



FAIRCHEM ORGANICS LIMITED

Regd. Office 253/P & 312, Village Chekhala, Sanand - Kadi Highway,
& Works : Taluka SANAND, District: Ahmedabad - 382 115, GUJARAT, INDIA.
Phone (Board Nos.) : (02717) 687900, 687901, +91 90163 24095
E-mail : cs@fairchem.in
CIN : L24200GJ2019PLC129759 Website : www.fairchem.in

Date : July 14, 2022

To,
BSE Limited,
Corporate Relations Department,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 40001.

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai 400051.

Our selves: BSE Scrip Code: 543252 / NSE Symbol: FAIRCHEMOR

Ref: Regulation 34 of SEBI (LODR) Regulations, 2015

Dear Sirs,

Sub. : Submission of 3rd Annual Report for the F. Y. 2021-22:

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we herewith submit the 3rd Annual Report of the Company for the financial year 2021-22 along with the Notice convening the 3rd Annual General Meeting of the members of the Company, scheduled to be held on Tuesday, August 9, 2022 at 4.30 P. M. through video conference ("VC" / Other Audio Visual Means ("OVAM")). The annual report, among others, contain all statements, reports etc. as mandated under Regulation 34 (2) and 34 (3).

The 3rd Annual Report of the financial year 2021-22 is being mailed simultaneously to the shareholders of the Company.

Copy of notice convening 3rd Annual General Meeting and 3rd Annual Report of the Company are also available on the Website of the Company at <https://www.fairchem.in/investor-relations-fol.html>.

We request you to take the above on your record.

For Fairchem Organics Limited,


(Rajen Jhaveri)
Chief Financial Officer and Company Secretary

Encl: As above.



FAIRCHEM

A FAIRFAX COMPANY



3rd Annual Report 2021-22

FAIRCHEM ORGANICS LIMITED

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3rd Annual Report

Board of Directors:	Mr. Nahoosh Jariwala Mr. Utkarsh B. Shah Mr. Sumit Maheshwari Mr. Venkatraman Srinivasan Mr. Darius Pandole Ms. Sonal Ambani Mr. Sudhin Choksey	Chairman & Managing Director Chairman - Promoter Non-Executive Director (upto February 11, 2022) Nominee Director Independent Director Independent Director Independent Director Independent Director (Appointed w.e.f. February 11, 2022)
Chief Financial Officer & Company Secretary:	Mr. Rajen Jhaveri	
Auditors :	M/s. B S R & Co. LLP, Chartered Accountants, Ahmedabad.	
Bankers :	HDFC Bank Limited	
Registered Office : & Works	253/P & 312, Village Chekhala, Sanand-Kadi Highway, Taluka Sanand, District Ahmedabad - 382115, Gujarat, India. Phone : 02717-687900/687901	
E-Mail Id :	cs@fairchem.in	
CIN :	L24200GJ2019PLC129759	
Website :	www.fairchem.in	

NOTICE

NOTICE is hereby given that the Third Annual General Meeting of the Members of **FAIRCHEM ORGANICS LIMITED** will be held through video conferencing (VC) /other Audio visual means (OAVM) on **Tuesday, August 09, 2022 at 04.30 p.m.** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on March 31, 2022 along with the Directors' Report and Auditors' Report thereon.
2. To declare Final Dividend of Rs. 13.00 (130%) per Equity Share for the financial year ended March 31, 2022.
3. To re-appoint Shri Sumit Maheshwari (DIN 06920646), who retires by rotation and being eligible, offers himself for re- appointment.

SPECIAL BUSINESS:

4. **To ratify remuneration of Cost Auditors for the Financial year ending March 31, 2023.**

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

"**RESOLVED THAT** pursuant to the provisions of Sections 148 and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force), the remuneration payable to M/s. Rajendra Patel and Associates, Cost Accountants, Ahmedabad, (Firm Registration Number: 101163) appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of cost records of the company for the financial year ending 31st March, 2023 amounting to Rs. 75,000 (Rupees Seventy Five Thousands) plus applicable tax 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:

253/P & 312 Village Chekhala,
Sanand Kadi Highway, Tal. Sanand
Dist Ahmedabad-382115, Gujarat
CIN: L24200GJ2019PLC129759

By Order of the Board

For FAIRCHEM ORGANICS LIMITED

Rajen Jhaveri

**Chief Financial Officer &
Company Secretary**

ACS No.: 6615

Date : May 17, 2022

NOTES :

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its Circular Nos.14/ 2020, 17/2020, 20/2020, 22/2020 and 02/2022 dated 08 April, 2020, 13 April, 2020, 05 May, 2020 June 15, 2020 and May 05, 2022 respectively and General Circular No.02/2021 dated 13 January, 2021 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/ 2020/79 dated 12 May, 2020 and circular dated 15 January, 2021, Securities and Exchange Board of India (SEBI)

vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (“SEBI Circular”) permitted the holding of Annual General Meeting through Video Conference (“VC”)/Other Audio Visual Means (“OAVM”) without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 (“the Act”), the Annual General Meeting of the Members of the Company is being held through VC/OAVM, which does not require physical presence of members at a common venue. The deemed venue for this AGM shall be the Registered Office of the Company.

2. Since this AGM is being held pursuant to the MCA/SEBI 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 Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
3. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a certified true scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Company at cs@fairchem.in. Institutional investors are encouraged to attend and vote at the meeting through VC.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.
5. The Company has fixed Friday, July 29, 2022 as the “Record Date” for determining entitlement of Members to final dividend for the financial year ended March 31, 2022, if approved at the AGM.
6. Registration of email ID:

In case the shareholder’s email ID is already registered with the Company/its Registrar & Share Transfer Agent “RTA”/ Depositories, log in details for e-voting are being sent on the respective registered email address.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories, the following instructions to be followed:

- (i) Kindly log in to the website of our RTA, Link Intime India Private Limited (“LI IPL”), www.linkintime.co.in under Investor Services > Email/ Registration-fill in the details and upload the required documents and submit.

OR

- (ii) In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant (“DP”) and register the email address in the demat account as per the process followed and advised by the DP.

7. The Notice of the Annual General Meeting along with the Annual Report for the period ended on March 31, 2022 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories/ RTA in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated January 13, 2021 and May 13, 2022. Members may note that the Notice of 3rd Annual General Meeting and Annual Report for the period ended on March 31, 2022 will also be available on the Company’s website at www.fairchem.in and on the website of CDSL at www.evotingindia.com. Members are requested to download the Annual Report and Notice of the AGM from the website of the Company and the Exchanges. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
8. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Act.
9. VOTING THROUGH ELECTRONIC MEANS
 - In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) 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 the members with the facility to exercise their right to vote at the 3rd Annual General Meeting by electronic means and the business may be transacted electronically through the facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) as provided by LIPL.

- The facility for electronic voting system shall also be made available at the 3rd Annual General Meeting. The Members who have not cast their votes through remote e-voting shall be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

10. Instructions for Members to attend the Annual General Meeting through Insta Meet (VC/OAVM) are as under:

- a) Members are entitled to attend the Annual General Meeting through VC/OAVM platform “Insta Meet” provided by the Registrar and Transfer Agent, LIPL by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.

Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Members holding more than 2% equity shares, Promoters, Institutional Investors, Directors, KMPs, Chairperson of Audit and Risk Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come first serve basis. Members can log in and join at 04:00 P.M. IST i.e. 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (Fifteen) minutes after the schedule time. Participation is restricted upto 1000 members only.

- b) The details of the process to register and attend the AGM are as under:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>. Select the “Company” and ‘Event Date’ and register with your following details: -

A. Demat Account No. or Folio No.: Enter your 16 digit Demat Account No. or Folio No:

- Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
- Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
- Members holding shares in physical form shall provide Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your Email ID, as recorded with your DP/Company.

- Click “Go to Meeting” (You are now registered for Insta Meet and your attendance is marked for the meeting).

- c) Instructions for Members to Speak during the Annual General Meeting through Insta Meet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Members will get confirmation on first come first basis.

3. Members will receive “speaking serial number” once they mark attendance for the meeting.
 4. Other Members may ask questions to the panelist, via active chat-board during the meeting.
 5. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.
 6. Members are requested to speak only when moderator of the meeting/management will announce the name and serial number for speaking.
- d) Instructions for Members to Vote during the Annual General Meeting through Insta Meet:
- Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, members who have not exercised their vote through the remote e- voting can cast the vote as under:
1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
 2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered Email ID) received during registration for Insta Meet and click on ‘Submit’.
 3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
 4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
 5. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
 6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- e) Members, who will be present in the Annual General Meeting through Insta Meet 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 facility during the meeting. Members who have voted through remote e-voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through Insta Meet. However, they will not be eligible to vote again during the meeting.
- f) Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience.
- g) Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.
- h) Please note that Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- i) For a smooth experience of viewing the AGM proceedings on Insta Meet, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application.
- j) In case shareholders/members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

REMOTE E-VOTING INSTRUCTIONS FOR SHAREHOLDERS POST CHANGE IN THE LOGIN MECHANISM FOR INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT MODE, PURSUANT TO SEBI CIRCULAR DATED DECEMBER 09, 2020:

Pursuant to SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post 9th June, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility. Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ul style="list-style-type: none"> • If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e- Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e- Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	<ul style="list-style-type: none"> • Existing user of who have opted for 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, KARVY, LINKINTIME, CDSL. Click on e-Voting service provider name to cast your vote. • If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/Easi Registration • 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 where the E Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) & login through their depository participants	<ul style="list-style-type: none"> • 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 company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	<ol style="list-style-type: none"> 1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in <ul style="list-style-type: none"> • Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: - <ol style="list-style-type: none"> A. User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company. B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. <ul style="list-style-type: none"> • Shareholders/ members holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above • Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter). • Click “confirm” (Your password is now generated). 2. Click on ‘Login’ under ‘SHARE HOLDER’ tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’. 4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon. 5. E-voting page will appear. 6. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link). 7. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.
<p>Institutional shareholders:</p> <p>Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at https://instavote.linkintime.co.in and register themselves as ‘Custodian / Mutual Fund / Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of</p>	

attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

- Click on 'Login' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on '**Submit**'.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
 - It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
 - During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

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 toll free no.: 1800 1020 990 and 1800 22 44 30
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 22-23058542-43.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

11. Brief profile of Shri Sumit Maheshwari, Director, Who is retiring by rotation and who offered himself for reappointment, is enclosed as annexure 1 to this notice pursuant to requirement of Regulation 36 (2) of the Listing Regulations and Secretarial Standard (SS-2) issued by The Institute of Company Secretaries of India.

12. The relevant Explanatory Statement pursuant to the provisions of Section 102 of the Act in respect of Resolution(s) set out in this Notice is appended hereinafter.
13. All the documents referred to in the Notice will be available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. August 09, 2022. Members seeking to inspect such documents can send an email to cs@fairchem.in.
14. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act and any other documents required by the Act and any other law, will be made available electronically for inspection by Members of the Company at the meeting.
15. Since the AGM will be held through VC/OAVM, the Route Map to reach to the venue of the 3rd Annual General Meeting has not been annexed to this Notice.
16. Members seeking any further clarification/information relating to the Annual Financial Statements are requested to write at the Registered & Works Office of the Company on or before August 4, 2022 to enable the management to keep the information ready at the Meeting.
17. Members are requested to register their e-mail address(es) and changes in their particulars like change in address from time to time with LIPL, Registrar and Transfer Agent for shares held in physical form and with the respective Depository Participants for the shares held in dematerialized form.
18. In accordance with the proviso to Regulation 40(1) of the Listing Regulations, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions .
19. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The members will be able to view the proceedings on the InstaMeet platform provided by Link Intime India private limited. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
20. The Dividend on Equity shares, if declared at Annual General Meeting, payment of such dividend will be made to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on close of business hours of July 29,2022.
21. Pursuant to the provisions of Section 125 of the Companies Act, 2013 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company, is required to be transferred to the Investor Education and Protection Fund, set up by the Government of India.

Kindly note that once unclaimed and unpaid dividends are transferred to the Investor Education and Protection Fund, Members will have to approach to IEPF for such dividend.
22. Members holding shares in Electronic form are requested to intimate any changes in their registered address, name, PAN details, etc. to their Depository Participant (DP) with whom they are maintaining their demat account. Members holding shares in physical form are requested to intimate any such change to the Company or its RTA (M/s. Link Intime India Pvt. Ltd.) in form ISR-1. The form can be downloaded from the website of the company www.fairchem.in-investor relations-fairchem organics limited-investor forms.

23. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company / its Registrar & Share Transfer Agent "RTA"/ Depositories, the log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and have not updated the Bank Account mandate for receipt of dividend, the following instructions are to be followed:

The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

24. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the documents mentioned in (a) or (b) in accordance with the provisions of the IT Act. For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows

- Members having valid PAN- 10% or as notified by the Government of India
 - Members not having PAN / valid PAN- 20% or as notified by the Government of India
- (a) However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during Financial Year 2022-23 does not exceed Rs. 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax. Registered members may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above.
- (b) For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the member, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA, non-resident shareholders will have to provide the following : Copy of the PAN card allotted by the Indian Income Tax authorities duly attested by the member Copy of Tax Residency Certificate (TRC) for the FY 2021-22 obtained from the revenue authorities of the country of tax residence, duly attested by member Self declaration in Form 10F Self-declaration by the shareholder of having no permanent establishment in India in accordance with the applicable tax treaty Self-declaration of beneficial ownership by the non-resident shareholder Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by member.

In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess). The aforementioned documents are required to be submitted at cs@fairchem.in by the shareholders on or before the record date i.e. July 29, 2022.

General Guidelines for shareholders:

1. In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices@linkintime.co.in or Call at :- Tel : 022 - 49186000.

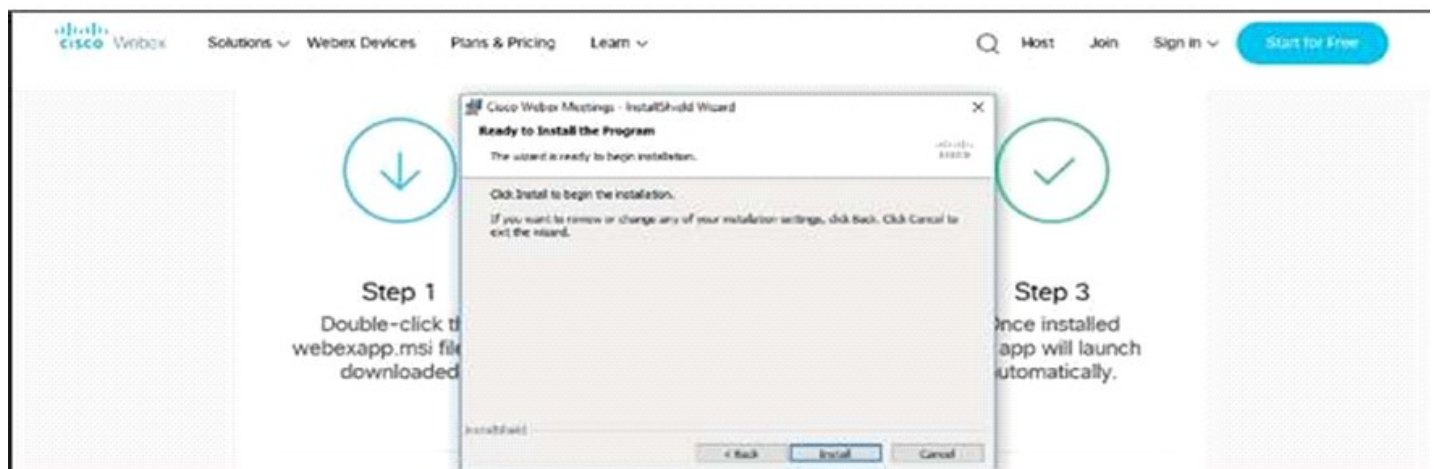
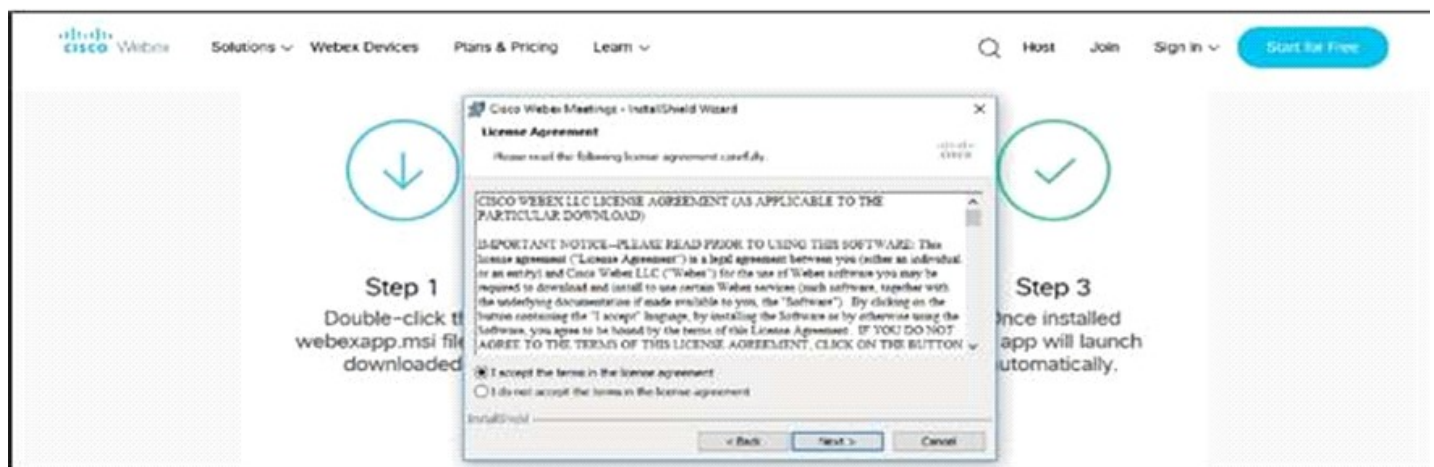
2. The remote e-voting period will commence at **9:00 a.m. (IST) on Tuesday, August 02, 2022 and will end at 5:00 p.m. (IST) on Monday, August 08, 2022**. During this period members of the Company, holding shares in dematerialized form, as on the **cut-off date i.e. Friday, July 29, 2022** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIPL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
3. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. **Friday, July 29, 2022**. The person who is not a member as on the cutoff date should treat this Notice for information purpose only.
4. Any person, who acquire shares of the Company and become member of the Company after dispatch of the Notice of the AGM and holding shares as of the cut-off date i.e. **Friday, July 29, 2022**, may obtain the user ID and password by sending a request to RTA. However, if you are already registered with LIPL for remote e-voting, then you can use your existing user ID and password for casting your vote.
5. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as evoting at the AGM.
6. The Company has appointed Mr. Uday Dave, Practicing Company Secretary (Membership no. FCS 6545) Partner of M/s. Parikh Dave & Associates, Company Secretaries, Ahmedabad, as the Scrutinizer to scrutinize the remote e-voting process and evoting at the Annual General Meeting in a fair and transparent manner.
7. The Chairman shall, at the AGM, at the discussion on the resolutions on which voting is to be held, allow voting to be cast by use of evoting facility 'InstaMeet' of LIPL for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
8. The Scrutinizer shall after the conclusion of voting at the AGM, will first download the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, not later than 48 (forty eight) hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
9. The Results of the AGM shall be declared by the Chairman or person authorized or anyone of the director of the Company after the AGM within the prescribed time limits. The resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
10. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.fairchem.in and on the website of LIPL.

Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: Insta Meet

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. Insta Meet, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>

a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>



or

- b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1	Enter your First Name, Last Name and Email ID and click on Join Now.
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or <u>Run a temporary application</u> . Click on <u>Run a temporary application</u> , an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now

Registered Office:

253/P & 312 Village Chekhala,
Sanand Kadi Highway, Tal. Sanand
Dist Ahmedabad-382115, Gujarat
CIN: L24200GJ2019PLC129759

By Order of the Board
For FAIRCHEM ORGANICS LIMITED

Rajen Jhaveri
Chief Financial Officer &
Company Secretary
ACS No.: 6615

Date : May 17, 2022

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

Item No. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records maintained by the Company for the products covered under Chapters 2917 and 3823 and any other Chapters which may become applicable of Sr. No. 18 of table mentioned under Rule 3 (B) - Non-regulated Sectors for the financial year ending 31st March, 2023. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2023. The Board recommends the passing of Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

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

DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO LISTING REGULATIONS)

Name of Director	Shri Sumit Maheshwari - Nominee Director- Non-Executive
DIN	06920646
Date of Birth	November 27, 1982
Age	39 Years
Date of First Appointment on Board	August 26, 2020
Qualifications	He is a Chartered Accountant and M.B.A.
Brief Resume and nature of expertise in functional areas	He is a Chartered Accountant and M.B.A. from I.S.B., a very well-known business institute. He is a financial expert and is a great analyst and decision maker from PE's view point.
Relationship between Directors and KMP	No relationship as defined under the Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Public Listed Companies as on March 31, 2022	Thomas Cook (India) Limited CSB Bank Limited
Membership / Chairmanship of Committees in other Public Listed Companies as on March 31, 2022	Thomas Cook (India) Limited CSB Bank Limited
Details of shares held in the Company	NIL
Resignation from listed Company(ies) during last 3 years	Privi Speciality Chemicals Limited (Formerly known as Fairchem Speciality Limited) w.e.f April 29, 2021.
Terms and conditions of Appointment/Re-appointment	Liable to Retirement by rotation, Eligible for re-appointment
Details of Remuneration last drawn	NIL
No. of Board Meetings attended during Financial Year 2021-2022	6 (Six)

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CIN: L24200GJ2019PLC129759

By Order of the Board
For FAIRCHEM ORGANICS LIMITED

Rajen Jhaveri
Chief Financial Officer &
Company Secretary
ACS No.: 6615

Date : May 17, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

OLEO CHEMICALS AND NUTRACEUTICALS :

The Industry Structure And Developments:

OLEO CHEMICALS :

Oleo Chemicals are preferred since they are produced from biological fats or oils i.e. natural sources. The demand for biodegradable chemicals is supporting oleo chemicals market. Fatty Acids, methyl esters and fatty alcohols are major oleo chemicals manufactured in India. The Company is mainly in the business of Fatty Acids which is one of the largest segments in Oleo Chemicals. Dimer Acid, Linoleic Acid / Soya Fatty Acid, other Distilled Fatty Acids are the main products of the Company in Oleo Chemical segment.

Prime Products :

(a) Dimer Acid : No organized data pertaining to demand / consumption of Dimer Acid in India is available. However, since the Company is in the business of this product now for nearly two decades, it is largely aware of the industrial users of the same. The company also tracks the import data from China as Chinese suppliers are the main competitors for the Company. Based on Company's analysis, the Company continues to maintain its leadership position in Indian market by virtue of its pricing strategy, timely service, quick supply and fair terms of payment and quality product. Dimer Acid is a prime product of the Company which is made by processing blend of different raw materials. Over a period of last more than a year, the Company has internally developed a process which gives it optimum yield from processing of such blend. During the last quarter of F.Y. 2021-22, the company was able to push the sale of Dimer Acid and hopes to maintain the momentum in coming quarters.

Dimer Acid is used for making two kinds of polyamides i.e. Non-reactive and Reactive. Non-reactive polyamides are used by manufacturers of printing inks, adhesives, paper coatings etc.. Rising demand from industries such as printing inks, adhesives and paper coatings may drive global dimer acid market size for non-reactive polyamide resins. The demand for Reactive polyamide resins application will be driven by increasing surface coatings & adhesives demand in marine and construction.

(b) Linoleic Acid / Soya Fatty Acid :

About 3 years back, the Company had worked on improvement in quality of this product and as a result was able to push the sales of said product. The end use of both - Linoleic Acid and Soya Fatty Acid - is same i.e. for making Alkyd Resins which in turn is used in making paints.

These two prime products contributed more than 70% in terms of value of sales.

INTERMEDIATE NUTRACEUTICALS :

The word Nutraceutical is derived from two words viz. 'Nutrition' and 'Pharmaceutical'. When used in food, it provides health and nutrition benefits in addition to basic nutrition value present in food items. The consumers are now more health conscious and better informed about such nutritional products. The Company is mainly in the business of (natural) Tocopherols and Sterols – intermediate nutraceuticals and they are exclusively exported. Tocopherols have anti-oxidant properties. Tocopherols, after they are further concentrated by customers, are then used in (a) Pet Food, (b) food as it prevents rancidity. Tocopherols when converted into Natural Vitamin-E finds the application in Pharmaceutical, cosmetic etc. Sterols after they are further concentrated, finds its use in making of Cortico Steroids and as food additive.

Due to unremunerative prices of the product exported by the Company, being intermediate in nature vis-à-vis price expectation of Indian suppliers of its specific raw material, the Company did limited business of this stream during the F.Y. 2021-22 also. The Company has decided to continue with this limited business for one more year and hopes to bounce back in this business from F.Y. 2023-24 onwards once its ongoing project of achieving higher concentration of tocopherols and as a result thereof obtain separate stream of sterols which can further be processed for getting highly concentrated sterols gets going by end of second quarter of F.Y. 2022-23 and trials at the plant level for optimum yields are completed.

