	-
Kirtivardhan Finvest Services Ltd.	1,154,907	2.64	1,154,907	2.64	-
Madhuvanti Kanoria	498,321	1.14	498,321	1.14	-
Sheela Devi Kanoria	-	-	12,144	0.03	0.03
Saumya Vardhan Kanoria	556,440	1.27	556,440	1.27	-
Anand Vardhan Kanoria	434,739	0.99	434,739	0.99	-
Total	32,506,880	74.40	32,519,024	74.43	0.03

(g) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

- (h) The company has not issued any shares for consideration other than cash nor issued any bonus shares nor have bought back any shares during the period of five years immediately preceding the current financial year.
- (i) None of the securities are convertible into shares at the end of the reporting period.
- (j) No calls are unpaid including that by any Director or Officer of the Company.

16: Other Equity

(Rs. in million)

	31 st March 2023		31 st March 2022	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium				
As per last Balance Sheet		161.50		161.50
Retained Earnings				
As per last Balance Sheet	5,894.92		5,644.18	
Add : Profit/(Loss) for the Year	59.27		249.86	
Add : Actuarial gain/(loss) on Defined Benefit Plan (Net)	0.61		0.88	
Less : Dividend Paid	(43.69)	5,911.11	-	5,894.92
Other Comprehensive Income (OCI)				
As per last Balance Sheet	6.08		6.18	
Add : Movement in OCI (Net) during the year	0.48	6.56	(0.10)	6.08
Total Other Equity		6,186.03		6,169.36

Description of the nature and purpose of each reserve within other equity is as follows:

- Capital Reserve: represents the amount received on account of capital receipts, etc. in earlier years.
- Capital Redemption Reserve: was created for redemption of preference shares and on buy-back of equity shares as per statutory requirement.
- Securities Premium: represents premium on issue of shares.
- Retained Earnings: are the accumulated profits earned by the Company and remaining undistributed as on date.
- Other Comprehensive Income: represents the cumulative gains and losses arising on fair valuation of equity instruments measured at fair value through other comprehensive income under an irrevocable option and gain/loss on foreign currency translation of subsidiary companies.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

17: Borrowings

(Rs. in million)

	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loan				
From Banks/Financial Institution ¹	525.47		588.70	
Current Maturities of Long Term Debts		166.76		115.02
Short Term Loan				
From Banks ²	-	250.00	-	266.26
Loans Repayable on Demand				
From Banks ²	-	176.96	-	-
Unsecured				
Term Loan				
From Related party	125.00	-	-	-
Total Borrowings	650.47	593.72	588.70	381.28

¹ Term Loan of Rs. 549.05 million (Previous year Rs. 627.48 million) secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Naidupet & Vizag Division, Rs. 32.36 million (Previous year Rs. 42.54 million) secured by second charge on Current Assets of the Company and movable fixed assets of Ankleshwar Division and Rs. 110.82 million (previous year Rs. 33.70 million) secured by second charge on entire fixed assets of the Naidupet and Vizag Division.

² Secured by hypothecation of Current Assets of the Company and movable fixed assets of Ankleshwar Division.

Repayment Schedule:

Term Loan	Interest Rate	Repayment Terms	Outstanding as at	
			31 st March 2023	31 st March 2022
EXIM Bank Rupee Loan	Bank's MCLR plus 160 bps	28 quarterly structured instalments beginning from May, 2021	259.60	312.50
EXIM Bank Foreign Currency Loan	USD LIBOR (6M) plus 325 bps	24 quarterly structured instalments beginning from April, 2021	289.45	314.99
EXIM Bank GECL Loan	Bank's LTMLR	48 Monthly instalments beginning from November, 2022	110.82	33.70
Yes Bank GECL Loan	Bank's MCLR (1Y) plus 0.45 bps	48 Monthly instalments beginning from March, 2022	20.78	27.90
HDFC Bank GECL Loan	Bank's MCLR (3M) plus 0.55 bps	48 Monthly instalments beginning from June, 2022	11.58	14.63
Vardhan Limited (ICD)	8.25%	December, 2025	125.00	-
Total Term Loan			817.23	703.72

18: Other Financial Liabilities

	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
Interest Accrued	-	9.29	-	5.71
Security Deposits	-	9.80	-	6.43
Liabilities for Capital Goods	-	20.88	-	25.14
Unpaid Dividend ¹	-	4.11	-	4.44
Employee related Liabilities	-	26.54	-	26.74
Other Liabilities	-	54.61	-	53.67
Total Other Financial Liabilities	-	125.23	-	122.13

¹ These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.55 million (previous year Rs. 1.43 million) which is held in abeyance due to legal case pending.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

19: Provisions

(Rs. in million)

	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
Provision for Employee Benefits	61.14	67.56	85.55	40.25
Total Provisions	61.14	67.56	85.55	40.25

20: Income Tax

A. Deferred Tax

The major components of deferred tax liabilities/assets arising on account of timing differences are as follows:

	1 st April 2022	Profit & Loss (Net)	OCI (Net)	31 st March 2023
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	727.00	37.84	-	764.84
Fair Value of Investments	15.01	(10.20)	0.06	4.87
Deferred Tax Assets				
MAT Credit Entitlement	180.56	20.55	-	201.11
Unabsorbed Business Losses/Depreciation/Capital Loss	3.19	(3.19)	-	-
Expenses relating to Retirement Benefits	43.96	1.34	(0.33)	44.97
Others	0.30	0.02	-	0.32
Net Deferred Tax Liabilities	514.00	8.92	0.39	523.31

	1 st April 2021	Profit & Loss (Net)	OCI (Net)	31 st March 2022
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	693.96	33.04	-	727.00
Fair Value of Investments	1.01	14.00	(0.00)	15.01
Deferred Tax Assets				
MAT Credit Entitlement	172.35	8.21	-	180.56
Unabsorbed Business Losses/Depreciation	47.59	(44.40)	-	3.19
Expenses relating to Retirement Benefits	39.10	4.89	(0.03)	43.96
Others	0.94	(0.64)	-	0.30
Net Deferred Tax Liabilities	434.99	78.98	0.03	514.00

B: Reconciliation of tax expense on the accounting profit for the year:

	31 st March 2023	31 st March 2022
Profit/(Loss) before income tax	89.22	401.04
At India's statutory Income tax rate of 34.944%	31.17	140.14
Effect of change in tax rate	-	(23.36)
Deferred Tax pertaining to earlier years due to increase in applicable surcharge	-	28.38
Tax effect on non-deductible expenses	0.65	0.07
Effect of income exempt from tax	(0.04)	(0.56)
Others	(1.83)	6.51
Tax expenses reported in the statement of profit and loss	29.95	151.18

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

21: Trade Payable

(Rs. in million)

	31 st March 2023	31 st March 2022
Trade Payable		
Total outstanding dues of Micro and Small Enterprises	58.39	41.47
Total outstanding dues of creditors other than Micro and Small Enterprises	566.92	818.41
Total Trade Payables	625.31	859.88
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.		
i. Principal	58.39	41.47
ii. Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.

Trade Payable Ageing Schedule

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2023
i. MSME	58.39	-	-	-	-	58.39
ii. Others	533.01	33.52	0.09	0.00	0.30	566.92
iii. Disputed dues-MSME	-	-	-	-	-	-
iv. Disputed dues-Others	-	-	-	-	-	-
Total	591.40	33.52	0.09	0.00	0.30	625.31

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2022
i. MSME	41.47	-	-	-	-	41.47
ii. Others	803.39	14.63	0.09	0.16	0.14	818.41
iii. Disputed dues-MSME	-	-	-	-	-	-
iv. Disputed dues-Others	-	-	-	-	-	-
Total	844.86	14.63	0.09	0.16	0.14	859.88

22: Other Current Liabilities

	31 st March 2023	31 st March 2022
Statutory Liabilities	15.55	23.18
Customers' Credit Balances	3.37	6.82
Total Other Current Liabilities	18.92	30.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

23: Revenue from Operations

(Rs. in million)

	31 st March 2023	31 st March 2022
(a) Sale of Products		
Manufactured products		
Alco Chemicals	6,663.53	6,418.98
Solar Power (refer note 36)	25.82	22.35
Total Sale	6,689.35	6,441.33
(b) Other Operating Revenues		
Miscellaneous Sales	62.28	48.88
Insurance and other claims	-	0.27
Export benefits	0.47	0.84
Total Other Operating Revenues	62.75	49.99
Total Revenue from Operations	6,752.10	6,491.32

24: Other Income

	31 st March 2023	31 st March 2022
Interest Income		
On Investments	0.03	0.26
From Related Parties	40.54	35.91
From Others	1.70	3.69
Dividend Income	0.14	0.18
Gain/(Loss) on Sale of Investments classified as FVTPL (Net)	36.44	1.19
Fair value gain/(loss) on Financial Instruments classified as FVTPL (Net)	(43.82)	45.12
Profit on Fixed Assets sold/discarded (Net)	94.82	0.42
Foreign Exchange Rate Fluctuation (Net)	52.08	-
Guarantee fee from Related Parties	17.15	16.21
Rent Income	2.69	1.09
Liabilities Written Back	3.64	4.37
Other Non Operating Income	2.26	1.46
Total Other Income	207.67	109.90

25: Change in Inventories of Finished Goods and Work-in-Progress

	31 st March 2023	31 st March 2022
Opening Stock		
Finished Goods	120.00	70.10
Work-In-Progress	10.84	10.28
	130.84	80.38
Closing Stock		
Finished Goods	159.78	120.00
Work-In-Progress	10.16	10.84
	169.94	130.84
Change in Inventories		
Finished Goods	(39.77)	(49.90)
Work-In-Progress	0.67	(0.56)
Total Change in Inventories of Finished Goods and Work-in-Progress	(39.10)	(50.46)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

26: Employee Benefits Expense

(Rs. in million)

	31 st March 2023	31 st March 2022
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	349.11	319.82
Contribution to Provident Fund	17.11	16.58
Staff Welfare Expenses	22.51	21.26
Total Employee Benefits Expense	388.73	357.66

27: Other Expenses

	31 st March 2023	31 st March 2022
Consumption of Stores & Spare parts etc.	155.31	136.27
Other Manufacturing Expenses	36.30	32.47
Power & Fuel	398.05	338.40
Repairs to -		
Plant & Machinery	79.15	75.73
Buildings	3.53	2.31
Others	11.23	9.66
Water Charges & Cess	54.13	38.58
Rates & Taxes	8.90	8.66
Rent	7.29	7.51
Insurance	20.42	18.11
Legal and Professional Charges	24.27	19.81
Miscellaneous Expenses	57.99	50.88
Foreign Exchange Rate Fluctuation (Net)	-	1.93
CSR Expenditure (Refer Note No. 32)	1.85	0.21
Commission & Brokerage to Others	11.16	9.81
Freight, Handling & Other Charges	71.76	82.54
Directors' Fees	1.85	2.35
Travelling Expenses	13.95	4.22
Provision for bad & doubtful Debts & Advances (Net)	(0.04)	(1.89)
Unrealized Debts and Claims written off	0.20	1.16
Payment to Auditors	2.54	2.32
Total Other Expenses	959.84	841.04

Additional Information regarding Payment to Auditors

	31 st March 2023	31 st March 2022
(a) Statutory Auditors		
Audit Fees	1.00	0.80
For Certificates & Others	1.33	1.33
For Travelling and out of pocket expenses	0.05	0.03
(b) Cost Auditors		
Audit Fees	0.16	0.16
Total payment to Auditors	2.54	2.32

28: Finance Costs

	31 st March 2023	31 st March 2022
Interest Expense	82.83	71.04
Exchange difference regarded as an adjustment to Borrowing Cost	9.26	14.99
Bank/Finance charges	2.95	5.31
Total Finance Cost	95.04	91.34

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

29: Other Comprehensive Income (OCI)

(Rs. in million)

	31 st March 2023	31 st March 2022
A. Items that will not be reclassified to Profit or Loss		
1. Actuarial Gain/(Loss) on Defined Benefit Plan	0.94	0.91
Deferred Tax	(0.33)	(0.03)
2. Net Gain/(Loss) on Equity instruments designated as FVTOCI	0.54	(0.10)
Deferred Tax	(0.06)	0.00
Net OCI not to be reclassified to Profit or Loss	1.09	0.78
B. Items that will be reclassified to Profit or Loss		
(Gain)/Loss transferred to Profit or Loss on reclassification of Debt Securities	-	-
Net OCI to be reclassified to Profit or Loss	-	-
Other Comprehensive Income for the year, net of tax	1.09	0.78