Strengths, Opportunities and Threat:

The major strength in Oleo Chemical business is Company's ability to process by-products having no technical specifications and make higher grade fatty acids and intermediate nutraceuticals meeting stringent quality standards. In fatty acids, the Company enjoys leadership position in its area of business. Another advantage in favour of the Company is its strong customer and supplier relationship of more than 20 years.

Ideally, there is a place for one company in this business of Oleo Chemicals and Nutraceuticals in India due to limited availability of the main raw materials within India. The import of the said raw material with applicable basic import duty is not a very viable proposition at current prices of raw materials as well as prime finished product obtained therefrom.

HUMAN RESOURCE MANAGEMENT :

Out of all the resources, human capital is of immense importance which may decide overall growth of Oleo Chemicals business. Human capital has the inherent capacity of delivering more than 100 % unlike other resources. During the year, the industrial relations remain very cordial. As at March 31, 2022, the Company had 221 employees on the payroll of the Company.

OUTLOOK :

The outlook of Oleo Chemicals business appears to be promising. The Company is continuously working on process optimization and strives to explore the ways to beat the inflation and thereby maintain / reduce per unit processing cost. This is one area where the Company benefits without any corresponding loss to either its customer or supplier of raw material and so this benefit is permanent.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

There are adequate internal control systems for financial reporting. Internal audit has been done by a firm of Chartered Accountants. The Company is continuously exploring to strengthen its internal control either based on feedback of statutory / internal auditors or based on the need felt from day to day operations. With effect from December, 2018, entire finance dept. is shifted to the office at works and so now all the employees of the Company are at single location. This has its own advantages.

Computation of Ratio and significant changes therein				
No.	Ratios	F.Y. 2021-22	F.Y. 2020-21	Change (%)
1	Debtors Turnover Ratio	12.09	9.942	1.67%
2	Inventory Turnover Ratio	8.69	7.24	47.55%
3	Interest Coverage Ratio	14.31	9.15	56.45%
4	Current Ratio	2.04	1.93	5.50%
5	Debt Equity Ratio	0.27	0.34	-6.49%
6	Operating Profit Margin (%)	16.36%	17.39%	-5.91%
7	Net Profit Margin (%)	10.57%	10.73%	-1.31%
8	Return on Net Worth (%)	33.91%	28.44%	19.24%

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

The substantial rise in Inventory Turnover Ratio is mainly the result of healthy rise in sales partly aided by higher volume and partly by higher per unit realisation.

The significant rise in Interest Coverage Ratio is due to more than 60 % growth in profits of the company for F.Y. 2021-22 vs. previous F.Y. 2020-21.

DIRECTORS' REPORT

To

The Members,

Your Directors are indeed pleased to present the Third Annual Report along with Audited financial statements of the Company for the financial year ended March 31, 2022. These financial statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) as required under The Companies Act, 2013.

FINANCIAL RESULTS:

(Rupees in Lakhs, unless otherwise stated)

	For the year ended on 31-03-2022	For the year ended on 31-03-2021
(1) Total Income	64,354.60	39,685.16
(2) Profit before Interest, Depreciation and Tax	10,522.69	6,911.22
(3) Less : Interest	685.55	697.81
(4) Profit before Depreciation and Tax	9,837.14	6,213.41
(5) Less : Depreciation	713.10	657.33
(6) Profit before Tax for the year	9,124.04	5,556.08
(7) Less : Provision for Taxation		
(a) Current Tax	2,190.15	1,319.58
(b) Deferred tax	143.25	(11.97)
Sub-total	2,333.40	1,307.61
(8) Profit after Tax for the year	6,790.64	4,248.47
(9) Add : Other comprehensive income for the year / period, net of tax	6.60	(47.09)
(10) Total Comprehensive Income for the year / period	6,797.24	4,201.38
(11) Earnings per share (EPS) of Rs. 10/- each	Rs. 52.15	Rs. 32.63

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS:

During the year under review, the revenue from operations were Rs. 64,318.44 lakhs, showing a rise of more than 62 %. The Profit before tax stood at Rs. 9,124.04 lakhs, reflecting growth of 64 %. This performance needs to be evaluated considering the impact of second wave of Covid 19 during initial months of the year and the volatility in most commodity prices and in particular vegetable oil prices which has direct impact in our business. It also further needs to be evaluated considering the fact that the coal prices more than doubled during the year as is reflected under the Power and Fuel in the financial statements. This performance is the result of management's focus on manufacturing efficiency, yields of prime products and efficient inventory management in times of volatility.

CHANGE IN NATURE OF BUSINESS:

There is no change in the nature of business of the Company during the year.

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs. 13/- (i.e. 130%) per equity share for the financial year ended March 31, 2022, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. Dividend will be paid to those shareholders whose names appear in the Register of Members as on Book Closure / Record Date to be fixed by the Company.

The Company has formulated Dividend Distribution Policy in compliance with Regulation 43A of SEBI (LODR) Regulations, 2015. The Dividend Distribution policy is placed on the Website of the Company at <https://www.fairchem.in/investor-relations/Policies/Dividend-Distribution-Policy.pdf>

TRANSFER TO RESERVE:

Your Directors have decided not to transfer any amount to the Reserve for the year under review.

MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes and commitments which have occurred between the end of the financial year to which the financial statements relate and the date of this Report, affecting the financial position of the company.

CAPITAL STRUCTURE:

The Company has only one class of Equity Shares having equal voting rights. The present issued, subscribed and paid up share capital of the Company is Rs. 13,02,09,020/- divided into 1,30,20,902 Equity Shares of Rs. 10/- each fully paid up. There is no change in the Capital structure of the Company during the year.

IMPACT OF COVID-19 PANDEMIC:

COVID-19 Pandemic had continued health scare during initial months of F.Y. 2021-22 in few developed countries and in India also which again resulted in economic disruption. However, robust vaccination programme by Govt. of India, avoidance of complete lock down by most State Govts. in India during this second wave and various measures by Ministry of Finance and Reserve Bank of India for growth were able to sustain the economic activity to an extent.

MEETINGS OF THE BOARD:

During the Financial Year 2021-22, 6 (six) meetings of the Board of Directors took place at which sufficient quorum was present throughout all the meetings. In respect of these meetings, proper notices were given, and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. For further details, please refer Report on Corporate Governance.

PARTICULARS OF LOANS GUARANTEES AND INVESTMENTS:

The Company has not given any loan, made investment, given any guarantee or provided any security to the persons covered u/s. 186 of the Companies Act, 2013.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND BUSINESS RESPONSIBILITY REPORT:

A Report on the Corporate Governance along with a certificate from a practicing Company Secretary regarding the compliance of conditions of Corporate Governance as stipulated in Regulation 34(3) of SEBI (LODR) Regulations, 2015 read with Schedule V of the said regulations and the Management Discussion and Analysis Report are attached as a separate section of this Annual Report.

Pursuant to Regulation 34(2)(f) of the Listing Regulations as amended from time to time, the Business Responsibility Report ('BRR') and initiatives taken from an environmental, social and governance perspective in the prescribed format is attached as a separate section of this Annual Report.

AUDIT COMMITTEE:

The Audit Committee of the Company is duly constituted in compliance with Regulation 18 of SEBI (LODR) Regulations 2015. The Composition of Audit Committee and other relevant details of the Audit Committee are given in the Corporate Governance Report forming part of this Report.

DEPOSITS:

The Company has not accepted nor renewed any deposits falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

CREDIT RATING:

CARE Ratings Limited carried out annual review of credit facilities of HDFC Bank and vide its letter dated August 23, 2021, has assigned its rating as under:

1. For Long-term Bank facilities: CARE A+; (Single A Plus; Outlook Stable)
 2. For Long-term / Short – term Bank facilities: CARE A+; Stable / CARE A1+ (Single A Plus; Outlook: Stable / A One Plus.)
- The above reviewed ratings are one notch higher than what they were in preceding year.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

The Company was incorporated during 2019 and the Company has not completed period of seven years. Hence provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. This is only the third financial year of the Company. So these provisions are not applicable to the Company.

TECHNICAL ACHIEVEMENT:

The Company keeps on exploring the possibility of technical improvement and process optimization for better yields / product mix / energy efficiency.

DIRECTORS:

In accordance with the provisions of Section 152 of the Act, Shri Sumit Maheshwri (DIN 06920646) shall retire at the forthcoming Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

During the year, Shri Utkarsh Shah (Promoter category), Chairman of the Board of Directors of the Company, resigned from the Board on health ground which became effective from the conclusion of the Board Meeting of February 11, 2022.

Shri Utkarsh Shah, one of the Promoters of the Company, post his resignation as Director, has applied for reclassification of his status from ‘Promoter’ to ‘Public’ category of the Company pursuant to Regulation 31A of SEBI (LODR) Regulations, 2015. The Board of Directors approved his application in their Board Meeting held on 28.03.2022. The Company has then submitted the application to both the Stock Exchanges for reclassification of his status from ‘Promoter’ to ‘Public’ category of the Company. The approval from both the Stock Exchanges is awaited.

Shri Sudhin Choksey (DIN 00036085) was appointed as an Independent Director on the Board of the Company w. e. f. 11.02.2022 to ensure that the requirement of minimum 6 Directors on the Board is complied with. The appointment of Shri Sudhin Choksey was confirmed by the members of the Company, by way of Special Resolution, in their Extraordinary General Meeting held on 28.03.2022 in compliance with requirement of Regulation 17(1C) and Regulation 25(2A) of SEBI (LODR) Regulations, 2015.

DECLARATION OF INDEPENDENCE GIVEN BY INDEPENDENT DIRECTORS:

The Company has received declarations from all the 4 Independent Directors of the Company, inter alia, confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015 as amended, from Independent Directors confirming that they are not disqualified for continuing as an Independent Director.

Pursuant to provisions of Rule 8(5) of Companies (Accounts) Rules 2014, The Board is of the opinion that

- (i) Shri Sudhin Choksey appointed by the Board as an Independent Director during the year is exempted from appearing in the proficiency exam;
- (ii) he is experienced, has expertise and is a man of integrity.

COMPANY’S POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR ETC.:

Pursuant to the provisions of Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder and regulation 19 of SEBI (LODR) Regulation, 2015 the Board of Directors at their Meeting held on 12.08.2020 approved the Nomination and Remuneration Policy. The salient features of the said policy covering the policy on appointment and remuneration and other matters have been explained in the Corporate Governance Report.

Copy of Nomination and Remuneration Policy of the Company can be accessed from the website of the Company <https://www.fairchem.in/investor-relations/Policies/Nomination-&-Remuneration-Policy-FOL.pdf>.

BOARD EVALUATION:

Based on the criteria for evaluation of Independent Directors and the Board as recommended by the Nomination and Remuneration Committee and as adopted by the Board, Board carried out evaluation of its own performance and those of the individual Directors and the Committees. The evaluation of Independent Directors, as provided in Regulation 17 (10) of Listing Regulations, was done by the Board which included their performance and fulfilment of independence criteria as specified in Listing Regulations and their independence from the management.

The Independent Directors reviewed the performance of (1) Non-Independent Directors and Board as a whole and (2) the Chairman of the Company, taking into account the views of the Managing Director and Non-executive non-independent Director in their separate meeting held on 29.03.2022. They expressed their satisfaction with the performance of Non-Independent Directors and Board as a whole and also of the Chairman of the Board for the period for which he occupied the said chair.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013 and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

- (i) that in the preparation of the financial statements for the year ended March 31, 2022, the applicable accounting standards read with requirements set out under Schedule III of the Companies Act have been followed and there are no material departures from the same;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. March 31, 2022 and of the profit of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a 'Going Concern' basis;
- (v) that the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- (vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

LISTING:

The securities of the Company are listed with BSE Limited and National Stock Exchanges of India Limited with effect from December 24, 2020. SEBI (LODR) Regulations, 2015 became applicable to the company from the said date. The Company has paid the listing fees for F.Y. 2022-23 on the paid up equity share capital to both the Stock Exchanges.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All contracts / arrangements / transactions with related parties entered into by the Company during the financial year were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material as described under the Regulation 23(1) of SEBI (LODR) Regulations 2015.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. Copy of Policy on Related Party Transactions can be accessed from the website of the Company <https://www.fairchem.in/investor-relations/Policies/Related-Party-Transactions-Policy-FOL.pdf>

INTERNAL CONTROL AND ITS ADEQUACY:

The Company has adopted, commensurate with its size, single operational location and resultant requirement, Internal Control system. A well-known firm of Chartered Accountants carried out internal audit of the said system. Based on the recommendation / report of the said Internal Auditors which are presented to the Audit Committee, required corrective actions were initiated / taken by the Company.

INTERNAL FINANCIAL CONTROLS :

The Directors have laid down policies and procedures which are adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

FRAUD:

During the year, no fraud was reported by the statutory auditors under section 143(12) of the Act.

CORPORATE SOCIAL RESPONSIBILITY:

The Board had approved Corporate Social Responsibility Policy in its meeting held on 12.08.2020. The copy of Corporate Social Responsibility Policy is placed on the website of the Company at <https://www.fairchem.in/investor-relations/Policies/CSR-Policy-FOL.pdf>.

The Corporate Social Responsibility Committee of the Board is duly constituted in compliance with provisions of Section 135 of Companies Act 2013. The Committee comprises of

1. Shri Nahoosh Jariwala
2. Shri Sumit Maheshwari
3. Ms. Sonal Ambani

The other details of the CSR activities as required U/s. 135 of The Companies Act, 2013 are given in the CSR Report as Annexure A to Directors' Report.

PARTICULARS OF EMPLOYEES:

Details pertaining to remuneration as required under Section 197(12) of the Companies Act 2013 read with Rule 5(1) and 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are provided under Annexure B to this Directors' Report.

RISK MANAGEMENT POLICY:

The Company has put in place Risk Management Policy and Plan. The Company has identified (i) Business Risk (ii) Technological Risk (iii) Financial Risk (iv) Liquidity Risk (v) Exchange Rate Risk and (v) Country specific Risk which in the opinion of the Board may threaten the existence of the Company.

The team of top 3 officials of the Company under the supervision and guidance of the Managing Director monitor the above mentioned or any other unforeseen / unexpected risks and ensure the smooth and clinical implementation of mitigation measures as outlined in the Risk Management plan and / or as are in the best interest of the company under the circumstances.

STATUTORY AUDIT REPORT:

The auditors M/s. B S R & Co. LLP, Chartered Accountants LLP were appointed at the 1st Annual General Meeting held on December 31, 2020 for a term of five years, from the conclusion of first AGM till the conclusion of sixth AGM to be held in the year 2025. The Auditors' report during the year under review does not contain any qualification/ remarks nor any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

SECRETARIAL AUDIT REPORT:

As required by Section 204 of The Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Parikh Dave & Associates, Company Secretaries, Ahmedabad, a peer reviewed firm of Company Secretaries in Practice to conduct Secretarial Audit for the Financial Year

2021-22. The Report of the Secretarial Audit for the financial year ended on March 31, 2022 is enclosed as Annexure C to this Directors' Report.

The Secretarial Audit Report of the Company for the F.Y. 2021-22 is qualified with following observation

During the Audit period under review, the Company has complied with all the material aspects / provisions of the applicable Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above except for delay in one instance for disclosure under Regulation 7(2) (b) of SEBI (Prohibition of Insider Trading) Regulations, 2015 in respect of shares sold by one of the Promoter.

During the year review, the Company received a disclosure on May 03, 2021 under regulation 7(2)(b) of SEBI (Prohibition of Insider Trading) Regulations, 2015 in respect of shares sold by one of the Promoters. However, inadvertently the said disclosure was not submitted to the Stock Exchanges within the prescribed timeline. The Company submitted the disclosure to both the Stock Exchange on September 09, 2021. The Company will be more cautious in compliance.

CONFIRMATION OF COMPLIANCE OF SECRETARIAL STANDARDS:

During the year under review, the Company has complied with the applicable Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively, issued by The Institute of Company Secretaries of India (ICSI). The company confirms compliances of applicable secretarial standards.

MAINTENANCE OF COST RECORDS:

As per the Companies (Cost Records and Audit) Rules, 2014 as amended by Companies (Cost Records and Audit) Amendment Rules, 2014, issued by the Central Government, the Company is required to get its cost records maintained by it for the products covered under Chapters 2917 and 3823 of Sr. No. 18 of table mentioned under Rule 3 (B) – Non-regulated Sectors audited by a Cost Auditor.

As specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, the Company has maintained cost accounts and records.

COST AUDITOR:

The Company had appointed M/s. Rajendra Patel and Associates, as Cost Auditors for financial year 2021-22. The Board of Directors has approved their appointment as Cost Auditor for F.Y. 2022-23 also and has recommended remuneration of Rs. 75,000/- plus applicable tax. The necessary resolution for ratification of their remuneration by members has been put in the notice convening the 3rd Annual General Meeting.

VIGIL MECHANISM:

As required under Companies Act and SEBI (LODR) Regulations, the Company has put in place Vigil Mechanism / Whistle Blower Policy for Directors and Employees so that the Directors and employees can report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct Policy and SEBI Insider Trading Regulations. Whistle Blower Policy is disclosed on the website: <http://fairchem.in/investor-relations/Policies/Whistle-Blower-Policy.pdf>

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE:

Company has constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Act). There is no female employee on the payroll of the Company itself. The Company, therefore, has appointed a woman employee under the contract as the Presiding Officer to comply with the requirement of the Act.

Company has framed a policy on Sexual Harassment at workplace which aims to provide protection to women employees at workplace and prevent and redress complaints of sexual harassment and for matters connected therewith or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint under the Sexual Harassment of women at Workplace during the financial year under review.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED:

No significant and material orders were passed during the year under review by regulators or courts, or tribunals impacting the going concern status and Company's operations in future.

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

(Initiatives of the Company for Energy conservation, and Technology absorption if any and details of Foreign Exchange earnings and out go).

(A) Conservation of energy :

- (i) The steps taken or impact on conservation of energy;

Based on an internal energy audit, required numbers of 'HEAT EXCHANGERS' were purchased and installed for optimisation of heat exchange between outgoing and incoming liquid materials.

- (ii) the steps taken by the company for utilising alternate sources of energy;

A small Solar Power Plant has been made operational by the Company during the year.

- (iii) the capital investment on energy conservation equipment; Rs. 139.36 Lakhs.

(B) Technology absorption :

- (i) the efforts made towards technology absorption;

Technology absorption is an ongoing process in the Company. The Company keeps on exploring new processes at Laboratory scale and then implements the same at Plant level.

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

The Company continuously works on increasing yield of prime products which helps in overall cost reduction.

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- (a) details of the technology imported; NIL

- (b) the year of import; Not Applicable

- (c) whether the technology been fully absorbed; Not Applicable

- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and not Applicable

- (iv) the expenditure incurred on Research and Development. : Rs. 19.39 Lakhs.

C. Foreign exchange earnings and Outgo :

Foreign Exchange Earnings : Rs. 1367.55 Lakhs

Foreign Exchange Outgo : Rs. 1767.37 Lakhs

DETAILS OF SUBSIDIARY, JOINT VENTURE, ASSOCIATE COMPANY:

The Company does not have any subsidiary Company or Associate Company. The Company has not entered into any joint venture. Hence, no further disclosures are required in this regard.

DISCLOSURE UNDER INSOLVENCY AND BANKRUPTCY CODE 2016:

The Company has not made any application under the Insolvency and Bankruptcy Code, 2016 (IBC). No proceeding is pending against the Company under IBC.

EXTRACT OF ANNUAL RETURN:

As per the provisions of section 92[3] read with section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 in the prescribed form no. MGT-7 is available on the website of the Company and web link of the same is <https://www.fairchem.in/investor-relations-fol.html> – Annual Reports.

ACKNOWLEDGMENTS:

Your Board of Directors wishes to place on record its appreciation to the contribution made by the employees of the company. The company has achieved impressive growth through the competence, hard work, solidarity, cooperation and support of employees at all levels. The Directors also wish to thank the Company's vendors, Customers, Stock Exchanges, Government authorities, bank and shareholders for their cooperation and assistance extended to the company.

For and on behalf of the Board of Directors,

Nahoosh Jariwala

Chairman and Managing Director

(DIN : 00012412)

Place : Chekhala, Tal. Sanand

Date : May 17, 2022

Annexure to Directors Report

ANNEXURE A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

(1) Brief outline of the Company's CSR policy:

The CSR policy framed pursuant to the provisions of section 135 of The Companies Act, 2013 is available on the Company's website. The web-link of the same is – <https://www.fairchem.in/investor-relations/Policies/CSR-Policy-FOL.pdf>.

The main objectives of Company as outlined in the CSR Policy are:

- (i) To take up the programmes / projects which benefit the citizens residing around the Company's manufacturing plant thereby improving the quality of life and health of the said citizens.
- (ii) To address critical social, environmental and economical needs of the less privileged section of the society.
- (iii) To create goodwill for FOL and establish new bench mark by becoming a responsible corporate entity.

The Company proposes to focus on the following areas for CSR Projects:

- (a) Organising / sponsoring need based programs for Health
- (b) Providing financial support to non-profit making entities involved in preventive health care.
- (c) Providing direct financial assistance for medical treatment in hospitals / nursing homes.
- (d) Providing financial support to campaigns meant for creating public awareness in the area of eradication of diseases.
- (e) Initiatives relating to better hygiene and sanitation.
- (f) Others as may be decided

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	No. of meeting of CSR Committee held during the year	No. of meeting of CSR Committee attended during the year
1	Shri Nahoosh Jariwala	Chairman/Managing Director	1	1
2	Shri Sumit Maheshwari	Member/Director	1	1
3	Ms. Sonal Ambani	Member/Independent Director	1	1

During the year, 8 resolutions were passed through Circular Resolution.

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

The CSR policy framed pursuant to the provisions of section 135 of The Companies Act, 2013. Copy of CSR Policy is available on the Company's website and can be accessed through the link:

<http://fairchem.in/investor-relations/Policies/CSR-Policy.pdf>

The Composition of CSR Committee is placed on the website of the Company at

<https://www.fairchem.in/investor-relations/Others/Committee-of-Directors-FOL.pdf>

The details of CSR Projects approved by the Board and being carried out are available on the Company's website at www.fairchem.in - CSR Activities.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable. The Company did not have CSR obligation of Rs 10 Crore or more in pursuance of Section 135(5) of the Companies Act, 2013 in the three immediately preceding financial years.

5. **Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and the amount required to be set off for the financial year, if any**
 Not applicable. The Company has not spent in excess of its CSR obligation.

6. **Average Net Profit of the Company for the two financial year (i.e. F.Y. 2019-20 and F.Y. 2020-21) as per Section 135(5):**

Rs. 4641.22 Lakhs

7(a) **Two percent of Average Net Profit of the Company as per Section 135(5):**

Rs. 92,82,440/-

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

Nil

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

None

(d) **Total CSR obligation for the financial year (7a+7b-7c)**

Rs. 92,82,440/-

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

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount.	Date of transfer*
92,82,440/-	Not Applicable		Not Applicable		

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

Nil

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs. Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Dr. Jivraj Mehta Smarak Health Foundation - Purchase of Ventilator Machine	Promoting health care including preventive health care	Yes	Gujarat	Ahmedabad	20,52,000	Yes	N.A.	N.A.
2.	Installation of Central Medical Gas Line at Dr. Jivraj Mehta Smarak Health Foundation	Promoting health care including preventive health care	Yes	Gujarat	Ahmedabad	23,36,585	No	Dr. Jivraj Mehta Smarak Health Foundation	CSR00003117

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs. Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
3.	Infrastructure Facility at Primary Health Centre at Village Chekhala	Promoting health care including preventive health care	Yes	Gujarat	Tal. Sanand Dist: Ahmedabad	851,568	Yes	N.A.	N.A.
4	Plastic Waste Management as per G.P.C.B. Circular	ensuring environmental sustainability	Yes	Gujarat	Tal. Sanand Dist: Ahmedabad	806,764	Yes	N.A.	N.A.
5	Contribution towards 'Project Dialysis'	Promoting health care including preventive health care	No	Gujarat Arunachal Pradesh Nagaland Uttarakhand Chattisgarh	Surendranagar Gandhinagar Siang Namsai Kohima Mokokchung Kotdwar Srinagar Bijapur	32,35,523	No	Fairfax India Charitable Foundation	CSR00005441

- (d) Amount spent in Administrative Overheads: Nil
(e) Amount spent on Impact Assessment, if applicable: Nil
(f) Total amount spent for the financial year (8b+8c+8d+8e): Rs. 92,82,440/-
(g) Excess amount for set-off, if any: Nil

9(a) Details of unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

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

- (a) Date of creation or acquisition of the capital asset(s): Not Applicable
(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset: Not Applicable

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

Nahoosh Jariwala
Chairman and Managing Director and
Chairman of CSR Committee.
(DIN : 00012412)

Place : Chekhala, Tal. Sanand
Date : 17.05.2022

ANNEXURE B

**[Disclosure pursuant to Rule 5 of Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014.]**

A. Details of the ratio of remuneration of each Director to the median employee's remuneration:

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:-			
Sr. No.	Name of the Director	Designation	Ratio of remuneration to the median remuneration of the employees
1	Shri Nahoosh Jariwala **	Managing Director	56.79 : 1
2	Shri Sumit Maheshwari	Director – Nominee	NIL
3	Shri Venkatraman Srinivasan	Independent Director	1.09 : 1
4	Shri Darius Pandole	Independent Director	1.09 : 1
5	Ms. Sonal Ambani	Woman Independent Director	1.09 : 1
6	Shri Sudhin Choksey ***	Independent Director	0.28 : 1

* Shri Utkarsh Shah, Chairman (Promoter) and Non-Executive Director of the Company resigned from the Board w. e. f. 11.02.2022.