30: Earning per Share (EPS)

	31 st March 2023	31 st March 2022
Details for calculation of Basic and Diluted Earning per Share:		
Profit/(Loss) after Tax as per Statement of Profit and Loss	59.27	249.86
Weighted average number of Equity Share	43,693,333	43,693,333
Basic and Diluted Earning per Share (Rs.) (Face Value Rs. 5 each)	1.36	5.72

31: Commitments and Contingencies

	31 st March 2023	31 st March 2022
(i) Contingent Liabilities		
(a) Claims/Disputed Liabilities not acknowledged as Debt		
Service Tax Demands	0.40	-
Sales Tax Demands (paid Rs. 0.43 million)	0.43	0.43
Customs & Central Tax Demands (paid Rs. 0.13 million)	1.73	-
Income Tax Demands (paid Rs. 12.63 million)	88.98	69.20
Other Claims being disputed by the Company (paid Rs. 1.50 million)	5.56	5.56
(b) Outstanding Bank Guarantees	47.50	44.00
(c) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019 set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and further clarification in the matter to assess any potential impact on the Company and consequently no adjustments have been made in the books of account. Future cash flows in respect of Contingent Liabilities are determinable only on receipt of judgements pending at various forums/authorities.		
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	72.49
Advances paid	-	19.34

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

32: CSR Activities

(Rs. in million)

	31 st March 2023	31 st March 2022
Gross amount required to be spent by the Company during the year	1.85	0.20
Amount of expenditure incurred on :		
Total of previous years shortfall	-	0.14
(i) Construction/acquisition of any Asset	-	-
(ii) Purposes other than (i) above	1.85	0.35
Shortfall at the end of the year	-	-
Reason for shortfall	NA	NA
Nature of CSR activities	a) Promotion of Education, b) Promoting health care including preventive health care c) Contribution to cause for inequalities faced by socially and economically backward group and d) Citizen Assistance & Relief in Emergency Situations	Promotion of Education
Details of related party transactions	NIL	NIL

33: Distribution Proposed

	31 st March 2023	31 st March 2022
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31 st March 2023: Rs. Nil per share		
(31 st March 2022: Rs. 1.00 per share)	-	43.69

34: Details of pre-operative expenses capitalised

	31 st March 2023	31 st March 2022
Cost of Materials Consumed	8.48	-
Consumption of Stores & Spare parts etc.	0.02	-
Employee Benefit Expenses	4.72	0.35
Other Expenses	2.67	0.23
	15.89	0.58
Less:		
Sale of Manufactured products	6.64	-
Miscellaneous Sales	0.19	-
Other Non Operating Income	1.52	-
	7.54	0.58

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

35: Segment Information

The Company is organised into business units based on its products and services and has following reportable segments:

- I. Alco Chemicals
- II. Solar Power

(A) Primary Segment information (by Business segment)

(Rs. in million)

Business Segment	Year ended 31 st March 2023			Year ended 31 st March 2022		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
Segment Revenue						
Revenue from Operations	6,726.28	25.82	6,752.10	6,468.97	22.35	6,491.32
Segment Result	150.40	(23.25)	127.15	527.90	(27.47)	500.43
Less: (i) Finance Costs			95.04			91.34
(ii) Un-allocable expenditure net off Un-allocable income			(57.11)			8.05
Profit before Tax			89.22			401.04
Tax Expense			29.95			151.18
Net Profit:			59.27			249.86
Segment Assets	5,210.39	179.49	5,389.88	5,403.55	189.77	5,593.32
Un-allocable Corporate Assets			3,680.30			3,416.32
Total Assets:			9,070.18			9,009.64
Segment Liabilities	806.53	2.66	809.19	1,045.75	6.44	1,052.19
Un-allocable Corporate Liabilities			1,856.47			1,569.60
Total Liabilities:			2,665.66			2,621.79
Other Disclosures						
Capital Expenditure	327.56	0.08	327.64	102.35	0.06	102.41
Un-allocable Capital Expenditure			4.93			6.87
Total Capital Expenditure:			332.57			109.28
Depreciation & Amortization	169.03	35.18	204.21	166.46	35.17	201.63
Un-allocable Depreciation			7.73			9.55
Total Depreciation & Amortization:			211.94			211.18

(B) Secondary Segment information

Not applicable, as all the plants of the Company are located in India and Exports does not constitute 10% or more of total Segment Revenue.

(C) Other Disclosures

Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde, Hexamine and Resin etc. and Solar Power business includes Power generation.

36: The Company, since April 2019, is recognising revenue from sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the year is Rs. 25.82 million and Rs. 21.82 million for the previous year and the corresponding receivables of Rs. 90.92 million as at 31st March, 2023 (Previous year Rs. 65.97 million) have been included in Trade Receivables.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

37: Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

A. Defined Benefit Plan

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans.

(Rs. in million)

Particulars	31 st March 2023	31 st March 2022
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	100.48	93.55
- Current Service Cost	6.65	6.59
- Interest Expense or Cost	7.28	6.31
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	(1.07)	(2.80)
experience variance	0.13	1.89
- Benefits paid	(9.55)	(5.06)
- Present Value of Obligation as at the end	103.92	100.48
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	6.65	6.59
- Interest Expense or Cost	7.28	6.31
Total	13.93	12.90
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	(1.07)	(2.80)
experience variance	0.13	1.89
Total	(0.94)	(0.91)
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	7.45%	7.25%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 2012-14)	100.00%	100.00%
Attrition/Withdrawal rates, based on age: (per annum)		
up to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(Rs. in million)

Particulars	31 st March 2023	31 st March 2022
Discount rate increase by 1%	(99.00)	(95.49)
Discount rate decrease by 1%	109.52	106.13
Salary Growth rate increase by 1%	109.49	106.09
Salary Growth rate decrease by 1%	(98.93)	(95.43)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)	5 years
Expected cash flow over the next (valued on undiscounted basis)	
1 year	42.78
2 to 5 years	33.25
6 to 10 years	26.51
More than 10 years	69.55

7. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

B. Defined Contribution Plan

The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trust or by the Central Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company does not have existing deficit of interest shortfall. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 17.11 million (previous year Rs. 16.58 million).

38: Details of Loans given, Guarantees given and Security provided under Section 186 (4) of the Companies Act, 2013.

(Rs. in million)

Name of the Company	Relation	Nature	Purpose	31 st March 2023	31 st March 2022
APAG Holding AG	Subsidiary	Loans (Interest Bearing)	Capital Expenditure, Working Capital and acquisition	635.62	437.93
Kanoria Africa Textiles Plc	Subsidiary	Loans (Interest Bearing)	Capital Expenditure and Working Capital	451.91	398.52
Kanoria Africa Textiles Plc	Subsidiary	Pledge of shares of Kanoria Africa Textiles Plc	Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India	1,619.97	1,619.97
APAG Elektronik s.r.o ¹	Subsidiary	Corporate Guarantee	Borrowing by APAG Elektronik s.r.o from Ceskoslovenska obchodni banka, a.s.	357.10	336.87
Kanoria Africa Textiles Plc ²	Subsidiary	Corporate Guarantee	Borrowing by Kanoria Africa Textiles Plc from Export- Import Bank of India	1,642.26	1,518.01

¹ Loan Outstanding Rs. 37.33 million (Previous year Rs. 70.42 million)

² Loan Outstanding Rs. 1,302.20 million (Previous year Rs. 1,369.04 million)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

39: Category-wise classification of Financial Instruments

(Rs. in million)

	Refer Note	Non-Current		Current	
		31 st March 2023	31 st March 2022	31 st March 2023	31 st March 2022
Financial Assets					
Measured at cost					
Investments	6A	2,011.45	1,867.31	-	-
Measured at amortised cost					
Trade Receivables	11	-	-	858.70	1,143.35
Cash and cash equivalents	12A	-	-	0.43	36.21
Other Bank balances	12B	-	-	4.45	14.02
Loans	7	827.54	837.98	264.53	2.69
Other Financial Assets	8	22.76	19.51	112.79	86.64
Measured at fair value through profit or loss					
Investments	6A&B	84.53	135.79	65.09	70.02
Measured at fair value through other comprehensive income					
Investments	6A	17.97	17.42	-	-
Total Financial Assets		2,964.25	2,878.01	1,305.99	1,352.93
Financial Liabilities					
Measured at amortised cost					
Borrowings	17	650.47	588.70	593.72	381.28
Trade Payables	21	-	-	625.31	859.88
Other Financial Liabilities	18	-	-	125.23	122.13
Total Financial Liabilities		650.47	588.70	1,344.26	1,363.29

40: Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Company's financial assets and liabilities:

Financial assets/financial liabilities	Fair value hierarchy as at 31 st March 2023			Fair value hierarchy as at 31 st March 2022		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss						
Unquoted Alternate Investment funds	-	149.62	-	-	205.81	-
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	9.61	-	-	9.06	-	-
Unquoted Equity Shares	-	-	8.36	-	-	8.36

Financial Instruments 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 value since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

41: Financial Risk Management - Objectives and Policies

The company's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances, loans and other financial assets.

The Company is exposed to market risk and credit risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) 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 two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency 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. The Company monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigation measures. The Company enters into forward exchange contracts against its foreign currency exposure relating to underlying liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to likely changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(Rs. in million)

	31 st March 2023						31 st March 2022					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	JPY	INR
Foreign Currency Receivable/ (Payable) (Net)	4.17	338.24	6.46	576.40	(9.78)	(6.05)	0.00	(0.76)	5.46	459.48	(9.85)	(6.16)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		16.91		28.82		(0.30)		(0.04)		22.97		(0.31)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(16.91)		(28.82)		0.30		0.04		(22.97)		0.31

Total hedged foreign currency payable (net) - NIL (Previous year - NIL).

(b) Commodity price risks

The company is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Company monitors price and demand/supply situation on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigation measures.

Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

(Rs. in million)

	31 st March 2023		31 st March 2022	
	+5%	-5%	+5%	-5%
Consumption of Methanol	3,648.92		3,552.66	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	(182.45)	182.45	(177.63)	177.63

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(c) Equity price risks

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Company's management on a regular basis.

Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares, unquoted alternative investment funds.

(Rs. in million)

	31 st March 2023		31 st March 2022	
	+5%	-5%	+5%	-5%
Investment	167.59		223.23	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	8.38	(8.38)	11.16	(11.16)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Company does not hold collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

(iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyse the financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

	Less than 1 year	1 to 5 years	Over 5 years	Total	Carrying Value
As at 31st March, 2023					
Borrowings (refer note 17)	593.72	651.17	-	1,244.89	1,244.19
Trade payable (refer note 21)	625.31	-	-	625.31	625.31
Other financial liabilities (refer note 18)	125.23	-	-	125.23	125.23
As at 31st March, 2022					
Borrowings (refer note 17)	381.28	542.20	47.50	970.98	969.98
Trade payable (refer note 21)	859.88	-	-	859.88	859.88
Other financial liabilities (refer note 18)	122.13	-	-	122.13	122.13

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

42: Capital Management

The Company's objective when managing capital (defined as net debt and equity) are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company. The Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

43: Related Party Disclosures:

(i) List of related parties and relatives with whom transactions have taken place:

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Kanoria Africa Textiles Plc, Ethiopia	Subsidiary Companies
3. APAG Holding AG, Switzerland	
4. APAG Elektronik AG, Switzerland	
5. APAG Elektronik s.r.o., Czech Republic	
6. CoSyst Control Systems GmbH, Germany	
7. APAG Elektronik LLC, USA	
8. APAG Elektronik Corp., Canada	
9. Mr. R. V. Kanoria - Chairman & Managing Director	
10. Mr. S. V. Kanoria - Whole Time Director	
11. Mr. Amitav Kothari - Director	
12. Mr. H.K. Khaitan - Director	
13. Mr. Ravinder Nath - Director (Ceased Directorship on 04.09.2022)	
14. Mr. G. Parthasarathy - Director (Ceased Directorship on 04.09.2022)	
15. Mr. Sidharth K. Birla - Director	
16. Mr. A. Vellayan - Director	
17. Mrs. M. Kanoria - Director	
18. Mrs. Suhana Murshed - Director	
19. Mr. A. V. Kanoria	Relative of KMP
20. Mrs. V. Kanoria	
21. KPL International Limited	Enterprise over which KMP exercises significant influence
22. Kirtivardhan Finvest Services Limited	
23. R V Investment & Dealers Limited	
24. Ludlow Jute & Specialities Limited	
25. Fytomax Nutrition Pvt Ltd	
26. Kanoria Employees' Provident Fund Trust	Post Employment Benefit Plan entity

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. in million)

Nature of Transaction	2022-2023				2021-2022			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Dividend Paid								
Vardhan Limited	26.19	-	-	-	-	-	-	-
R V Investment & Dealers Limited	-	-	3.21	-	-	-	-	-
Kirtivardhan Finvest Services Limited	-	-	1.15	-	-	-	-	-
Mr. R. V. Kanoria	-	0.46	-	-	-	-	-	-
Mr. S. V. Kanoria	-	0.56	-	-	-	-	-	-
Mr. A. Vellayan	-	0.02	-	-	-	-	-	-
Mrs. M. Kanoria	-	0.50	-	-	-	-	-	-
Mr. A. V. Kanoria	-	0.43	-	-	-	-	-	-
Directors' Fees								
Mr. Amitav Kothari	-	0.22	-	-	-	0.36	-	-
Mr. H.K. Khaitan	-	0.39	-	-	-	0.42	-	-
Mr. Ravinder Nath	-	0.14	-	-	-	0.27	-	-
Mr. G. Parthasarathy	-	0.14	-	-	-	0.29	-	-
Mr. Sidharth K Birla	-	0.32	-	-	-	0.35	-	-
Mr. A. Vellayan	-	0.24	-	-	-	0.25	-	-
Mrs. M. Kanoria	-	0.21	-	-	-	0.26	-	-
Mrs. Suhana Murshed	-	0.20	-	-	-	0.15	-	-
Borrowings								
Vardhan Limited	125.00	-	-	-	-	-	-	-
Interest Expenses for the year								
Vardhan Limited	3.39	-	-	-	-	-	-	-
Investments								
APAG Holding AG	144.14	-	-	-	-	-	-	-
Loans & Advances Given								
Kanoria Africa Textiles PLC	-	-	-	-	18.86	-	-	-
APAG Holding AG	159.24	-	-	-	-	-	-	-
Loans converted into equity								
Kanoria Africa Textiles PLC	-	-	-	-	629.62	-	-	-
Interest & Fee Income for the year								
Kanoria Africa Textiles PLC	37.17	-	-	-	36.76	-	-	-
APAG Holding AG	19.78	-	-	-	14.23	-	-	-
APAG Elektronik s.r.o.	0.74	-	-	-	1.13	-	-	-
Remuneration								
Mr. R. V. Kanoria	-	0.57	-	-	-	-	-	-
Mr. S. V. Kanoria	-	17.70	-	-	-	18.39	-	-
Commission Paid								
KPL International Limited	-	-	0.63	-	-	-	0.86	-
Rent received								
KPL International Limited	-	-	1.02	-	-	-	1.02	-
Goods Sold								
Ludlow Jute & Specialities Limited	-	-	0.30	-	-	-	-	-
Rent received								
Fytomax Nutrition Pvt Ltd	-	-	0.05	-	-	-	0.04	-
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	-	-	-	4.39	-	-	-	3.61

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in million)

Nature of Transaction	2022-2023				2021-2022			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Balances as at 31st March								
Borrowings								
Vardhan Limited	125.00	-	-	-	-	-	-	-
Investments								
Kanoria Africa Textiles PLC	1,444.17	-	-	-	1,444.17	-	-	-
APAG Holding AG	567.28	-	-	-	423.14	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	488.77	-	-	-	435.39	-	-	-
APAG Holding AG	635.62	-	-	-	437.93	-	-	-
Interest and fees Receivable								
Kanoria Africa Textiles PLC	79.90	-	-	-	58.69	-	-	-
APAG Holding AG	19.78	-	-	-	14.23	-	-	-
APAG Elektronik s.r.o.	0.74	-	-	-	1.13	-	-	-
Remuneration Payable								
Mr. R. V. Kanoria	-	0.13	-	-	-	-	-	-
Mr. S. V. Kanoria	-	0.14	-	-	-	3.66	-	-
Creditor								
KPL International Limited	-	-	0.18	-	-	-	0.73	-
Rent Receivable								
Fytomax Nutrition Pvt Ltd	-	-	0.00	-	-	-	0.00	-

44: Analytical Ratios

Ratios	Numerator	Denominator	2022-23	2021-22	% Variation
Current Ratio	Current Assets	Current Liabilities	1.44	1.44	0%
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.19	0.15	28%
Debt Services Coverage Ratio	Earning available for Debt Service	Debt Service	1.83	3.78	-51%
Return on Equity Ratio	Net profit after tax	Average Shareholder's Equity	0.93	3.99	-77%
Inventory Turnover Ratio	Total Sales	Average Inventory	12.78	13.39	-5%
Trade Receivables Turnover Ratio	Total Sales	Average Trade Receivable	6.68	6.51	3%
Trade Payables Turnover Ratio	Total Purchases	Average Trade Payable	7.24	6.64	9%
Net Capital Turnover Ratio	Total Sales	Working Capital	10.74	10.24	5%
Net Profit Ratio	Net Profit	Total Income	0.85%	3.79%	-78%
Return on Capital Employed	Earning before Interest & Tax	Equity + Debt + Deferred Tax	2.25%	6.25%	-64%
Return on Investments	Income from Investments	Average Investment	-3.18%	26.16%	-112%

Reasons for Variance in excess of 25%

- i. Debt Equity Ratio decreased due to lower profitability and increase in total debt.
- ii. Debt Service Coverage Ratio, Return on Equity Ratio, Net Profit Ratio and Return on Capital Employed decreased due to lower profitability.
- iii. Return on Investments decreased primarily due to fair value loss on investments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

45: The Company does not have any transactions with companies which are struck off except the following:

Name of the struck off company	Nature of transaction	As at 31 st March, 2023 (Amount in Rs.)	As at 31 st March, 2022 (Amount in Rs.)	Relationship with the struck off company
Nilgiri Investment Co. Pvt. Ltd.	Shares held by struck off company	3,390.00	3,390.00	Shareholder

46: The Company has filed quarterly statements with the banks against the sanctioned working capital facilities and a reconciliations of the same between books of accounts and statements submitted is as under:

Name of the Bank	Quarter Ended	Particulars of security provided	Amount as per Books of Accounts (Rs. in million)	Amount as per Quarterly Statements (Rs. in million)	Differences (Rs. in million)	Reasons for material differences
Axis Bank, HDFC Bank and Yes Bank	June, 2022	Inventories and Debtors less Creditors	761.85	893.83	131.98	Primarily inclusion of certain liabilities not forming part of creditors for goods.
	September, 2022	Inventories and Debtors less Creditors	828.78	927.41	98.63	
	December, 2022	Inventories and Debtors less Creditors	727.66	806.54	78.88	
	March, 2023	Inventories and Debtors less Creditors	669.76	790.32	120.56	

Name of the bank	Quarter Ended	Particulars of security provided	Amount as per Books of Accounts (Rs. in million)	Amount as per Quarterly Statements (Rs. in million)	Differences (Rs. in million)	Reasons for material differences
Axis Bank, HDFC Bank and Yes Bank	June, 2021	Inventories and Debtors less Creditors	690.28	683.31	(6.97)	Inventory lying outside Company premises not considered in statement and certain liabilities not forming part of creditors for goods.
	September, 2021	Inventories and Debtors less Creditors	789.71	903.79	114.08	Primarily inclusion of certain liabilities not forming part of creditors for goods.
	December, 2021	Inventories and Debtors less Creditors	783.07	940.68	157.61	
	March, 2022	Inventories and Debtors less Creditors	739.05	850.17	111.12	

47: None of the Loans or Advances in the nature of loans as at 31st March, 2023 and as at 31st March, 2022 are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are: (a) repayable on demand or (b) without specifying any terms or period of repayment.

48: The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

49: No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- 50:** All the Registration of Charges or Satisfaction of Charges with the Registrar of Companies are completed within the statutory period.
- 51:** The company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017.
- 52:** The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 53:** The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 54:** The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year ended 31st March, 2023 and 31st March, 2022 in the tax assessments under the Income Tax Act, 1961.
- 55:** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 56:** The company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- 57:** Figures for the previous year have been regrouped/rearranged, wherever found necessary.

Signature to Note 1 to 57

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

NEHA SARAF
Company Secretary
(ACS: 27024)

INDEPENDENT AUDITOR'S REPORT

To the Members of

KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of **M/S. KANORIA CHEMICALS & INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as 'the Group') comprising of the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and 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 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, 2023 and their consolidated loss (including other comprehensive income), their consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("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 Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

EMPHASIS OF MATTER

We draw our attention to Note 36 of the consolidated financial statements, regarding revenue recognition for sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the current year is Rs. 25.82 million (Previous Year Rs. 21.82 million) and the corresponding to date receivables amounting to Rs. 90.92 million have been included in Trade Receivables. The Company is confident of recovery of the same in due course.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include 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 the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. 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.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for preparation 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 changes in equity consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued there under. The respective Board of Directors/ Management of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are 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:

- a. 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.
- b. 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 Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e. 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.

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

INDEPENDENT AUDITOR'S REPORT

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of 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 interests of such communication.

OTHER MATTERS

1. We did not audit the consolidated financial statements of APAG Holding AG and Kanoria Africa Textiles PLC, the foreign subsidiaries of Holding Company whose financial statements and other financial information reflect total assets of Rs 8,685.98 million as at March 31, 2023, and total revenues of Rs. 8983.59 million, total net loss after tax Rs. (188.10) million, total comprehensive income of Rs. (175.53) million for the year ended on that date and net cash inflows of Rs. 35.60 million for the year ended March 31, 2023, as considered in the financial statements which have been audited by their respective independent auditors.

The independent auditor's report on the financial statements of these entities have been furnished to us by the Management and our opinion on the financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

Both the subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited 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 subsidiaries 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.

2. The financial statements of the Holding Company for the year ended 31st March, 2022 have been audited by the predecessor auditor whose report dated 26th day of May, 2022 had expressed an unmodified opinion.

Our report on the consolidated financial statement is not modified in respect of the above matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with companies (Indian accounting standards) Rules, 2015, as amended from time to time.
 - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

INDEPENDENT AUDITOR'S REPORT

- f. With respect to the adequacy of the internal financial controls with reference to the consolidated financial statement of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure 'A'.
- g. According to the information and explanations given to us and based on our examination of the records of the holding Company, the holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and 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 litigation on the consolidated financial position of the Group – Refer Note 32 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India except for Rs 1.55 million which is held in abeyance due to pending legal cases.
- iv. (a) The Holding Company's management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or behalf of the Company (Ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries (Refer Note 51 to the consolidated financial statements).
- (b) The Holding Company's management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, during the year no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 52 to the consolidated financial statements).
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to our attention that cause us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under paragraph (h) (iv) (a) & (b) above, contain any material mis-statement.
- v. The dividend paid by the Holding company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The Board of Directors of the company has not proposed any dividend for the financial year 2022-23.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Holding Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Rajiv Singhi
Partner
Membership No. 053518
UDIN: 23053518BGZCFZ7478

Place: Kolkata
Dated: 26th day of May, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls with reference to the consolidated financial statement under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the consolidated financial statement of **M/S. KANORIA CHEMICALS & INDUSTRIES LIMITED** ("the Holding Company") as of and for the year ended March 31, 2023 in conjunction with our audit of the consolidated financial statements of the Group.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statement of the holding company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to the consolidated financial statement 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 with reference to the consolidated financial statement and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statement included obtaining an understanding of internal financial controls with reference to the consolidated financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 holding company's internal financial controls with reference to the consolidated financial statement

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

A company's internal financial control with reference to the consolidated financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the consolidated financial statement 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statement, 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 with reference to the consolidated financial statement to future periods are subject to the risk that the internal financial control with reference to the consolidated financial statement 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 in all material respects, an adequate internal financial controls with reference to the consolidated financial statement and such internal financial controls with reference to the consolidated financial statement were operating effectively as at March 31, 2023, based on the internal control with reference to the consolidated financial statement criteria established by the Holding company considering the essential components of internal control stated in the Guidance Note.