** Remuneration of Shri Nahoosh Jariwala does not include amount of Gratuity and privilege leaves.

*** Shri Sudhin Choksey, was appointed as Independent Director of the Company w. e. f. 11.02.2022.

(ii) The percentage increase in remuneration of each Director, CFO, CEO, Company Secretary or Manager, if any, in the financial year		
Sr. No.	Name of the Directors / KMP	% Increase over last F.Y.
1	Shri Nahoosh Jariwala	NIL*
2	Mr. Rajen Jhaveri	10.00

* On Annualized basis, there is no change in the annual remuneration of Shri Nahoosh Jariwala

(iii)	The percentage increase in the median remuneration of employees in the financial year	16.07%
(iv)	The number of permanent employees on the rolls of the Company	221 as on March 31, 2022
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	6.99% of CTC was given as yearly increment to the employees of the Company. Justification for increase in Managerial Remuneration: 10% increment was given to Mr. Rajen Jhaveri as yearly increment. There is no change in the annual remuneration of Shri Nahoosh Jariwala during the F.Y. 2021-22.

B. Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2022:

Names of the employees employed throughout the year and were in receipt of remuneration of not less than Rs. 102.00 Lakhs during the year:							
Sr. No.	Name & (Age)	Designation	Remuneration (In Rs.)	Qualification & (experience)	Date of Commencement of employment	Last employment, Name of employer, post held and period (years)	% of equity shares held with spouse & dependent children
1	Shri Nahoosh Jariwala (60 Years)	Managing Director	2,45,48,000/-	B.Com. (40 years)	August 13, 2020	M/s. Fairchem Speciality Limited (Managing Director) (10 years)	Nil

Names of employee's employed for part of the year and were in receipt of remuneration of not less than Rs. 8.50 Lakhs per month							
Sr. No.	Name & (Age)	Designation / nature of Duties	Remuneration (In Rs.)	Qualification & (experience)	Date of Commencement of employment	Last employment, Name of employer, post held and period (years)	% of equity shares held with spouse & dependent children
Nil							

Place : Chekhala, Tal. Sanand
Date : 17.05.2022

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

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

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759
253/P & 312, Village – Chekhala,
Sanand – Kadi Highway,
Taluka – Sanand,
Dist. Ahmedabad – 382 115

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FAIRCHEM ORGANICS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

- 1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') 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'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (During the year under review not applicable to the Company);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (up to 12th August, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13th August, 2021)- Not applicable during the year under review;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (up to 16th August 2021) - Not applicable during the year under review;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (up to 9th June 2021) and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10th June 2021)-Not applicable during the year under review;
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; (During the year under review not applicable to the Company);
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from 16th August 2021)- Not applicable during the year under review;

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and made effective from time to time.
- ii. The Uniform Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE Limited (BSE).

During the Audit period under review, the Company has complied with all the material aspects / provisions of the applicable Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above except for delay in one instance for disclosure under Regulation 7(2) (b) of SEBI (Prohibition of Insider Trading) Regulations, 2015 in respect of shares sold by one of the Promoter.

We further report that:

Having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof on test - check basis, the Company has generally complied with the material aspects of the following laws specifically applicable to the Company being engaged in the manufacturing activities:

1. Factories Act, 1948;
2. The Boilers Act, 1923 and the Rules framed thereunder;
3. Explosive Act, 1884;

We further report that:

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well 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 at the meetings of Board of Directors/ Committees of the Company were carried unanimously. We were informed that there were no dissenting views of the members on any of the matters during the year that were required to be captured and recorded as part of the minutes.

We further report that:

Based on the review of compliance mechanism established by the Company, the information provided by the Company, its officers and authorized representatives during the conduct of the audit and compliance certificate placed before the Board meeting, we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines.

We further report that:

The compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditors and other designated professionals.

We further report that:

During the Audit period under review, the event / action having major bearing on the Company's affairs in pursuance of the abovementioned laws, rules, regulations, guidelines, standards, etc. is as mentioned below:

- i. Pursuant to order passed by Hon'ble Regional Director, Western Region, Mumbai on 17th January, 2022 the registered office of the Company has been shifted from the state of Maharashtra to the state of Gujarat.
- ii. Necessary applications under regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been made to both the Stock exchanges for reclassification of following Promoters and Promoter Group to Public category and same are pending for approval :
 1. Mr. Mahesh P. Babani
 2. Mahesh Purshottam Babani HUF
 3. Mr. Doppalapudi Bhaktavatsala Rao
 4. Mr. Vinaykumar Doppalapudi Rao
 5. Mr. Vijaykumar Doppalapudi Rao
 6. Mr. Rajkumar Doppalapudi
 7. Mrs. Jyoti Mahesh Babani
 8. Mr. Rameshbabu Gokarneswararao Guduru
 9. Mrs. Seema Mahesh Babani
 10. Mr. Snehal Mahesh Babani
 11. Mr. Prasanna Raj
 12. Mr. Premaleela Doppalapudi
 13. Ms. Sharon Doppalapudi
 14. Ms. Grace Vinaykumar
 15. Vivira Chemicals Private Limited
 16. Moneymart Securities Pvt Ltd
 17. Vivira Investment And Trading Pvt Ltd

FOR PARIKH DAVE & ASSOCIATES

COMPANY SECRETARIES

ICSI Unique Code No.: P2006GJ009900

Peer review Certificate No.: 796/2020

UDAY G. DAVE

PARTNER

Place: Ahmedabad

Date: 17-05-2022

FCS No.: 6545 C. P. No.: 7158

UDIN: F006545D000332211

Notes:

1. This report is to be read with our letter of even date which is annexed as **Annexure – A** and forms an integral part of this report.
2. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers, disclosures from Directors and other records etc., received by us through electronic mode from the Company and could not verify the original records. The management has confirmed that the records submitted to us by them are true and correct.

ANNEXURE - A

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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 process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020

UDAY G. DAVE
PARTNER

Place: Ahmedabad
Date: 17-05-2022

FCS No.: 6545 C. P. No.: 7158
UDIN: F006545D000332211

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Uniform Listing Agreement]

1. Company's Philosophy on the Code of Governance :

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures transparency, responsibility and accountability. The Company believes in upholding highest standard of ethics, integrity, transparency and accountability in conducting the affairs of the Company so as to disseminate the information to the stakeholders in transparent manner. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and Independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues.

The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the Listing Regulations]. We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving.

2. Board of Directors

• Composition of the Board of Directors (Board) :

The composition of the Board of Directors of the company is in conformity with the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015 as amended from time to time.

In compliance with the Corporate Governance norms in terms of constitution of the Board, the Board currently has one Executive Director and Five Non-Executive Directors, out of which four are Independent Directors including one woman Director, representing optimum combination of professionalism, knowledge and experience to ensure the independence of the Board and to separate the Board functions of governance and management, who have considerable experience in their respective fields. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry. Thus, the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

• Board Skills / Expertise / Competencies :

Fairchem Board is a skill based Board comprising of Directors who collectively have the skills, knowledge and experience to effectively govern and direct the organization. The present size of the Board is appropriate for effective decision making. The mapping of the skills, expertise and competence among the Directors which is identified by the Company are also actually available with the Board and is as given below:

Sr. No.	Name of the Director	Skills actually available with the Directors
1.	Shri Nahoosh J. Jariwala (Managing Director)	He is a businessman par excellence. He is the person who nearly single handedly brought this Company to its present position from where it was 12 years back (including the tenure of erstwhile Fairchem Speciality Limited, now Privi Speciality Chemicals Limited) when he took charge as Managing Director.
2.	Shri Sumit Maheshwari	He is a Chartered Accountant and M.B.A. from I.S.B., a very well-known business institute. He is a financial expert and is a great analyst and decision maker from PE's view point.
3.	Shri Venkatraman Srinivasan	He is a Chartered Accountant since 1981. He is a partner in M/s. V. Sankar Aiyar & Co. Chartered Accountants, since 1984 engaged in audit and assurance practice and direct tax and corporate advisory services.
4.	Shri Darius Pandole	He holds a bachelor's degree in economics from Harvard University and a master's degree in business management from University of Chicago. He is currently Managing Director and C.E.O. - Private Equity of M/s. J.M. Financial Limited.
5.	Ms. Sonal Ambani	She holds a bachelor's degree in chemistry and a master's degree in business administration in marketing and finance and doctorate in business management. She has worked as an Assistant Vice President in Morgan Stanley Dean Witter.
6.	Shri Sudhin Choksey *	He is a Chartered Accountant. He has an overall 43 years of professional experience, having worked both in India and Overseas. He was the Managing Director of GRUH Finance Ltd. for nearly 25 years

* Appointed as an Independent Director with effect from February 11, 2022

* Shri Utkarsh Shah, Chairman of the Board, promoter non-executive Director ceased to be a Director and resultantly Chairman of the Board with effect from February 11, 2022

The eligibility of a person to be appointed as a Director of the Company is dependent on possession of the requisite skills, as identified by the Nomination and Remuneration Committee and its recommendation to the Board for appointment.

• **Directors' particulars:**

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of other Directorship(s) and Chairmanship(s) / Membership(s) of Committees of each Director in various Companies

Name of Directors	Category and Position	\$ Attendance at meetings during 2021-22		# No. of Directorship(s) in other Public Ltd. Company(ies) incorporated in India as on 31-03-2022.	No. of Membership(s) / Chairmanship(s) of committees in other Companies as on 31-03-2022	
		Board Meeting	Last AGM		Member*	Chairman
Shri Utkarsh B. Shah (Chairman) @	Promoter - Non-Executive	1	Yes	Nil	Nil	Nil
Shri Nahoosh J. Jariwala (Managing Director)	Promoter - Executive	6	Yes	Nil	Nil	Nil
Shri Sumit Maheshwari	Nominee - Non- Executive	6	Yes	6	3	Nil
Shri Venkatraman Srinivasan	Independent Non-executive	6	Yes	3	1	2
Shri Darius Pandole	Independent Non-executive	6	Yes	3	1	1
Ms. Sonal Ambani	Independent Non-executive	6	Yes	4	3	Nil
Mr. Sudhin Choksey ^	Independent Non-executive	1	No	2	1	Nil

\$ Video / tele-conferencing facility was offered to facilitate the Directors to participate in the meetings pursuant to MCA / SEBI Circulars.

* In accordance with Regulation 26 of the Listing Regulations, it includes only Audit Committee and Stakeholders' Relationship Committee in other Public Limited Companies—whether listed or not.

The number of Directorship(s) include Directorship in Public Limited Companies – whether Listed or unlisted.

All public companies excluding the Company, are considered and all other companies including private companies, foreign companies, High value debt listed Companies and companies registered under section 8 of the Companies Act, 2013 ("Act") are excluded.

The Directorships and Committee Membership(s) / Chairmanship(s) of all Directors is / are within the respective limits prescribed under the Companies Act, 2013 and the Listing Regulations.

@ Shri Utkarsh Shah, Chairman of the Board and Promoter and Non-Executive Director ceased to be a Director & Chairman of the Company w. e. f. 11.02.2022 due to his resignation on health ground.

^ Shri Sudhin Choksey was appointed as an Independent Director w. e. f. 11.02.2022 to ensure that the strength of the Board does not fall below the minimum required under the Listing Regulations.