OTHER MATTER

The subsidiaries of the Holding company are incorporated outside India accordingly the provisions of section 143(3) are not applicable to them.

Place: Kolkata
Dated: 26th day of May, 2023

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Rajiv Singhi
Partner
Membership No. 053518
UDIN: 23053518BGZCFZ7478

CONSOLIDATED BALANCE SHEET

As at 31st March 2023

(Rs. in million)

Particulars	Notes	As at 31 st March 2023	As at 31 st March 2022
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	8,427.42	8,254.88
(b) Capital Work-in-Progress	5C	98.61	102.92
(c) Goodwill on Consolidation	5B	350.95	346.22
(d) Other Intangible Assets	5B	42.81	32.32
(e) Intangible Assets Under Development	5D	1.02	0.94
(f) Financial Assets			
(i) Investments	6A	102.50	153.21
(ii) Loans	7	0.67	1.53
(iii) Others	8	33.58	30.83
(g) Other Non-Current Assets	9	34.76	45.24
Total Non-Current Assets		9,092.32	8,968.09
Current Assets			
(a) Inventories	10	2,776.84	2,538.14
(b) Financial Assets			
(i) Investments	6B	65.09	70.02
(ii) Trade Receivables	11	1,957.02	1,732.24
(iii) Cash and Cash Equivalents	12A	188.58	188.77
(iv) Bank Balances other than (iii) above	12B	24.79	60.33
(v) Loans	7	3.86	2.69
(vi) Others	8	29.73	18.03
(c) Current Tax Assets (Net)	13	119.50	107.53
(d) Other Current Assets	9	520.46	322.58
(e) Assets held for Sale	14	36.16	20.88
Total Current Assets		5,722.03	5,061.21
Total Assets		14,814.35	14,029.30
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	15	218.49	218.49
Other Equity	16	5,835.72	5,771.68
Equity attributable to equity holders of the parent		6,054.21	5,990.17
Non-Controlling Interest		16.93	29.32
Total Equity		6,071.14	6,019.49
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	3,199.74	3,429.86
(i.a) Lease Liability	18	21.32	20.98
(ii) Other Financial Liabilities	19	37.98	33.98
(b) Provisions	20	61.14	85.55
(c) Deferred Tax Liabilities (Net)	21	334.87	349.35
Total Non-Current Liabilities		3,655.05	3,919.72
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	1,876.30	1,294.37
(i.a) Lease Liability	18	2.55	2.49
(ii) Trade Payables	22		
Total outstanding dues of Micro and Small Enterprises		58.39	41.47
Total outstanding dues of Others		2,247.81	2,054.97
(iii) Other Financial Liabilities	19	532.28	389.87
(b) Other Current Liabilities	23	277.25	246.62
(c) Provisions	20	93.58	60.30
Total Current Liabilities		5,088.16	4,090.09
Total Liabilities		8,743.21	8,009.81
Total Equity and Liabilities		14,814.35	14,029.30
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed
For SINGHI & CO.

Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA R. V. KANORIA
Director Managing Director
(DIN:00004213) (DIN:00003792)

N. K. NOLKHA NEHA SARAF
Group Chief Financial Officer Company Secretary
(ACS: 27024)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2023

(Rs. in million)

Particulars	Notes	For the year ended 31 st March 2023	For the year ended 31 st March 2022
INCOME			
Revenue from Operations	24	15,784.33	13,691.16
Other Income	25	103.28	288.65
Total Income		15,887.61	13,979.81
EXPENSES			
Cost of Materials Consumed		11,436.12	9,799.18
Change in Inventories of Finished Goods and Work-in-Progress	26	(273.64)	(278.47)
Employee Benefit Expenses	27	2,134.33	1,965.93
Other Expenses	28	1,763.89	1,522.99
Expenses		15,060.70	13,009.63
Profit before Finance Costs, Depreciation & Amortisation and Tax		826.91	970.18
Finance Costs	29	359.75	266.88
Depreciation and Amortisation Expenses	5A, 5B	589.29	571.96
Profit/(Loss) before Tax		(122.13)	131.34
Tax Expenses:			
Current Tax		20.42	80.31
Deferred Tax		(13.72)	28.70
Profit/(Loss) for the year		(128.83)	22.33
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	30A	1.48	0.81
(ii) Income-tax relating to items that will not be reclassified to Profit & Loss		(0.39)	(0.03)
B Items that will be reclassified to Profit or Loss	30B	174.58	63.99
Other Comprehensive Income for the Year (net of tax)		175.67	64.77
Total Comprehensive Income for the Year		46.84	87.10
Profit/(Loss) attributable to			
Owners of the Company		(87.66)	68.26
Non-Controlling Interest		(41.17)	(45.93)
Other Comprehensive Income attributable to			
Owners of the Company		174.94	65.84
Non-Controlling Interest		0.73	(1.07)
Total Comprehensive Income attributable to			
Owners of the Company		87.28	134.10
Non-Controlling Interest		(40.44)	(47.00)
Earning per Share (INR) - Basic & Diluted	31	(2.01)	1.56
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

NEHA SARAF
Company Secretary
(ACS: 27024)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2023

(Rs. in million)

(A) Equity Share Capital						
	Year ended 31 st March 2023			Year ended 31 st March 2022		
	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period
Equity Share Capital	218.47	-	218.47	218.47	-	218.47
Add: Forfeited Shares (amount paid up)	0.02	-	0.02	0.02	-	0.02
Total	218.49	-	218.49	218.49	-	218.49

(B) Other Equity										
	Attributable to the equity holders of the parent							Total	Non Controlling Interest	Total
	Reserves and Surplus				Items of Other Comprehensive Income					
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	Equity Instruments	Debt Instruments	Foreign Currency Translation Reserve			
As at 31st March 2021	34.17	620.96	72.69	5,029.30	7.53	(1.35)	(109.25)	5,654.05	81.43	5,735.48
Profit for the year				68.26				68.26	(45.93)	22.33
Other Comprehensive Income				0.88	(0.10)	-		0.78		0.78
Total Comprehensive Income	34.17	620.96	72.69	5,098.44	7.43	(1.35)	(109.25)	5,723.09	35.50	5,758.59
Foreign Currency translation adjustment		34.89		(57.27)			70.97	48.59	(6.18)	42.41
As at 31st March 2022	34.17	655.85	72.69	5,041.17	7.43	(1.35)	(38.28)	5,771.68	29.32	5,801.00
Profit for the year				(87.66)				(87.66)	(41.17)	(128.83)
Received during the year		42.09						42.09		42.09
Other Comprehensive Income				0.61	0.49	-	173.85	174.95	0.73	175.68
Total Comprehensive Income	34.17	697.94	72.69	4,954.12	7.92	(1.35)	135.57	5,901.06	(11.12)	5,889.94
Dividend Paid				(43.69)				(43.69)		(43.69)
Foreign Currency translation adjustment		55.78		(77.43)				(21.65)	28.05	6.40
As at 31st March 2023	34.17	753.72	72.69	4,833.00	7.92	(1.35)	135.57	5,835.72	16.93	5,852.65

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

NEHA SARAF
Company Secretary
(ACS: 27024)

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31st March 2023

(Rs. in million)

Particulars	Notes	For the year ended 31 st March 2023	For the year ended 31 st March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before Exceptional Items and Tax		(122.13)	131.34
Adjustments for:			
Unrealised Debts & Claims Written Off		3.01	16.74
Provision for Bad & Doubtful Debts & Advances (Net)		(0.12)	16.89
Finance Costs		359.75	266.88
Depreciation & Amortization		589.29	571.96
(Profit)/Loss on Sale of Fixed Assets (Net)		(98.21)	(7.87)
(Gain)/Loss on Sale of Investments as FVTPL/FVTOCI (Net)		(36.44)	(1.19)
Interest Income		(1.80)	(3.96)
Fair Value (Gain)/Loss on Financial Instruments as FVTPL (Net)		43.82	(45.12)
Dividend Income		(0.14)	(0.18)
Liabilities Written Back		(4.16)	(5.33)
Unrealised Foreign Exchange (Gain) (Net)		(138.01)	(105.73)
Operating Profit before Working Capital changes		594.86	834.43
Adjustments for:			
(Increase)/ Decrease in Trade and other Receivables (Net)		(429.42)	287.11
Inventories		(238.70)	(870.98)
Increase/ (Decrease) in Trade and other Payables (Net)		362.81	593.08
Cash generated from Operations		289.55	843.64
Income Tax (Paid)/Refund (net)		(32.39)	(12.88)
Net Cash used in/from Operating Activities		257.16	830.76
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(574.80)	(428.57)
Sale of Fixed Assets		196.89	8.41
Purchase of Investments		(0.20)	(0.28)
Sale of Investments		49.01	17.79
Proceeds from issue of shares		42.09	-
Bank Deposits (held as security)		35.21	(33.89)
Interest Received		1.90	5.28
Dividend Received		0.14	0.18
Net Cash used in/from Investing activities		(249.76)	(431.08)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/Payments of Borrowings (Net)		323.55	(300.31)
Dividend Paid		(43.69)	-
Finance Costs Paid		(287.46)	(230.17)
Net Cash used in/from Operating Activities		(7.60)	(530.48)
Net Increase/(Decrease) in Cash and Cash Equivalents		(0.20)	(130.80)
Cash and Cash Equivalents at the beginning of the year		188.77	319.57
Cash and Cash Equivalents at the end of the year (Note 12A)		188.57	188.77

Note: a. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.
b. The composition of Cash and Cash Equivalents have been determined based on the Accounting Policy No. 3(O).

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

NEHA SARAF
Company Secretary
(ACS: 27024)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1: Corporate Information

Kanoria Chemicals & Industries Limited (the Company or Parent Company) having its registered office at 'KCI Plaza', 23C Ashutosh Chowdhury Avenue, Kolkata – 700 019, India is a Public Limited Company incorporated and domiciled in India. The Equity Shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. The Consolidated Financial Statements (CFS) comprise financial statements of Kanoria Chemicals & Industries Ltd. and its subsidiaries (collectively the Group) as at and for the year ended 31 March 2023. The Group is primarily engaged in manufacture of Industrial Chemicals, Electronic Automotive and Textiles.

2: Basis of Preparation

A. Statement of Compliance

These Consolidated financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of Companies Act, 2013 (the Act) and other relevant provisions of the Act.

These Consolidated financial Statements have been approved for issue by the Board of Directors on 26th May 2023.

B. Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:

- I. The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- II. Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- III. In case of foreign subsidiaries, revenue items are consolidated at the average monthly rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- IV. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- V. Non Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- VI. Non Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

C. Functional and presentation currency

These Consolidated financial Statements are presented in Indian Rupees (INR), which is also the Parent Company's functional currency. All amounts have been rounded off to the nearest two decimals of millions, unless otherwise indicated.

D. Historical cost convention

The Consolidated financial Statements have been prepared following accrual basis of accounting on a historical cost basis, except for the following which are measured at fair value:

- I. Certain Financial Assets and Liabilities
- II. Defined Benefit Plans

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

E. Fair value measurement

A number of Group's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated financial Statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as under:

- i. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii. 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, at the end of each reporting period.

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. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. 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 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.

F. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset or liability is treated as current if it satisfies any of the following condition:

- I. the asset/liability is expected to be realised/settled in normal operating cycle;
- II. the asset is intended for sale or consumption;
- III. the asset/liability is held primarily for the purpose of trading;
- IV. the asset/liability is expected to be realised/settled within twelve months after the reporting period;
- V. the asset is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- VI. in the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets or liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G. Use of estimates and judgements

In preparing these Consolidated financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including contingent liabilities. Actual results may differ from these estimates. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Detailed information about estimates and judgements is included in Note 4.

3: Significant Accounting Policy

A. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of each Company in the Group, at the exchange rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss on net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on 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 Consolidated Statement of Profit and Loss are also recognised in OCI or Consolidated Statement of Profit and Loss, respectively.

B. Property, Plant & Equipment

I. Recognition & Measurement

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of PPE includes its purchase cost, non refundable taxes and duties, directly attributable cost of bringing the item to its working condition for its intended use and borrowing cost if the recognition criteria is met.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition, are also added to the cost of self-constructed assets. The Company considers a Project to be 'unit of measure' for construction of a manufacturing plant rather than individual assets comprising the project in appropriate cases for the purpose of capitalisation of expenditure incurred during construction period.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

Subsequent costs are included in an item of PPE's carrying value or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Major Inspection/Repairs/Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any unamortized part of the previously recognized expenses of similar nature is derecognized.