The following table shows names of the listed entities where the Directors of the Company are Directors and category of their respective Directorship as on 31.03.2022

Sr. No.	Name of the Directors of the Company	Name of the listed entities in which the Director of the Company is a Director	Category of Directorship in the listed Companies
1.	Shri Nahoosh J. Jariwala (Managing Director)	Nil	Nil
2.	Shri Sumit Maheshwari	a) Thomas Cook (India) Limited b) CSB Bank Limited	a) Non-executive b) Non-executive
3.	Shri Venkatraman Srinivasan	a) Mahanagar Gas Limited b) Tata Coffee Limited	a) Independent, Non-executive b) Independent, Non-executive
4.	Shri Darius Pandole	a) Mahindra Logistics Limited	a) Independent, Non-executive
5.	Ms. Sonal Ambani	a) Acrysil Limited b) Elecon Engineering Company Limited	a) Independent, Non-executive b) Independent, Non-executive
6.	Shri Sudhin Choksey	a) CSB Bank Limited	a) Independent, Non-executive

During the year, there have been no materially significant related party transactions, pecuniary relationships or transactions between the company and its non-executive Directors that may have potential conflict with the interests of the Company at large.

None of the Directors are related to each other.

Shareholding of Non- Executive Directors of the Company as on March 31, 2022 was NIL:

- **Board Meetings and Attendance**

The Meeting of the Board of Directors is generally scheduled in advance. The Board meets at least once in a quarter inter- alia to review the performance of the Company and for consideration and approval/adoption of quarterly/annual financial results. The Chief Financial Officer and the Company Secretary, in consultation with the Chairman / Managing Director, prepare detailed agenda for the meetings. 6 (Six) Board meetings were held in the year 2021-22 and the gap between two Board meetings had not exceeded 120 days. The dates on which meetings were held are as follows:

No.	Date of Meeting	No. of Directors Present	No.	Date of Meeting	No. of Directors Present
i	June 07, 2021	5	iv.	December 22, 2021	5
ii	July 30, 2021	5	v.	February 11, 2022	5
iii	October 28, 2021	6	vi.	March 28, 2022	6

- **Appointment of Independent Directors :**

The Nomination and Remuneration Committee identifies, based on Company's policy for such position, suitable person having expert knowledge and skill in his / her profession / area of business and who can effectively participate in Board proceedings and recommends the same to the Board. The Board after evaluating the said Committee's recommendation takes the decision which according to the Board is in the best interest of the Company.

- **Confirmation regarding Independence :**

With respect to the declaration given by the Independent Directors of the Company during the year under review, the Board hereby confirms that all the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

- **Resignation of Independent Directors :**

None of the Independent Directors of the Company resigned before the expiry of his / her term.

- **Meeting of Independent Directors**

The Independent Directors meet at least once in a financial year without the presence of Promoter Directors and management personnel. They discuss the matters pertaining to the business and other related affairs of the Company. The views expressed at such meeting are brought to the knowledge of the Chairman of the Board. During the year, one meeting of Independent Directors was held on March 28, 2022.

During the meeting, the Independent Directors reviewed the performance of other Non-Independent Directors and of the Board as a whole. They also reviewed the performance of the Chairman of the Board taking into account views of Managing Director and non-executive Directors and matters as mentioned in Regulation 25(4) (c) of Listing Regulations.

- **Familiarisation Programme**

In order to enable the Independent Directors of the Company to fulfil their role in the Company and to keep them updated, various presentations are made on business models, new initiatives taken by the Company, changes taking place in the Industry scenario etc. The details of the familiarization programme of Independent Directors of the Company are available on the website of the Company at the following link: <https://www.fairchem.in/investor-relations/Others/Familiarization-Programme.pdf>

3. **Audit Committee Composition:**

The composition of Audit Committee is in line with provisions of Section 177 of the Companies Act, 2013 and is in compliance with Regulation 18 of SEBI (LODR) Regulations, 2015. The members of Audit Committee comprises of Managing Director and three Independent Directors.

Shri Venkatraman Srinivasan – Independent Director acts as Chairman of the Committee and Shri Nahoosh Jariwala, Shri Darius Pandole and Ms. Sonal Ambani act as members of the Committee. All the members of the Committee are financially literate and have adequate accounting knowledge. The Audit Committee met 4 times during the financial year 2021-22 on June 07, 2021, July 30, 2021, October 28, 2021 and February 11, 2022.

The details of composition of the Committee as at 31.03.2022 and attendance at Meetings during the year are as follows:

Name of the Member	Designation / Category	No. of Committee Meeting(s) attended
Shri Venkatraman Srinivasan (Chairman)	Non-Executive – Independent	4
Shri Nahoosh Jariwala	Executive – Promoter	4
Shri Darius Pandole	Non-Executive – Independent	4
Ms. Sonal Ambani	Non-Executive – Independent	4

The scope of the Audit Committee includes :

- (1) 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.
- (2) Recommending to the Board, the appointment, re-appointment, remuneration and if required, the replacement or removal of statutory auditor.
- (3) Approval of payment to Statutory Auditors for any other services rendered by the statutory Auditors.
- (4) Reviewing with the management the Annual financial statements and Audit Reports thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub section 3 of Section 134 of the Companies Act 2013.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by Management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with Listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.

- (g) Modified opinion(s) in the draft audit report.
- (5) Reviewing with the management, the quarterly financial statements before its submission to the Board for approval.
 - (6) Reviewing, with the Management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus, notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
 - (7) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
 - (8) Approval or any subsequent modification of transactions of the Company with related parties.
 - (9) Scrutiny of inter-corporate loans and investments.
 - (10) Valuation of undertakings or assets of the Company, wherever it is necessary.
 - (11) Evaluation of Internal financial controls and risk management systems.
 - (12) Reviewing, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems.
 - (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - (14) Discussion with internal auditors, any significant findings and follow up thereon.
 - (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - (16) Discussion with internal auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
 - (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - (18) To review the functioning of the Whistle Blower mechanism.
 - (19) Approval of appointment of 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.
 - (20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 - (21) Reviewing the utilization of Loans / advances by the holding Company in the subsidiary Company exceeding Rs. 100 Crore or 10% of the asset size of the subsidiary whichever is lower including existing loans / advances / investments.
 - (22) Considering and commenting on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders

In addition to the areas noted above, Audit Committee looks into controls and security of the Company's internal control systems and internal audit reports.

The audit committee mandatorily reviews the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) management letters / letter of internal control weaknesses issued by the statutory auditors;
- (3) internal audit reports relating to internal control weaknesses; and
- (4) The appointment, removal and terms of remuneration of the Internal Auditors..
- (5) statement of deviations, if applicable as per Regulation 32 :
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The Committee Meetings were also attended by Internal Auditors, Statutory Auditors and Company Secretary who also acted as Secretary of the Committee.

A certificate from the Managing Director on the financial statements and other matters of the Company for the financial year ended March 31, 2022 is also appended at the end of this Report.

The Chairman of the Audit Committee was present in the last Annual General Meeting to answer the shareholders' queries.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015 on August 26, 2020. The Nomination and Remuneration Committee comprises of Shri Darius Pandole – Independent Director as Chairman of the Committee, Shri Sumit Maheshwari and Shri Venkatraman Srinivasan as members of the Committee.

One meeting of NRC was held on 11.02.2022.

Name of the Member	Designation / Category	No. of Committee Meeting(s) attended
Shri Shri Darius Pandole (Chairman)	Non-Executive –Independent	1
Shri Venkatraman Srinivasan	Non-Executive – Independent	1
Shri Sumit Maheshwari	Non-Executive – Nominee	1

Terms of Reference :

- (1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal.
- (2) To evaluate the balance of skills, knowledge and experience of Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director for every appointment of an Independent Director. The persons recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. Use the services of external agencies, if required.
 - b. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. Consider the time commitments of the candidates.
- (3) To formulate 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.
- (4) To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- (5) To devise a policy on Diversity of Board of Directors.
- (6) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- (7) Recommend to the Board all the remuneration, in whatsoever form, payable to senior management of the Company.

Performance evaluation criteria for Independent Directors:

The performance of the Independent Directors is evaluated based on the criteria such as the knowledge, experience, integrity, expertise in any area, number of Board / Committee meetings attended, time devoted to the Company, his/ her participation in the Board / Committee meetings etc. The performance evaluation of the Independent Directors was carried out by the Board and while evaluating the performance of the Independent Director, the Director who was subject to the evaluation did not participate.

Remuneration Policy:

The Company's Remuneration Policy for Directors and Senior Management personnel is available on the Company's website at <https://www.fairchem.in/investor-relations/Policies/Nomination-&-Remuneration-Policy-FOL.pdf>

The remuneration policy is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the remuneration policy is to ensure that it is aligned to the overall performance of the Company. The policy ensures that it is fair and reasonable and is linked to financial performance. For Director in Executive category, it mainly comprises of fixed component. The remuneration policy is placed on the website of the Company <http://fairchem.in/policies.html>. The remuneration paid to the Directors is in line with the remuneration policy of the Company.

Remuneration to Non-Executive Directors

The remuneration for non-executive (Independent) Directors consists of sitting fees for attending meeting of the Audit Committee and Board of Directors. No other payment is made to the non-executive Directors.

Details of the remuneration paid to and shareholding of Non-executive Directors is provided in MGT-7 which is available on the website of the Company and web link of the same is <https://www.fairchem.in/investor-relations-fol.html>.

Remuneration to Executive Directors

The executive Director of the Company viz. Managing Director has been appointed on a contractual basis, in terms of the resolution passed by the shareholders at the annual general meeting. Elements of the remuneration package comprise of salary and perquisites as approved by the members at the annual general meeting. Shri Nahoosh Jariwala, Managing Director drew the remunerations and was given perquisites during the year.

Details of the remuneration paid to and shareholding of Executive Director, if any, is provided in MGT-7 which is available on the website of the Company and web link of the same is <https://www.fairchem.in/investor-relations-fol.html>.

Details of Remuneration:

The details relating to remuneration of Directors, as required under Regulation 34 of the Listing Regulations are as follows:

Details of remuneration paid to Directors during the financial year 2021-22

(Amounts in Rs.)

Directors	Salary	Perquisites	Sitting Fees	Total
Shri Utkarsh B. Shah (Non-executive Director)	Nil	Nil	Nil	Nil
Shri Nahoosh J. Jariwala (Managing Director)	2,04,00,000	41,48,000	Nil	2,45,48,000
Shri Sumit Maheshwari (Non-executive Director)	Nil	Nil	Nil	Nil
Shri Venkatraman Srinivasan (Independent Director)	Nil	Nil	470,000	470,000
Shri Darius Pandole (Independent Director)	Nil	Nil	470,000	470,000
Ms. Sonal Ambani (Independent Director)	Nil	Nil	470,000	470,000
Shri Sudhin Choksey (Independent Director)	Nil	Nil	120,000	120,000

The Company has not granted any stock option to its Directors.

Service contract / Agreement and Notice period: The Company has entered into agreement with Shri Nahoosh Jariwala, Managing Director for his employment for a period of 3 years. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 (Three) months' notice in writing to the other party.

5. Stakeholders' Relationship Committee

In compliance with the provisions of section 178 of the Act and regulation 20 of the Listing Regulations, the Board has formed a Stakeholders' Relationship Committee.

As at March 31, 2022 Stakeholders' Relationship Committee consists of following members:

Name of the Member	Designation / Category	No. of Committee Meeting(s) attended
Shri Darius Pandole	Chairman	Non-Executive – Independent
Shri Nahoosh Jariwala	Member	Executive – Promoter
Shri Venkatraman Srinivasan **	Member	Non-Executive – Independent
Shri Sudhin Choksey **	Member	Non-Executive – Independent

* During the year, Shri Utkarsh Shah resigned from the Board of the Company w. e. f. 11.02.2022 and hence also ceased to be the Chairman / Member of the Committee.

** Shri Venkatraman Srinivasan and Shri Sudhin Choksey were appointed as Members of the Committee w. e. f. 11.02.2022 and Shri Darius Pandole, Independent, Non-executive Director was appointed as the Chairman of the Committee.

The role of the committee shall inter alia include the following:

- (1) Resolving the grievances of the security holders of the listed entity 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.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the services standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of Dividend warrants / annual reports / statutory notices by the shareholders of the Company.

During the year, no complaints were received from the security holders as per the quarterly certificates of RTA. No investor complaint was pending at the beginning or at the end of the year.

At present, Mr. Rajen Jhaveri is the Company Secretary and Compliance officer of the Company.

Compliance officer:

Mr. Rajen Jhaveri – Company Secretary and Compliance officer can be contacted at:

Fairchem Organics Limited

Reg. office & works: 253/P and 312, Village Chekhala, Sanand-Kadi Highway, Taluka Sanand,

Dist: Ahmedabad – 382 115, Gujarat. Phone (Board Nos.): (02717) 687 900 and 687 901

Mail id: cs@fairchem.in

6. Risk Management Committee:

In compliance with Regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee and all of the members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognize, monitor and mitigate risks and also identify business opportunities. Business risks evaluation and its management is a continuous process within the organization.

During the year, one Meeting of Risk Management Committee was held on 28.03.2022.

Risk Management Committee consists of following members as on 31.03.2022:

Name of the Member	Chairman / Member	Designation / Category	No. of Committee Meeting(s) attended
Shri Nahoosh Jariwala	Chairman	Executive – Promoter	1
Shri Darius Pandole	Member	Non-Executive – Independent	1
Shri Sumit Maheshwari	Member	Non-Executive - Nominee	1

The role of the committee shall, inter alia, include the following:

1. To formulate a detailed risk management policy which shall include:
 - (A) A framework for identification of internal and external risks specifically faced by the listed entity, 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.
 - (B) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (C) 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;

7. Corporate Social Responsibility Committee

Pursuant to the provisions of section 135 of The Companies Act, 2013, Company has formed Corporate Social Responsibility Committee. The committee consists of three Directors as its members viz. (1) Shri Nahoosh Jariwala as Chairman of the Committee, Promoter Executive Director (2) Shri Sumit Maheshwari, Nominee Non-Executive Director, being Member of the Committee and (3) Ms. Sonal Ambani, Non-Executive Independent Director being Member of the Committee.

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility policy and monitoring from time to time amount of expenditure to be incurred on the activities pertaining to CSR.

The Company has also formulated the C.S.R. Policy and the same is available on the website of the <https://www.fairchem.in/investor-relations/Policies/CSR-Policy-FOL.pdf>

8. Disclosures

- (a) Besides the transactions mentioned in the notes forming part of the Annual Report, there were no materially significant related party transactions entered into by the Company which may have the potential conflict with the interest of the Company at large.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with related party transactions and during the year, there were no material transactions with related parties. The policy is also available on the website of the Company <https://www.fairchem.in/investor-relations/Policies/Related-Party-Transactions-Policy-FOL.pdf>

- (b) There were no penalties / strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years except in respect of matters specified below:

F.Y. 2020-21

The Audit Committee was constituted with 5 members - 2 of whom were in the Promoter category. The requirement of Regulation 18 is to have 2/3rd of the members as Independent Directors. Further clarification required the fraction, if any, to be rounded off to the next higher number even if it is less than 0.5. The constitution of Audit Committee did not meet this rounding off criteria. The Company reconstituted the Audit Committee to meet with Regulation 18 requirement. For the intervening period both the Stock Exchanges levied penalty for non-compliance of Regulation 18 during the F.Y. 2020-21.

No penalties / strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets during the F.Y. 2021-22.

The Company has in place the Whistle Blower Policy and the same is available on the website of the Company <https://www.fairchem.in/investor-relations/Policies/Whistle-Blower-Policy-FOL.pdf>. Under said policy, the employees are encouraged

to report genuine concerns about suspected misconduct without fear of punishment or unfair treatment. During the year under review, no employee was denied the access to the Audit Committee and / or its Chairman.

- (c) The Company has complied with all mandatory requirements of Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.
- (d) Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.
- (e) During the year under review, no Independent Director has resigned from the Company.
- (f) The particulars about the brief resume and other information of the Director seeking re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the third Annual General Meeting.
- (g) The requisite certification from the CEO & the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations, was placed before the Board of Directors of the Company.
- (h) The Board of Directors of the Company has accepted the recommendations of the Committees of the Board.
- (i) The Company has availed a certificate from M/s. Parikh Dave & Associates, Company Secretaries in Practice that none of the Directors of the Company have been debarred or disqualified from being appointed or re-appointed or continuing as Directors of the Companies by SEBI, MCA or other regulatory authorities and the same is attached to this Annual Report.
- (j) The Company has in place a policy on Sexual harassment at work place which aims at protecting the women employees at workplace and to redress their complaints. During the year under review the Company did not have any women employees and so had not received any complaint under Sexual harassment.
- (k) Details of the discretionary requirements adopted:
 - The Internal Auditors of the Company reports directly to the Audit Committee.
 - The financial results of the Company do not have any modified opinion by the Auditors.

9. Details of Demat Suspense Account / Unclaimed Suspense Account:

During the F. Y. 2020-21, Company had entered into a Composite scheme of Arrangement & Amalgamation amongst (i) Fairchem Organics Limited (Resulting Company) and (ii) Privi Organics India Limited (Transferor Company) and (iii) Erstwhile Fairchem Speciality Limited, now known as Privi Speciality Chemicals Limited (Transferee Company).

Pursuant to such Scheme, those shareholders, who were holding shares as on Record Date in the erstwhile Fairchem Speciality Limited, now Privi Speciality Chemicals Limited, were issued shares in Fairchem Organics Limited in the ratio of 3:1, which were allotted compulsorily in Demat form as provided in the Scheme.

Hence, those shareholders of erstwhile Fairchem Speciality Limited (FSL) (now known as Privi Speciality Chemicals Limited) who were holding the equity share in the said FSL in physical form as on recorded of August 24, 2020 could not be given credit of shares in absence of their correct / accurate demat account details.

Such unclaimed shares are parked in the Demat Account opened on the name of the Company "Fairchem Organics Limited" and such Demat Account is being considered as 'Demat Suspense Account'. Disclosure pursuant to Part F of Schedule V of SEBI (LODR) Regulations 2015 is as under:

Sr. No	Particulars	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year		Number of shareholders who approached listed entity for transfer of shares and number of shareholders to whom shares were transferred from suspense account during the year.		Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	
		No of share holders	No of shares	No of share holders	No of shares	No of share holders	No of shares
1	Shareholders of Fairchem Organics Limited who were holding shares in physical form in FSL as stated above.	848	54329	8	1543	840	52,786
2	Shareholders of Fairchem Organics Limited who were holding shares in demat form in FSL and who did not get demat credit of shares of FOL.	30	10935	10	9279	20	1,656
	Total	878	65,264	18	10,822	860	54,442

10. Code of Conduct

The Company has in place Code of Conduct and Ethics for all the Directors and for all Senior Management Personnel. A copy of the code has been placed on the Company's website <http://fairchem.in/investor-relations/Policies/Code-of-Conduct>. The code has been circulated to all the Directors and Senior Management Personnel and they affirm its compliance every year.

The Company has also in place a Code of Conduct for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Designated Persons / insiders defined under the Code of Conduct for Prevention of Insider Trading adopted by the Company. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information. The full text of the Regulations of SEBI (Prohibition of Insider Trading) Regulations, 2015 as notified dated January 15, 2015 and further amended from time to time is available at https://www.sebi.gov.in/legal/regulations/jan-2015/sebi-prohibition-of-insider-trading-regulations-2015-issued-on-15-jan-2015-_28884.html.

11. Means of Communication

During the year, quarterly unaudited financial results and audited annual financial results of the Company were submitted to the stock exchanges soon after its approval by the Board of Directors at their Meetings. Financial Results were published in Economic Times, Mumbai edition in English language and vernacular newspaper in Maharashtra Times, Mumbai edition in Marathi language. The annual results were published in Times of India English language in Ahmedabad edition and Sandesh Newspaper, Gujarati language, Ahmedabad edition. The quarterly unaudited financial results and audited annual financial results are also posted on the Company's website at <https://www.fairchem.in/investor-relations/Quarterly-Financial-Results.pdf> and are also available on the respective website of BSE Limited and National Stock Exchange of India Limited.

News releases, presentations, etc.:

Official news releases are displayed on the website of the Company www.fairchem.in. Investor Presentation is placed on the website of the Company at www.fairchem.in - investor relations - fairchem organics limited - investor presentation.

The Company's website www.fairchem.in contains a separate dedicated section where the useful information for the Shareholders is available.

12. General Body Meeting:

(a) Location and time, where last three annual general meetings were held:

Meeting	Year	Venue of General Meeting	Date & Time	No. of Special Resolutions
1st AGM	2019-2020	Held through Video Conferencing (v/c) other Audio Visual means (OAVM)	December 31, 2020 at 3.00 p.m.	Four
2nd AGM	2020-2021	Held through Video Conferencing (v/C) other Audio Visual means (OAVM)	September 02, 2021 at 03.00 p.m.	Three

(b) First Extra Ordinary General Meeting of the Company for the financial year 2021-22 was held on 28.03.2022 through Video Conferencing (v/C) other Audio Visual means (OAVM) at 03.00 p.m. at which two special resolutions were passed.

(c) During the last year, no special resolution was passed through Postal Ballot.

(d) No Special Resolution is proposed to be conducted through Postal Ballot as on date of this Report.

13. General Shareholder Information

Pursuant to the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 and General Circular No. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs, the 3rd Annual General Meeting (AGM) for the year ended March 31, 2022 is scheduled to be held on **Tuesday, 09th August 2022 at 4.30 P.M.** IST onwards through Video Conferencing (VC) / Other Audio Visual Means (OAVM). The Members may attend the 3rd AGM scheduled to be held on **Tuesday, 09th August 2022 at 4.30 P.M.** IST onwards, through VC or watch the live web-cast at <https://instameet.linkintime.co.in>. Detailed instructions for participation are provided in the notice of the 3rd AGM. The proceedings of the 3rd AGM will be available through VC and live web-cast to the shareholders holding shares as on the cut-off date i.e. Friday, July 29, 2022

Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2022	On or before August 14, 2022
Financial reporting for the quarter/half year ending September 30, 2022	On or before November 14, 2022
Financial reporting for the quarter ending December 31, 2022	On or before February 14 2023
Financial reporting for the year ending March 31, 2023	On or before May 30, 2023

Dividend Payment Date (subject to approval of the shareholders)

On or before September 06, 2022

Book Closure Date : 30/07/2022 to 09/08/2022 (both days inclusive).

Listing on Stock Exchanges at:

National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

Listing fees for the year 2022-23 have been paid to National Stock Exchange of India Limited and BSE Limited.

Stock Code / Symbol / ISIN Information:		
BSE Ltd	National Stock Exchange of India Limited	Demat ISIN No. in NSDL & CDSL for Equity Shares
543252	FAIRCHEMOR	INE0DNW01011

STOCK PRICE:

High/Low of monthly Market Price of Company's Equity Shares traded on The National Stock Exchange of India Limited and BSE Limited during the financial year 2021-22 are as follows :

Months	BSE Limited			National Stock Exchange of India Limited		
	High	Low	No. of Shares	High	Low	Volume
April, 2021	815.00	610.00	49,200	800.00	710.40	496,317
May, 2021	953.55	715.00	48,902	953.00	722.80	591,976
June, 2021	1768.95	885.00	218,936	1691.90	880.00	19,57,228
July, 2021	1828.30	1453.00	81,894	1835.45	1470.00	711,354
August, 2021	2153.50	1592.00	148,136	2155.00	1593.45	10,65,868
September, 2021	2048.00	1724.20	60,299	2045.00	1741.10	405,083
October, 2021	2290.00	1756.80	94,095	2274.80	1750.65	502,590
November, 2021	2080.00	1705.00	27,34,188	2046.45	1714.25	705,652
December, 2021	1996.00	1436.95	78,407	1825.00	1411.55	537,291
January, 2022	2225.00	1681.10	71,595	2148.00	1675.60	731,581
February, 2022	2122.00	1505.00	283,350	2125.00	1320.00	950,269
March, 2022	1709.00	1424.00	195,326	1712.65	1424.00	704,254

The year-end price of the equity share of the Company at BSE Limited was Rs. 1504.75 and at National Stock Exchange of India Limited was Rs.1502.45.

Share Price Performance in comparison to broad based indices such as BSE Sensex as on March 31, 2022:

The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. We are giving relative comparison of the share price of the Company and the broad based indices:

	BSE (% Change)	
	Fairchem Organics Limited	Sensex
F.Y. 2021-22	111.99%	19.02%

Registrar to Issue and Share Transfer Agent (RTA):

The Company has appointed M/s Link Intime India Private Limited (LI IPL) as its Registrar to Issue and Share Transfer Agent (RTA). Relevant details of RTA of the Company are as under:

Corporate Office:

Link Intime India Private Limited

Unit: Fairchem Organics Limited

SEBI Reg. No. INR000004058

5th Floor, 506 to 508, Amarnath Business Centre – 1 (ABC-1),

Beside Gala Business Centre, Off C. G. Road, Navrangpura,

Ahmedabad – 380009.

(office) 079 – 2646 5186 / 87

(Email) ahmedabad@linkintime.co.in (Website) www.linkintime.co.in

Share Transfer System

Transfer of shares is processed by Registrar and Share Transfer Agent M/s. Link Intime (India) Pvt. Ltd.

As on 31.03.2022, all the shares of the Company are in dematerialized form which includes 54,442 Equity shares of physical holders of erstwhile Fairchem Specility Limited, parked in company's demat account.

Shareholders holding shares in electronic form may please note that the instructions regarding change of address, bank details, email address, nomination and power of attorney should be given directly to the Depository Participant (DP).