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

An item of PPE or any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an item of PPE is recognised in Consolidated Statement of Profit and Loss.

II. Depreciation methods, estimated useful lives and residual value

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act and/or based on the local requirements in respect of foreign subsidiaries.

Depreciation on an item of PPE purchased/sold during the year is provided on pro-rata basis.

Freehold land is not depreciated.

The residual values are not more than 5% of the cost of an item of PPE.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

C. Intangible Assets

Intangible assets acquired are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated development expenditure is capitalised as part of the cost of the resulting intangible assets only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in the Consolidated Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill is not amortised and is tested for impairment annually.

The Group amortises intangible assets with a finite useful life using the straight line method over the following periods:

Computer Softwares	3 years
Product Development	5 years

Amortisation methods and useful lives are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

D. Leases

Effective April 1, 2019, the Group has applied Ind AS 116 'Leases' which establishes the criteria to determine the contracts having lease component within them. Ind AS 116 replaces Ind AS 17 'Leases'.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of lease requires significant judgement. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as non-cancellable period of a lease, together with both the periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to terminate a lease, it considers all relevant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease.

Leasehold land having perpetual rights are included in Property, plant and equipment.

E. Assets Held for Sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met: (i) decision has been made to sell, (ii) the assets are available for immediate sale in its present condition, (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

F. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial Assets

Initial recognition and measurement:

The Group recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

- a. The Group's business model for managing the financial asset and
- b. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This category applies to certain investment in debt instruments, cash and bank balances, trade receivables, loans and other financial assets of the Group. Such financial assets are subsequently measured at amortized cost using the effective interest method.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income and impairment losses and its reversals in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Consolidated Statement of Profit and Loss.

Further, the Group, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI. The Group has made such election on an instrument by instrument basis. These equity instruments are not held for trading. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Group recognizes dividend income from such instruments in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Consolidated Statement of Profit and Loss. However, the Group may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in subsidiary companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Consolidated Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group's Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Group neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Consolidated Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment of financial assets:

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortized cost (other than trade receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Consolidated Statement of Profit and Loss under the head 'Other expenses'.

II. Financial Liabilities

Initial recognition and measurement:

The Group recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical liability (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.

Derecognition:

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 between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Consolidated Statement of Profit and Loss.

III. Derivative Financial Instruments

Derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage Company's exposure to foreign exchange rate and interest rate risks are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately. The Company does not hold derivative financial instruments for speculative purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G. Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Consolidated Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses are reversed in the Consolidated Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

H. Inventories

Inventories of raw materials, stores and spare parts, work in progress and finished goods are measured at lower of cost and net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be used are expected to be sold at or above cost. In case of certain products, where cost cannot be ascertained reliably, the same are measured at net realisable value.

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition. Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on FIFO/weighted average method, as appropriate.

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

I. Income Tax

Income Tax comprises current and deferred tax and is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity as the case may be..

I. Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years. It is measured using applicable tax rates and tax laws enacted or substantively enacted by the reporting date

II. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes i.e. tax base.

Deferred Tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, carried forward tax losses and unused tax credits.

Deferred Tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

laws that have been enacted or substantively enacted by the reporting date.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

J. Revenue Recognition

I. Revenue from Contract with Customer:

The Group derives revenue primarily from sale of manufactured and traded goods. Revenue is recognized on satisfaction of performance obligation upon transfer of goods to a customer at an amount that reflects the consideration to which the group is expected to be entitled to in exchange for those goods.

The transaction price of goods sold is net of variable consideration on account of returns, trade allowances, rebates and amounts collected on behalf of third parties. This variable consideration is estimated based on the expected value of outflow. The group recognizes revenue when it is probable that future economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Sale of Products: Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Sale of Services: Revenue from sale of services is recognized when the Group has an enforceable right to receive payment for services rendered.

II. Renewable Energy Certificates (RECs)

RECs are recognised as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is measured on the basis of actual sale price on transfer of RECs and at CERC prescribed floor price for RECs held by/accrued to the Group.

III. Interest Income

Interest income from debt instruments is recognised on accrual basis using effective interest rate method applicable on such debt instrument.

IV. Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

K. Employee Benefits

I. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g. towards bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

II. Defined contribution plan

Provident Fund, a defined contribution plan, is a post employment benefit plan under which the Group pays contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Group recognises the contributions payable towards the provident fund as an expense in the Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

III. Defined benefit plan

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group has unfunded Gratuity liability towards this which is provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any, excluding interest) are immediately recognised in the balance sheet with corresponding debit or credit to Other Equity through OCI. Remeasurements are not classified to profit or loss in subsequent periods.

Net interest and changes in the present value of defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

IV. Other long term employee benefits

The liabilities for earned leave are measured and provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurement gains or losses are recognised in Consolidated Statement of Profit and Loss in the period in which they arise.

L. Borrowing Costs

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred. Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

M. Exceptional items

When items of income and expense in the statement of profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

N. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the post tax effect of finance costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the issue of all dilutive potential equity shares.

O. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short term deposits with remaining maturity of 12 months or less, which are subject to an insignificant risk of change in value.

P. Cash dividend to Equity shareholders

The Group recognises a liability to make distribution of cash dividend to equity shareholders of the Group when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Q. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation 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.

Where the effect of time value of money is material, provisions are measured at present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense.

R. Contingent Liabilities and Assets

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 beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the Consolidated financial Statements. Contingent assets are not recognised in the Consolidated financial Statements.

S. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

T. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated financial Statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

U. Recent applicable Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

- I. Ind AS 1 – Presentation of Financial Statements: The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its standalone financial statements.
- II. Ind AS 12 – Income Taxes: The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its standalone financial statements.
- III. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, 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.

(i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) *Equity Investments measured at FVTOCI*

The Group has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to PL.

(b) *Business Model for Investment of Debt Instruments*

"For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the group has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset. Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the group has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows. Such financial assets have been accordingly classified and measured at amortised cost.

(ii) 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.

(a) *Defined Benefit Plans*

"The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

(b) *Fair Value measurement of Financial Instruments*

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Depreciation/Amortisation and Useful Lives of Property, Plant and Equipment/Intangible Assets

Property, plant and equipment/intangible assets are depreciated/amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

(d) Impairment of Financial Assets

The Group reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(e) 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, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where 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.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Group uses internal business plans, quoted market prices and the Group's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Group does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

(f) Taxes

The Group calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5A: Property Plant and Equipment

(Rs. in million)

	Gross Carrying Value					Depreciation					Net Carrying Value
	As at 01.04.22	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.23	As at 01.04.22	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.23	As at 31.03.23
Land & Site Development :											
Freehold	820.92	-	7.68	-	828.60	-	-	-	-	-	828.60
Leasehold	1,115.21	-	25.98	-	1,141.19	106.91	15.51	2.43	-	124.85	1,016.34
Buildings	2,602.60	85.95	132.24	82.74	2,738.05	482.88	84.55	22.17	20.37	569.23	2,168.82
Plant & Equipment *	6,610.03	435.16	305.88	95.37	7,255.70	2,468.90	429.97	141.05	47.71	2,992.21	4,263.49
Furniture & Fixtures	102.02	4.43	4.13	5.17	105.41	54.52	8.92	2.58	4.67	61.35	44.06
Vehicles & Fork Lifts	117.04	8.33	6.46	13.23	118.60	68.17	17.36	4.93	10.02	80.44	38.16
Office Equipment	209.82	18.11	12.38	1.19	239.12	141.38	20.50	10.26	0.97	171.17	67.95
Total	11,577.64	551.98	494.75	197.70	12,426.67	3,322.76	576.81	183.42	83.74	3,999.25	8,427.42

* Plant & Equipment of Rs. 26.16 million is classified as assets held for sale.

	Gross Carrying Value					Depreciation					Net Carrying Value
	As at 01.04.21	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 31.03.22
Land & Site Development :											
Freehold *	833.07	-	3.35	15.50	820.92	-	-	-	-	-	820.92
Leasehold	1,105.19	-	10.02	-	1,115.21	90.86	15.20	0.85	-	106.91	1,008.30
Buildings *	2,487.77	63.69	61.18	10.04	2,602.60	392.56	85.18	9.28	4.14	482.88	2,119.72
Plant & Equipment	6,219.78	319.05	131.61	60.41	6,610.03	2,068.24	407.67	52.49	59.50	2,468.90	4,141.13
Furniture & Fixtures	91.70	8.94	1.74	0.36	102.02	44.97	8.70	1.02	0.17	54.52	47.50
Vehicles & Fork Lifts	115.85	10.69	2.64	12.14	117.04	54.26	18.83	1.38	6.30	68.17	48.87
Office Equipment	177.08	28.74	5.77	1.77	209.82	120.67	17.98	4.38	1.65	141.38	68.44
Total	11,030.44	431.11	216.31	100.22	11,577.64	2,771.56	553.56	69.40	71.76	3,322.76	8,254.88

* Freehold Land of Rs. 15.50 million and Building of Rs. 5.38 million are classified as assets held for sale.

5B: Intangible Assets

	Gross Carrying Value					Amortisation					Net Carrying Value
	As at 01.04.22	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.23	As at 01.04.22	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.23	As at 31.03.23
Goodwill	346.22	-	4.73	-	350.95	-	-	-	-	-	350.95
Computer Software	157.06	21.18	13.42	0.07	191.59	146.19	6.03	13.15	0.07	165.30	26.29
Product Development	472.09	-	43.15	-	515.24	450.64	6.45	41.63	-	498.72	16.52
Total	975.37	21.18	61.30	0.07	1,057.78	596.83	12.48	54.78	0.07	664.02	393.76

	Gross Carrying Value					Amortisation					Net Carrying Value
	As at 01.04.21	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 31.03.22
Goodwill	343.26	-	2.96	-	346.22	-	-	-	-	-	346.22
Computer Software	141.32	10.63	5.57	0.46	157.06	135.57	5.66	5.42	0.46	146.19	10.87
Product Development	445.11	-	26.98	-	472.09	412.68	12.74	25.22	-	450.64	21.45
Total	929.69	10.63	35.51	0.46	975.37	548.25	18.40	30.64	0.46	596.83	378.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5C: Capital Work-in-Progress Aging Schedule:

(Rs. in million)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.23	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.22
Project in Progress	98.61	-	-	-	98.61	102.92	-	-	-	102.92

Note: There is no project whose completion is overdue or which has exceeded its cost compared to its original plan.

5D: Intangible Assets Under Development Aging Schedule:

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.23	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.22
Project in Progress	1.02	-	-	-	1.02	0.94	-	-	-	0.94

Note: There is no project whose completion is overdue or which has exceeded its cost compared to its original plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6: Investments

(Rs. in million)

	31 st March 2023			31 st March 2022		
	Face Value (Rs.)	Nos.	Amount	Face Value (Rs.)	Nos.	Amount
(A) Non-Current Investments:						
Investments at Fair Value through OCI						
Equity Shares, Fully Paid (Quoted)						
IFCI Ltd.	10	200	0.00	10	200	0.00
HDFC Bank Ltd.	1	5,000	8.05	1	5,000	7.35
Bank of India.	10	9,000	0.67	10	9,000	0.41
NMDC Ltd.	1	8,000	0.89	1	8,000	1.30
Equity Shares, Fully Paid (Unquoted)						
Enviro Technology Ltd.	10	10,000	0.10	10	10,000	0.10
BEIL Infrastructure Ltd.	10	1,400	0.01	10	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.	50	5	0.00	50	5	0.00
Narmada Clean Tech	10	822,542	8.23	10	822,542	8.23
Woodlands Multispeciality Hospital Ltd.	10	2,180	0.02	10	2,180	0.02
Total Investments at Fair Value through OCI			17.97			17.42
Investments at Fair Value through PL						
Alternative Investment Funds (Unquoted)						
IIFL Seed Venture Fund	5	2,411,693	44.28	7	2,411,693	82.88
Chiratae Trust	100,000	180	40.25	100,000	200	52.91
Total Investments at Fair Value through PL			84.53			135.79
Total Non Current Investments (A)			102.50			153.21
(B) Current Investments:						
Investments at Fair Value through PL						
Alternative Investment Fund (Unquoted)						
IIFL Real Estate Fund (Domestic) Sr.2	4	9,313,812	33.92	4	9,313,812	33.99
IIFL Real Estate Fund (Domestic) Sr.3	7	5,365,000	26.60	7	5,365,000	26.68
ICICI Prudential Real Estate AIF-II	100	68,827	4.57	100	144,418	9.35
Total Investments at Fair Value through PL			65.09			70.02
Total Current Investments (B)			65.09			70.02

	Non-Current	Current	Non-Current	Current
Aggregate book value of quoted investments	9.61	-	9.06	-
Aggregate market value of quoted investments	9.61	-	9.06	-
Aggregate value of unquoted investments	92.89	65.09	144.15	70.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7: Loans

(Rs. in million)

Particulars	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
(Unsecured considered good) Other Loans				
Loan to Employees	0.67	3.86	1.53	2.69
Total Loans	0.67	3.86	1.53	2.69

8: Other Financial Assets

(Unsecured considered good) Security Deposits	33.58	17.36	30.83	5.44
Export Benefits and Claims Receivable	-	11.91	-	12.03
Interest and Dividend Receivable	-	0.46	-	0.56
Total Other Financial Assets	33.58	29.73	30.83	18.03

9: Other Assets

(a) Capital Advances	30.03	-	28.41	-
(b) Advances other than Capital Advances				
(i) Other Advances	4.73	276.18	16.83	139.20
(ii) Balance with Government Authorities	-	244.28	-	183.38
Total Other Assets	34.76	520.46	45.24	322.58

10: Inventories

(At lower of cost and net realisable value) Raw Materials		1,558.24		1,530.21
Raw Materials in transit		28.70		102.60
Work-in-Progress		522.35		482.00
Finished Goods		487.83		280.81
Goods in Transit		11.77		5.95
Stores & Spare Parts		167.95		136.57
Total Inventories		2,776.84		2,538.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11: Trade Receivables

(Rs. in million)

Particulars	31 st March 2023	31 st March 2022
Secured, considered good	2.37	2.37
Unsecured, considered good	1,954.65	1,729.87
With Significant Increase in Credit risk	2.70	9.25
Less: Allowance for Bad & Doubtful Debts	2.70	9.25
Total Trade Receivables	1,957.02	1,732.24

Trade Receivables Ageing Schedule

Particulars	Outstanding for following periods from due date of payment						31 st March 2023
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables – considered good	1,484.02	296.05	79.46	3.29	0.91	-	1,863.73
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	1.84	1.84
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	2.37	2.37
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.86	0.86
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	2.70	2.70
Unbilled Trade Receivable	90.92	-	-	-	-	-	90.92
Total	1,574.94	296.05	79.46	3.29	0.91	2.37	1,957.02

Particulars	Outstanding for following periods from due date of payment						31 st March 2022
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables – considered good	1,414.03	244.84	3.86	1.09	0.08	-	1,663.90
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	8.39	8.39
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	2.37	2.37
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.86	0.86
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	9.25	9.25
Unbilled Trade Receivable	65.97	-	-	-	-	-	65.97
Total	1,480.00	244.84	3.86	1.09	0.08	2.37	1,732.24

12A: Cash and Cash Equivalent

Particulars	31 st March 2023	31 st March 2022
Balance with banks:		
On Current Accounts	186.95	181.23
Cheque/Drafts/Remittance in hand	-	6.35
Cash on hand	1.63	1.19
Total Cash and cash equivalent	188.58	188.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12B: Other Bank Balances

(Rs. in million)

	31 st March 2023	31 st March 2022
Earmarked balances with Banks (Unpaid Dividend Accounts)	4.11	4.44
Bank deposits (held as security)	20.68	55.89
Total other bank balances	24.79	60.33

13: Current Tax Assets

	31 st March 2023	31 st March 2022
Income Tax Payments (net of provision)	119.50	107.53
Total Current Tax Assets	119.50	107.53

14: Assets held for Sale

	31 st March 2023	31 st March 2022
Freehold Land	-	15.50
Buildings	-	5.38
Plant & Equipment	26.16	-
Intangible Assets under development	10.00	-
Total Assets held for Sale	36.16	20.88

15: Equity Share Capital

	31 st March 2023		31 st March 2022	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised Share Capital				
Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid				
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02
Total		218.49		218.49

(c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

(d) Shares held by holding company

	31 st March 2023		31 st March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Vardhan Limited	26,190,872	130.95	26,190,872	130.95

(e) Details of shareholders holding more than 5% shares in the company

Name of the Shareholder	31 st March 2023		31 st March 2022	
	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,190,872	59.94	26,190,872	59.94
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(f) Promoter's Shareholding

Name of the Promoters	Shares held by promoters as at 31 st March 2023		Shares held by promoters as at 31 st March 2022		Percentage of change during the year
	No. of Shares	% holding	No. of Shares	% holding	
Vardhan Limited	26,190,872	59.94	26,190,872	59.94	-
Rajya Vardhan Kanoria	461,481	1.06	461,481	1.06	-
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35	-
Kirtivardhan Finvest Services Ltd.	1,154,907	2.64	1,154,907	2.64	-
Madhuvanti Kanoria	498,321	1.14	498,321	1.14	-
Sheela Devi Kanoria	-	-	12,144	0.03	0.03
Saumya Vardhan Kanoria	556,440	1.27	556,440	1.27	-
Anand Vardhan Kanoria	434,739	0.99	434,739	0.99	-
Total	32,506,880	74.40	32,519,024	74.43	0.03

(g) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

- (h) The company has not issued any shares for consideration other than cash nor issued any bonus shares nor have brought back any shares during the period of five years immediately preceding the current financial year.
- (i) None of the securities are convertible into shares at the end of the reporting period.
- (j) No calls are unpaid including that by any Director or Officer of the Company.

16: Other Equity

(Rs. in million)

	31 st March 2023		31 st March 2022	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium				
As per last Balance Sheet	655.85		620.96	
Add : Received During the year	42.09		-	
Add : Foreign Currency Translation adjustment	55.78	753.72	34.89	655.85
Retained Earnings				
As per last Balance Sheet	5,041.17		5,029.30	
Add : Profit/(Loss) for the year	(87.66)		68.26	
Add : Actuarial gain/(loss) on defined benefit plan (Net)	0.61		0.88	
Add : Foreign Currency Translation adjustment	(77.43)		(57.27)	
Less : Dividend Paid	(43.69)	4,833.00	-	5,041.17
Other Comprehensive Income (OCI)				
As per last Balance Sheet	(32.20)		(103.07)	
Add : Movement in OCI (Net) during the year	174.34	142.14	70.87	(32.20)
Total Other Equity		5,835.72		5,771.68

Description of the nature and purpose of each reserve within other equity is as follows:

- Capital Reserve: represents the amount received on account of capital receipts, etc. in earlier years.
- Capital Redemption Reserve: was created for redemption of preference shares and on buy-back of equity shares as per statutory requirement.
- Securities Premium: represents premium on issue of shares.
- Retained Earnings: are the accumulated profits earned by the Company and remaining undistributed as on date.
- Other Comprehensive Income: represents the cumulative gains and losses arising on fair valuation of equity instruments measured at fair value through other comprehensive income under an irrevocable option and gain/loss on foreign currency translation of subsidiary companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17: Borrowings

(Rs. in million)

Particulars	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans				
From Banks/Financial Institution ¹	2,021.14		2,424.07	
Current maturities of Long term debts		507.53		356.90
Short Term Loan				
From Banks ²		440.23		266.26
Loans Repayable on Demand				
From Banks ²		928.54		671.21
Unsecured				
Term Loans				
From Banks	786.90	-	741.60	-
From Related Party	125.00	-	-	-
From Government	193.05	-	154.71	-
From Body Corporate	73.65	-	109.48	-
Total Borrowings	3,199.74	1,876.30	3,429.86	1,294.37

¹ Term Loan of Rs. 549.05 million secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Naidupet & Vizag Division, of Rs. 32.36 million secured by second charge on Current Assets of the Company and movable fixed assets of Ankleshwar Division, of Rs. 110.82 million secured by second charge on entire fixed assets of the Naidupeta and Vizag Division, of Rs. 1580.48 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, of Rs. 138.06 million secured by Land & Building of APAG Elektronik s.r.o., Czech Republic and Rs. 117.90 million secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic

² Loan of Rs. 426.96 million secured by hypothecation of Current Assets of the Company and movable fixed assets of Ankleshwar Division, of Rs. 119.76 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, Ethiopia and Loan of Rs. 822.05 million secured by Inventories and Trade Receivables of APAG Elektronik s.r.o., Czech Republic

18: Lease Liability

Particulars	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
Leasehold Land Obligations Payable	21.32	2.55	20.98	2.49

19: Other Financial Liabilities

Particulars	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
Interest Accrued	-	58.19	-	15.26
Security Deposit	-	9.80	-	6.43
Liabilities for Capital Goods	-	20.88	-	25.14
Unpaid Dividend ¹	-	4.11	-	4.44
Employee related liabilities	-	109.06	-	100.37
Deferred Grant	37.98	6.05	33.98	5.73
Other liabilities	-	324.19	-	232.50
Total Other Financial Liabilities	37.98	532.28	33.98	389.87

¹ These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.55 million (previous year Rs. 1.43 million) which is held in abeyance due to legal case pending.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20: Provisions

(Rs. in million)

	31 st March 2023		31 st March 2022	
	Non-Current	Current	Non-Current	Current
Provision for Gratuity	61.14	42.78	85.55	14.93
Provision for Accrued Leave	-	50.80	-	45.37
Total Provisions	61.14	93.58	85.55	60.30

21: Deferred Tax Liabilities (Net)

The major components of deferred tax liabilities/assets arising on account of timing differences (net of foreign exchange fluctuation) are as follows:

	1 st April 2022	Profit & Loss (Net)	OCI (Net)	31 st March 2023
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	749.99	37.41	-	787.40
Fair Value of Investments	15.01	(10.20)	0.06	4.87
Deferred Tax Assets				
MAT Credit Entitlement	180.56	20.55	-	201.11
Unabsorbed Business Losses/Depreciation	190.83	20.17	-	211.00
Expenses relating to Retirement Benefits	43.96	1.34	(0.33)	44.97
Others	0.30	0.02	-	0.32
Net Deferred Tax Liabilities	349.35	(14.87)	0.39	334.87

	1 st April 2021	Profit & Loss (Net)	OCI (Net)	31 st March 2022
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	713.88	36.11	-	749.99
Fair Value of Investments	1.01	14.00	(0.00)	15.01
Deferred Tax Assets				
MAT Credit Entitlement	172.35	8.21	-	180.56
Unabsorbed Business Losses/Depreciation/Capital Loss	178.48	12.35	-	190.83
Expenses relating to Retirement Benefits	39.10	4.89	(0.03)	43.96
Others	0.95	(0.65)	-	0.30
Net Deferred Tax Liabilities	324.01	25.31	0.03	349.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22: Trade Payable

(Rs. in million)

	31 st March 2023	31 st March 2022
Trade Payable		
Total outstanding dues of Micro and small enterprises	58.39	41.47
Total outstanding dues of creditors other than Micro and small enterprises	2,247.81	2,054.97
Total Trade Payables	2,306.20	2,096.44
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.		
i. Principal	58.39	41.47
ii. Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.	-	-

Trade Payable Ageing Schedule

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2023
i. MSME	58.39	-	-	-	-	58.39
ii. Others	1,348.33	898.16	1.02	0.00	0.30	2,247.81
iii. Disputed dues-MSME			-	-	-	-
iv. Disputed dues-Others			-	-	-	-
Total	1,406.72	898.16	1.02	0.00	0.30	2,306.20

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2022
i. MSME	41.47	-	-	-	-	41.47
ii. Others	1,524.83	529.75	0.09	0.16	0.14	2,054.97
iii. Disputed dues-MSME	-	-	-	-	-	-
iv. Disputed dues-Others	-	-	-	-	-	-
Total	1,566.30	529.75	0.09	0.16	0.14	2,096.44

23: Other Current Liabilities

	31 st March 2023	31 st March 2022
Statutory liabilities	191.37	153.58
Customers' Credit Balances	85.88	93.04
Total Other Current Liabilities	277.25	246.62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24: Revenue from Operations

(Rs. in million)

	31 st March 2023	31 st March 2022
(a) Sale of Products		
Manufactured products		
Alco Chemicals	6,663.52	6,418.98
Solar Power (refer note 36)	25.82	22.35
Electronic Automotive	7,019.22	5,766.60
Textile	1,764.40	1,267.86
	15,472.96	13,475.79
(b) Sale of Services	216.99	127.86
Total Sale	15,689.95	13,603.65
(c) Other Operating Revenues		
Miscellaneous Sales	82.16	77.23
Insurance and other claims	-	0.27
Export benefits	0.47	0.84
Others	11.75	9.17
Total Other Operating Revenues	94.38	87.51
Total Revenue from Operations	15,784.33	13,691.16

25: Other Income

	31 st March 2023	31 st March 2022
Interest Income		
On Investments	0.03	0.26
From Others	1.77	3.70
Dividend Income	0.14	0.18
Gain/(Loss) on Sale/Written off of Investments classified as FVTPL (Net)	36.44	1.19
Fair value gain on Financial Instruments classified as FVTPL (Net)	(43.82)	45.12
Profit/(Loss) on Fixed Assets sold/discarded (Net)	98.21	7.87
Rent Income	2.69	1.09
Foreign Exchange Rate Fluctuation (Net)	(1.28)	212.60
Liabilities Written Back	4.16	5.33
Other non operating income	4.94	11.31
Total Other Income	103.28	288.65

26: Change in Inventories of Finished Goods and Work-in-Progress

	31 st March 2023	31 st March 2022
Opening Stock		
Finished Goods	286.76	191.38
Work-In-Progress	482.00	291.00
	768.76	482.38
Closing Stock		
Finished Goods	499.60	286.76
Work-In-Progress	522.35	482.00
	1,021.95	768.76
Change in Inventories		
Finished Goods	(212.84)	(95.38)
Work-In-Progress	(40.35)	(191.00)
Foreign Currency Translation adjustment	(20.45)	7.91
Total Change in Inventories of Finished Goods and Work-in-Progress	(273.64)	(278.47)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27: Employee Benefits Expense

(Rs. in million)

	31 st March 2023	31 st March 2022
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	1,818.57	1,658.78
Contribution to Provident Fund etc.	239.36	232.24
Staff Welfare Expenses	76.40	74.91
Total Employee Benefits Expense	2,134.33	1,965.93

28: Other Expenses

	31 st March 2023	31 st March 2022
Consumption of Stores & Spare parts etc.	289.37	239.68
Other Manufacturing Expenses	67.55	71.02
Power & Fuel	508.86	428.96
Repairs to -		
Plant & Machinery	102.74	100.70
Buildings	6.36	5.40
Others	27.29	24.28
Water Charges & Cess	55.29	39.59
Rates & Taxes	11.93	10.19
Rent	58.72	53.22
Insurance	52.38	46.58
Legal and Professional Charges	125.89	102.60
Miscellaneous Expenses	229.58	189.68
CSR Expenditure	1.85	0.21
Commission & Brokerage to Others	23.65	23.68
Freight, Handling & Other Charges	141.06	120.96
Directors' Fees	1.85	2.35
Travelling Expenses	47.85	21.46
Charity & Donations	0.83	0.92
Provision for bad & doubtful Debts & Advances (net)	(0.12)	16.89
Unrealized Debts and Claims written off	3.01	16.74
Payment to Auditors	7.95	7.88
Total Other Expenses	1,763.89	1,522.99

Additional Information regarding Payment to Auditors

	31 st March 2023	31 st March 2022
(a) Statutory Auditors		
Audit Fees	6.41	6.36
For Certificates & Others	1.33	1.33
For Travelling and out of pocket expenses	0.05	0.03
(b) Cost Auditors		
Audit Fees	0.16	0.16
Total payment to Auditors	7.95	7.88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29: Finance Costs

(Rs. in million)

	31 st March 2023	31 st March 2022
Interest Expense	313.14	198.58
Exchange difference regarded as an adjustment to borrowing cost	9.27	14.99
Bank/Finance charges	37.34	53.31
Total Finance Costs	359.75	266.88

30: Other Comprehensive Income (OCI)

	31 st March 2023	31 st March 2022
A. Items that will not be reclassified to Profit or Loss (PL) -		
1. Actuarial gain/(loss) on Defined Benefit Obligations	0.94	0.91
Deferred Tax	(0.33)	(0.03)
2. Net gain/(loss) on FVTOCI Equity securities	0.54	(0.10)
Deferred Tax	(0.06)	0.00
Net OCI not to be reclassified to PL	1.09	0.78
B. Items that will be reclassified to Profit or Loss (PL) -		
Foreign Currency Translation Reserve	174.58	63.99
Net OCI to be reclassified to PL	174.58	63.99
Other Comprehensive Income for the year, net of tax	175.67	64.77

31: Earning per Share (EPS)

	31 st March 2023	31 st March 2022
Details for calculation of basic and diluted earning per share:		
Profit after tax as per Statement of Profit and Loss	(87.66)	68.26
Weighted average number of equity share (Numbers)	43,693,333	43,693,333
Basic and diluted earning per share (Rs.)	(2.01)	1.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32: Commitments and Contingencies

(Rs. in million)

	31 st March 2023	31 st March 2022
(i) Contingent Liabilities		
(a) Claims/Disputed liabilities not acknowledged as debt		
Service Tax Demands	0.40	-
Sales Tax demands (paid Rs. 0.43 million)	0.43	0.43
Customs & Central Tax Demands (paid Rs. 0.13 million)	1.73	-
Income Tax demands (paid Rs. 12.63 million)	88.98	69.20
Other claims being disputed by the Company (paid Rs. 1.50 million)	5.56	5.56
(b) Outstanding Bank Guarantees	47.50	44.00
(c) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019 set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and further clarification in the matter to assess any potential impact on the Company and consequently no adjustments have been made in the books of account. Future cash flows in respect of Contingent Liabilities are determinable only on receipt of judgements pending at various forums/authorities.		
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	161.18	95.95
Advances paid	30.03	28.41

33: Distribution Proposed

	31 st March 2023	31 st March 2022
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31 st March 2023: Nil		
(31 st March 2022: Rs. 1.00 per share)	-	43.69

34: Details of pre-operative expenses capitalised

	31 st March 2023	31 st March 2022
Cost of Materials Consumed	8.48	-
Consumption of Stores & Spare parts etc.	0.02	-
Employee Benefit Expenses	4.72	0.35
Other Expenses	2.67	0.23
	15.89	0.58
Less:		
Sale of Manufactured products	6.64	-
Miscellaneous Sales	0.19	-
Other Non Operating Income	1.52	-
	7.54	0.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35: Segment Information

For management purposes, the Group is organised into business units based on its products and services and has following reportable segments:

- I. Alco Chemicals
- II. Solar Power
- III. Electronic Automotive
- IV. Textile

(Rs. in million)

Business Segment	Year ended 31 st March 2023					Year ended 31 st March 2022				
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Total	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Total
Segment Revenue										
Revenue from operations	6,726.28	25.82	7,249.90	1,782.33	15,784.33	6,468.97	22.35	5,917.74	1,282.10	13,691.16
Segment Result	150.40	(23.25)	(108.85)	162.21	180.51	527.90	(27.47)	(204.76)	110.60	406.27
Less: (i) Finance Costs					359.75					266.88
(ii) Other Un-allocable expenditure net off Un-allocable income					(57.11)					8.05
Profit/(Loss) before Tax					(122.13)					131.34
Tax Expense					6.70					109.01
Net Profit/(Loss):					(128.83)					22.33
Segment Assets	5,210.39	179.49	4,898.88	3,787.10	14,075.86	5,403.55	189.77	4,130.76	3,409.13	13,133.21
Un-allocable Corporate Assets					738.49					896.09
Total Assets:					14,814.35					14,029.30
Segment Liabilities	806.53	2.66	1,852.07	393.63	3,054.89	1,045.75	6.44	1,394.16	239.61	2,685.96
Un-allocable Corporate Liabilities					5,688.32					5,323.85
Total Liabilities:					8,743.21					8,009.81
Other Disclosures										
Capital Expenditure	327.56	0.08	232.56	13.79	573.99	102.35	0.06	291.56	7.65	401.62
Un-allocable Capital Expenditure					4.93					6.88
Total Capital Expenditure:					578.92					408.50
Depreciation & Amortization	169.03	35.18	261.46	115.89	581.56	166.46	35.17	254.26	106.52	562.41
Un-allocable Depreciation					7.73					9.55
Total Depreciation & Amortization:					589.29					571.96

(B) Secondary Segment information

Geographical Segment ==>	Year ended 31 st March 2023			Year ended 31 st March 2022		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	6,710.86	9,073.47	15,784.33	6,403.60	7,287.56	13,691.16
Segment Assets	6,113.47	8,700.88	14,814.35	6,413.17	7,616.13	14,029.30
Segment Liabilities	6,166.39	2,576.82	8,743.21	6,289.14	1,720.67	8,009.81
Capital Expenditure	332.57	246.35	578.92	109.29	299.21	408.50

(C) Other Disclosures

Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company and its subsidiaries.

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde & Hexamine etc., Solar Power business includes Power generation from Solar energy, Textile business includes yarn & denim manufacturing and Electronic Automotive business includes electronic & mechatronic modules etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36: The Group, since April 2019, is recognising revenue from sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the year is Rs. 25.82 million and Rs. 21.82 million for the previous year and the corresponding receivables of Rs. 90.92 million as at 31st March, 2023 (Previous year Rs. 65.97 million) have been included in Trade Receivables.

37: Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

A. Defined Benefit Plan

"The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise. Subsidiaries are not having defined benefit plan scheme for its employees.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans as relates to parent only.

(Rs. in million)

Particulars	31 st March 2023	31 st March 2022
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	100.48	93.55
- Current Service Cost	6.65	6.59
- Interest Expense or Cost	7.28	6.31
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	(1.07)	(2.80)
experience variance	0.13	1.89
- Benefits paid	(9.55)	(5.06)
- Present Value of Obligation as at the end	103.92	100.48
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	6.65	6.59
- Interest Expense or Cost	7.28	6.31
Total	13.93	12.90
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	(1.07)	(2.80)
experience variance	0.13	1.89
Total	(0.94)	(0.91)
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	7.45%	7.25%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 2012-14)	100.00%	100.00%
Attrition/Withdrawal rates, based on age: (per annum)		
up to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(Rs. in million)

	31 st March 2023	31 st March 2022
Discount rate increase by 1%	(99.00)	(95.49)
Discount rate decrease by 1%	109.52	106.13
Salary Growth rate increase by 1%	109.49	106.09
Salary Growth rate decrease by 1%	(98.93)	(95.43)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)	5 years
Expected cash flow over the next (valued on undiscounted basis)	
1 year	42.78
2 to 5 years	33.25
6 to 10 years	26.51
More than 10 years	69.55

7. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

B. Defined Contribution Plan

The Group contributes certain percentage of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company does not have existing deficit of interest shortfall. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 239.36 million (previous year Rs. 232.24 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38: The list of subsidiaries which are included in the Consolidated Financial Statements of the Kanoria Chemicals & Industries Limited and its effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			31 st March 2023	31 st March 2022
Kanoria Africa Textiles PLC	Subsidiary	Ethiopia	100.00%	100.00%
APAG Holding AG	Subsidiary	Switzerland	80.00%	80.00%

For the purpose of consolidation, the consolidated financial statements of APAG Holding AG reflecting consolidation of following entities as at the Balance Sheet date 31st March, 2023 prepared in accordance with Swiss Standard on the Limited Review (PS 910) have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			31 st March 2023	31 st March 2022
APAG Elektronik AG	Subsidiary	Switzerland	100%	100%
APAG Elektronik s.r.o.	Subsidiary	Czech Republic	100%	100%
CoSyst Control Systems GmbH	Subsidiary	Germany	100%	100%
APAG Elektronik LLC	Subsidiary	US	100%	100%
APAG Elektronik Corp.	Subsidiary of APAG Elektronik AG	Canada	100%	100%

39: Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries.

Name of the Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	2022-2023		2022-2023		2022-2023		2022-2023	
	As % of consolidated net assets	Amount Rs. in millions	As % of consolidated profit or loss	Amount Rs. in millions	As % of consolidated other Comprehensive Income	Amount Rs. in millions	As % of Total Comprehensive Income	Amount Rs. in millions
Parent Kanoria Chemicals & Industries Limited	57.04%	3,462.70	-2.73%	3.52	-0.62%	1.09	9.84%	4.61
Subsidiaries								
Foreign								
Kanoria Africa Textiles PLC	27.89%	1,693.24	-41.98%	54.08	-97.32%	170.94	480.37%	225.02
APAG Holding AG (Consolidated)	14.79%	898.27	112.76%	(145.26)	-1.65%	2.91	-303.89%	(142.35)
Non-Controlling interest in all subsidiaries	0.28%	16.93	31.95%	(41.17)	-0.41%	0.73	-86.33%	(40.44)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)

Name of the Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	2021-2022		2021-2022		2021-2022		2021-2022	
	As % of consolidated net assets	Amount Rs. in millions	As % of consolidated profit or loss	Amount Rs. in millions	As % of consolidated other Comprehensive Income	Amount Rs. in millions	As % of Total Comprehensive Income	Amount Rs. in millions
Parent Kanoria Chemicals & Industries Limited	64.25%	3,867.62	885.43%	197.76	-100.00%	0.78	858.97%	198.54
Subsidiaries								
Foreign Kanoria Africa Textiles PLC	25.20%	1,516.79	171.05%	38.20	-	-	165.28%	38.20
APAG Holding AG (Consolidated)	9.95%	598.78	-750.84%	(167.70)	-	-	-725.54%	(167.70)
Non-Controlling interest in all subsidiaries	0.60%	36.30	-205.64%	(45.93)	-	-	-198.71%	(45.93)

40: Category-wise classification of Financial Instruments

	Refer Note	Non-Current		Current	
		31 st March 2023	31 st March 2022	31 st March 2023	31 st March 2022
Financial Assets					
Measured at amortised cost					
Trade Receivables	11	-	-	1,957.02	1,732.24
Cash and cash equivalents	12A	-	-	188.58	188.77
Other Bank balances	12B	-	-	24.79	60.33
Loans	7	0.67	1.53	3.86	2.69
Other Financial Assets	8	33.58	30.83	29.73	18.03
Measured at fair value through profit or loss					
Investments	6A&B	84.53	135.79	65.09	70.02
Measured at fair value through other comprehensive income					
Investments	6A	17.97	17.42	-	-
Total Financial Assets		136.75	185.57	2,269.07	2,072.08
Financial Liabilities					
Measured at amortised cost					
Borrowings	17	3,199.74	3,429.86	1,876.30	1,294.37
Lease Liability	18	21.32	20.98	2.55	2.49
Trade Payables	22	-	-	2,306.20	2,096.44
Other Financial Liabilities	19	37.98	33.98	532.28	389.87
Total Financial Liabilities		3,259.04	3,484.82	4,717.33	3,783.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41: Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Group's financial assets and liabilities:

(Rs. in million)

Financial assets/financial liabilities	Fair value hierarchy as at 31 st March 2023			Fair value hierarchy as at 31 st March 2022		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss						
Unquoted Alternate Investment funds	-	149.62	-	-	205.81	-
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	9.61	-	-	9.06	-	-
Unquoted Equity Shares	-	-	8.36	-	-	8.36

Financial Instruments 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 value since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

42: Financial Risk Management - Objectives and Policies

The Group's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances, loans and other financial assets.

The Group is exposed to market risk and credit risk. The Group has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Group. The Risk management committee provides assurance to the Group's management that the Group's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) 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 two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency 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. The Group monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures. The Group enters into forward exchange contracts against its foreign currency exposure relating to recognised underlying liabilities and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)

Particulars	31 st March 2023						31 st March 2022					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	JPY	INR
Foreign Currency Receivable/ (Payable) (Net)	4.17	338.24	6.46	576.40	(9.78)	(6.05)	0.00	(0.76)	5.46	459.48	(9.85)	(6.16)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		16.91		28.82		(0.30)		(0.04)		22.97		(0.31)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(16.91)		(28.82)		0.30		0.04		(22.97)		0.31

Total hedged foreign currency payable (net)- NIL (Previous year - NIL).

(b) Commodity price risks

The Group is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Group monitors price and demand/supply situation on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures.

Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

Particulars	31 st March 2023		31 st March 2022	
Consumption of Methanol	3,648.92		3,552.66	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	(182.45)	182.45	(177.63)	177.63

(c) Equity price risks

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Group's management on a regular basis.

Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares, quoted and unquoted equity mutual funds, unquoted alternative investment funds and unquoted equity funds.

Particulars	31 st March 2023		31 st March 2022	
Investment	167.59		223.23	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	8.38	(8.38)	11.16	(11.16)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyse the financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

(Rs. in million)

	Less than 1 year	1 to 5 years	Over 5 years	Total	Carrying value
As at 31st March, 2023					
Borrowings (refer note 17)	1,876.30	2,018.61	1,171.97	5,066.88	5,076.04
Trade payable (refer note 22)	2,306.20	-	-	2,306.20	2,306.20
Lease Liability (refer note 18)	2.55	10.19	61.14	73.88	23.87
Other financial liabilities (refer note 19)	526.24	-	-	526.24	526.24
As at 31st March, 2022					
Borrowings (refer note 17)	1,294.37	2,024.11	1,440.31	4,758.79	4,724.23
Trade payable (refer note 22)	2,096.44	-	-	2,096.44	2,096.44
Lease Liability (refer note 18)	2.49	9.96	62.24	74.69	23.47
Other financial liabilities (refer note 19)	384.14	-	-	384.14	384.14

43: Capital Management

The Group's objective when managing capital (defined as net debt and equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Group. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44: Related Party Disclosures

(I) List of related parties and relatives with whom transactions have taken place:

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Mr. R. V. Kanoria - Chairman & Managing Director	Key Management Personnel (KMP)
3. Mr. S. V. Kanoria - Whole Time Director	
4. Mr. Amitav Kothari - Director	
5. Mr. H.K. Khaitan - Director	
6. Mr. Ravinder Nath - Director (ceased Directorship on 04.09.2022)	
7. Mr. G. Parthasarathy - Director (ceased Directorship on 04.09.2022)	
8. Mr. Sidharth K. Birla - Director	
9. Mr. A. Vellayan - Director	
10. Mrs. M. Kanoria - Director	
11. Mrs. Suhana Murshed - Director	
12. Mr. A. V. Kanoria	
13. Mrs. V. Kanoria	
14. KPL International Limited	Enterprise over which KMP exercises significant influence
15. Kirtivardhan Finvest Services Limited	
16. R V Investment & Dealers Limited	
17. Ludlow Jute & Specialities Limited	
18. Fytomax Nutrition Pvt Ltd	
19. Kanoria Employees' Provident Fund Trust	Post Employment Benefit Plan entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. in million)

Nature of Transaction	2022-2023				2021-2022			
	Holding Company	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding Company	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Dividend Paid								
Vardhan Limited	26.19	-	-	-	-	-	-	-
R V Investment & Dealers Limited	-	-	3.21	-	-	-	-	-
Kirtivardhan Finvest Services Limited	-	-	1.15	-	-	-	-	-
Mr. R. V. Kanoria	-	0.46	-	-	-	-	-	-
Mr. S. V. Kanoria	-	0.56	-	-	-	-	-	-
Mr. A. Vellayan	-	0.02	-	-	-	-	-	-
Mrs. M. Kanoria	-	0.50	-	-	-	-	-	-
Mr. A. V. Kanoria	-	0.43	-	-	-	-	-	-
Directors' Fees								
Mr. Amitav Kothari	-	0.22	-	-	-	0.36	-	-
Mr. H.K. Khaitan	-	0.39	-	-	-	0.42	-	-
Mr. Ravinder Nath	-	0.14	-	-	-	0.27	-	-
Mr. G. Parthasarathy	-	0.14	-	-	-	0.29	-	-
Mr. Sidharth K Birla	-	0.32	-	-	-	0.35	-	-
Mr. A. Vellayan	-	0.24	-	-	-	0.25	-	-
Mrs. M. Kanoria	-	0.21	-	-	-	0.26	-	-
Mrs. Suhana Murshed	-	0.20	-	-	-	0.15	-	-
Remuneration								
Mr. R. V. Kanoria	-	0.57	-	-	-	-	-	-
Mr. S. V. Kanoria	-	17.70	-	-	-	18.39	-	-
Mr. A. V. Kanoria	-	21.78	-	-	-	34.96	-	-
Borrowings								
Vardhan Limited	125.00	-	-	-	-	-	-	-
Interest Expenses for the year								
Vardhan Limited	3.39	-	-	-	-	-	-	-
Purchases of Raw Material								
KPL International Limited	-	-	106.13	-	-	-	-	-
Purchases of PPE								
KPL International Limited	-	-	15.92	-	-	-	52.54	-
Purchases of Spare Parts								
KPL International Limited	-	-	12.67	-	-	-	4.18	-
Commission Paid								
KPL International Limited	-	-	0.63	-	-	-	0.86	-
Rent received								
KPL International Limited	-	-	1.02	-	-	-	1.02	-
Goods Sold								
Ludlow Jute & Specialities Limited	-	-	0.30	-	-	-	-	-
Rent received								
Fytomax Nutrition Pvt Ltd	-	-	0.05	-	-	-	0.04	-
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	-	-	-	4.39	-	-	-	3.61
Balances as at 31st March								
Remuneration Payable								
Mr. R. V. Kanoria	-	0.13	-	-	-	-	-	-
Mr. S. V. Kanoria	-	0.14	-	-	-	3.66	-	-
Borrowings								
Vardhan Limited	125.00	-	-	-	-	-	-	-
Creditor								
KPL International Limited	-	-	85.05	-	-	-	51.04	-
Rent Receivable								
Fytomax Nutrition Pvt Ltd	-	-	0.00	-	-	-	0.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45: The Company does not have any transactions with companies which are struck off except the following:

Name of the Company	Nature of transaction	As at 31 st March 2023 (Amount in Rs.)	As at 31 st March 2022 (Amount in Rs.)	Relationship with the struck off company
Nilgiri Investment Co. Pvt. Ltd.	Shares held by struck off company	3,390.00	3,390.00	Shareholder

46: None of the Loans or Advances in the nature of loans as at 31st March, 2023 and as at 31st March, 2022 are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are: (a) repayable on demand or (b) without specifying any terms or period of repayment.

47: The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

48: No proceedings have been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

49: The group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017.

50: The group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

51: The group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

52: The group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year ended 31st March, 2023 and 31st March, 2022 in the tax assessments under the Income Tax Act, 1961.

53: The group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

54: The group has not been declared wilful defaulter by any bank or financial Institution or other lender.

55: Figures for the previous year have been regrouped/rearranged, wherever found necessary.

Signature to Note 1 to 55

As per our report of even date annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 053518

Place: Kolkata
Date: 26th May, 2023

For and on behalf of the Board

SIDHARTH K. BIRLA Director (DIN:00004213)	R. V. KANORIA Managing Director (DIN:00003792)
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N. K. NOLKHA Group Chief Financial Officer	NEHA SARAF Company Secretary (ACS: 27024)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM AOC-1: Statement containing Salient Features of Financial Statements of Subsidiary/Associates/Joint Ventures for the year ended 31st March, 2023, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

PART "A" : Subsidiaries

(Rs. in million)

Name of Subsidiaries	Kanoria Africa Textiles Plc	APAG Holding AG (Consolidated)
Country of incorporation	Ethiopia	Switzerland
The Date since when subsidiary was acquired	23.07.2012	02.05.2012
Principal Business Activities	Textile	Electronic Automotive
Reporting Currency	USD	CHF
Exchange Rate as on 31.3.2023	Rs. 82.1128	Rs. 89.9309
(a) Equity Share Capital	2,218.69	36.87
(b) Other Equity	(1,098.12)	222.05
(c) Total Assets	3,787.10	4,898.88
(d) Total Liabilities	2,666.53	4,639.96
(e) Turnover	1,782.32	7,249.90
(f) Profit before Taxation	17.72	(229.07)
(g) Provision for Taxation	-	(23.25)
(h) Profit after Taxation	17.72	(205.82)
(i) Other comprehensive income for the year (net of tax)	-	-
(j) Total comprehensive income for the year	17.72	(205.82)
(k) Proposed Dividend	-	-
(l) % of Shareholding	100.00%	80.00%

PART "B" : Associates/Joint Ventures - Not Applicable

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

NEHA SARAF
Company Secretary
(ACS: 27024)

Place: Kolkata
Date: 26th May, 2023



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& Industries Limited

Registered Office

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