Reconciliation of Share Capital Audit & Certificate pursuant to Regulation 40 (9) of SEBI (LODR) Regulations, 2015:

A qualified professional firm carries out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued / paid up share capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Pursuant to Regulation 40 (9) of SEBI (LODR) Regulations, 2015, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

Distribution of Shareholding as on March 31, 2022.

Category (shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	24,491	97.21	12,71,107	9.76
501-1000	356	1.41	263,728	2.03
1001-2000	150	0.59	214,998	1.65
2001-3000	58	0.23	144,420	1.11
3001-4000	29	0.12	99,347	0.76
4001-5000	19	0.07	87,199	0.67
5001-10000	37	0.15	280,058	2.15
Above 10001	55	0.22	1,06,60,045	81.87
Total	25,195	100.00	1,30,20,902	100.00

Dematerialization of Shares and Liquidity

As on March 31, 2022, 100% equity shares of the Company were held in dematerialized form. The shares are traded on The National Stock Exchange of India Limited and BSE Limited.

Categories of Shareholders, Category-wise Shareholding as on March 31, 2022.

Category	No. of Shares held	% to total shares held
Individual	26,00,447	19.97
Promoters		
- Indian Promoters	788,500	6.06
- Foreign Promoter	68,78,656	52.83
Other Corporate Bodies	406,895	3.12
Financial Institutions / Mutual Funds / Banks	700,760	5.38
Directors & their relatives	Nil	Nil
Foreign Institutional Investors / Overseas Corporate Bodies	12, 15,770	9.34
Non-Resident Indians	311,054	2.39
Others	118,820	0.91
TOTAL	1,30,20,902	100.00

Registered Office & Works	253/P and 312, Village Chekhala, Sanand-Kadi Highway, Taluka – Sanand, Dist. Ahmedabad - 382 115 Gujarat
Contact Person	Mr. Rajen Jhaveri Chief Financial Officer and Company Secretary
E-mail	cs@fairchem.in

Credit Rating:

CARE Ratings Limited carried out annual review of credit facilities of HDFC Bank and vide its letter dated 23, August, 2021 has assigned its ratings as under;

1. For Long Term Bank Facilities – Care A+, Stable (Single A Plus; Outlook Stable).
2. For Long Term / Short-term Bank Facilities Care A+; Stable / Care A1+ (Single A Plus; Outlook: Stable / A One Plus)

Declaration:

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics for Board of Directors, Senior Management & Employees, as applicable to them, for the financial year ended March 31, 2022.

Place : Chekhala, Tal. Sanand
Date : May 17, 2022

For Fairchem Organics Limited,
Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

ANNEXURE I

BUSINESS RESPONSIBILITY REPORT

[See Regulation 34(2)(f)]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L24200GJ2019PLC129759 (w.e.f. 01-03-2022)
2. Name of the Company : FAIRCHEM ORGANICS LIMITED
3. Registered address : 253/P & 312, Chekhala, Sanand-Kadi Highway, Tal. Sanand, Dist. Ahmedabad 382 115, Gujarat, India.
4. Website : www.fairchem.in
5. E-mail id : cs@fairchem.in
6. Financial Year reported : 2021-2022
7. Sector(s) that the Company is engaged in (industrial activity code-wise) : NIC Code – 20299 – Manufacture of various other chemical products N.E.C.
8. List three key products/services that the Company manufactures/ provides (as in balance sheet) : (A) Dimer Acid, (B) Linoleic Acid / Soya Fatty Acid, and (C) Deodorizer Distillate (Mixed Tocopherol Concentrate)
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5) - NIL
 - (b) Number of National Locations - One
10. Markets served by the Company – Local/State/National/International - ALL

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : 13,02,09,020 (Thirteen crores two lakhs nine thousands twenty)
2. Total Turnover (INR) : Rs. 643.18 crores - Revenue from operations
3. Total profit after taxes (INR) : Rs. 67.91 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : Rs. 92,82,440/- - 2 % of average profits for F.Y. 2019-20 and F.Y. 2020-21, i.e. 2 years
5. List of activities in which expenditure in 4 above has been incurred:-

Activities for which contribution made	Rs. In Lakhs
a Health (Primary Health Center)	851,568/-
b Health (Preventive Health Center)	43,88,585/-
c Health (Donation for Project Dialysis)	32,35,523/-
d Plastic Waste Management	806,764/-
Total	92,82,440/-

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? **No.**
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s). **No Not applicable**
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] **No.**

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**
 - (a) **Details of the Director/Director responsible for implementation of the BR policy/policies**
 1. DIN Number -- 00012412
 2. Name -- Shri Nahoosh Jariwala
 3. Designation -- Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Rajen Jhaveri
3	Designation	C.F.O., Company Secretary and Compliance Officer
4	Telephone number	(02717) 687900 (Board Number)
5	e-mail id	cs@fairchem.in

2. Principle-wise (as per NVGs) BR Policy/policies**(a) Details of compliance (Reply in Y/N)**

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies have been developed based on the experience of the management of past years in the business of Speciality Chemicals.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Board has approved those policies which are required to be approved by it by virtue of applicable law.								
5	Does the company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	The top management is primarily responsible for supervising the implementation of the policies.								
6	Indicate the link for the policy to be viewed online?	www.fairchem.in								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Formal communication is made where it is required under law.								
8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company carries out internal evaluation / review of the policies periodically.								

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

No.	Questions	P 7
1	The company has not understood the Principles	Not Applicable
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	Not Applicable
3	The company does not have financial or manpower resources available for the task	Not Applicable
4	It is planned to be done within next 6 months	Not Applicable
5	It is planned to be done within the next 1 year	Not Applicable
6	Any other reason (please specify)	Not Applicable

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year – **Annually**
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? **Yearly in annual report ([www.fairchem.in-investor-relations-Annual Reports](http://www.fairchem.in-investor-relations-Annual-Reports))**

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? **Yes**

Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others? : Not Applicable

The Company gives due importance to ethics and transparency and it percolates down to the last level. The Company has a Code of Conduct duly approved by its Board of Directors. The said code is applicable to all Board Members and Senior Management. For all the employees, the Company has a set of rules and SOP to ensure the right conduct and preserve the financial interest of the Company.

The Company keeps a close watch on its' labour contractors to ensure that such policy is followed by them also. As far as other external stakeholders such as suppliers of goods and services (other than manpower), other contractors etc. are concerned, the Company cannot enforce the same. The Company, however, views such acts, if any, of bribery and corruption on the part of any of such external agencies either single handedly or in collusion with employee(s) very seriously and takes appropriate action.

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

As stated in the Corporate Governance Report, no complaint was received from the investors during the financial year 2021-22. During the year, no complaint was received from any of our customers pertaining to quality of our finished goods. Other complaints, if any, are immediately attended to as and when they arise by the concerned departments in consultation with senior management

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities
 - (a) Dimer Acid
 - (b) Linoleic Acid / Soya fatty Acid
 - (c) Deodorizer Distillate (Mixed Tocopherol Concentrate)

All the finished products of the Company's including its three prime products viz. (A) Dimer Acid, (B) Linoleic Acid / Soya Fatty Acid and (C) Deodorizer Distillate (Mixed Tocopherol Concentrate) are manufactured by using natural source raw materials generated during different kinds of vegetable oil refining by oil refineries. The Company has in place mechanism for re-use of some portion of process water after treating the same. The Company also has tied up with a third party of treatment / incineration of its effluents. The company is having the goal of reaching zero discharge of waste water from its operations.

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

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company uses, as its raw materials, by-products generated in very small quantities by vegetable oil refineries during refining of vegetable oils to make the oils edible grade as the prime resource. The Company also uses water, steam coal, furnace oil, diesel, electricity as the resources.

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

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

Yes. The company has a well-defined and practiced procedure in place including transportation for sourcing its raw materials from across India – right from West Bengal in East to Tamil Nadu in South. The test for the full proof set up is in the fact that it works even when there is continuous increase in volume.

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

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

The manufacturing plant of the Company was set up in a remote village more than 25 years back. The surrounding areas are mainly used for

agricultural purposes. As raw materials of the Company are available from vegetable oil refineries, the Company has to source the same from wherever they exist and are available. As far as requirement of other goods and services are concerned, the Company does source the same from local suppliers of goods and services.

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

Yes. The Company does recycle part of its process water mainly for domestic use. As far as recycling of products is concerned, we start our manufacturing operations by using the by-products of vegetable oil refineries which are 'waste' products of the said refineries. We make different prime and residual products from the use of said waste products and realise values for each of the product stream.

Principle 3

- Please indicate the Total number of employees - Total Number of employees as on 31-03-2022 were 221.
- Please indicate the Total number of employees hired on temporary/contractual/casual basis. Total Number of employees as on 31-03-2022 were 165
- Please indicate the Number of permanent women employees : NIL
- Please indicate the Number of permanent employees with disabilities – NIL
- Do you have an employee association that is recognized by management :
No. There is no such association. The employees, however, has access to the top management to represent their case / grievance, if any.
- What percentage of your permanent employees is members of this recognized employee association? Not Applicable
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of the financial year
1	Child labour/forced labour / involuntary labour	Not Applicable as the Company does not hire such labour.	Not Applicable
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

- What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
 - Permanent Employees – About 60 % of employees were given training of safety, first aid, housekeeping and cleanliness practices.
 - Permanent Women Employees – Not applicable
 - Casual / Temporary / Contractual Employees – 16 security personnel were given training of firefighting and equipments handling. 12 other contract employees were also given training for firefighting.
 - Employees with disabilities – Not Applicable.

Principle 4

- Has the company mapped its internal and external stakeholders? Yes.
The shareholders / investors including promoters, employees including contract employees, business associates, suppliers of goods and providers of services, residents / occupants of surrounding areas, Central Govt., State Govt. and local bodies are the stakeholders.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. Yes.
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
The Company, through its CSR spending, helps the families of such stakeholders.

Principle 5

- Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?
The policy on human rights extends to all the stakeholders and is applied in day to day business operations.
- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
No complaint from any of the stakeholders was received during the financial year ended March 31, 2022.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. The company does not have any Group / Joint Ventures. The Policy mainly covers the Company. The policy however, extends to the Contractors and others who perform any kind of activity at plant location.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. No.
3. Does the company identify and assess potential environmental risks? Yes
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? Yes
 - (a) We are a Zero liquid discharge Company.
 - (b) Solid waste generated at the Plant is sent for appropriate treatment / disposal to G.P.C.B. approved site.
 - (c) We have installed scrubber systems to reduce air pollution.
 - (d) The whole manufacturing plant is paved to prevent under ground water contamination.
 - (e) We have 5 rain water harvesting plants within our premises.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. No.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. NIL.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a) The Company is a member of Gujarat Chamber of Commerce and Industry (GCCCI). GCCCI works to create and sustain an environment conducive to the growth of industry and trade in the State of Gujarat.
 - (b) The Company is also registered with CHEMEXCIL which is an export promotion council administered by The Ministry of Commerce and Industry.
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. The details are given in Report on CSR elsewhere included in this report.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? The CSR initiatives during the year were undertaken by in-house team and implementing agencies.
3. Have you done any impact assessment of your initiative? Not Applicable.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. The details are covered in Report on CSR elsewhere included in this report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. We include few persons from village willing to volunteer in such initiative for preserving / maintaining the work done by the Company under CSR.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. NIL
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes /No/N.A. / Remarks (additional information).

All our finished products are in liquid form and are generally sold to industrial users. The list of documents which accompany the dispatch include lab. analysis report in case of prime products. No product label is required to be attached under any law for our products.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case is filed against the Company. Further, since the company is in B2B segment, Company does not advertise its products in any newspapers, TV media or on social platform.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?

No. Most of our customers are regular customers and not one-time customer. Their repeat orders are an indication of the satisfaction at their end.

ANNEXURE II

PRINCIPLES TO ASSESS COMPLIANCE WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE NORMS

[See Regulation 34(2)(f)]

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

1. Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders.
2. Businesses should not engage in practices that are abusive, corrupt, or anti- competition.
3. Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.
4. Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.
5. Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines

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

1. Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.
2. Businesses should raise the consumer's awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
3. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
4. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.
5. Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.
6. Businesses should recognize that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources

Principle 3: Businesses should promote the wellbeing of all employees

1. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance Redressal mechanisms.
2. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.
3. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
4. Businesses should take cognizance of the work-life balance of its employees, especially that of women.
5. Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.
6. Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.
7. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.
8. Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

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

1. Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them.
2. Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders.
3. Businesses should give special attention to stakeholders in areas that are underdeveloped.
4. Businesses should resolve differences with stakeholders in a just, fair and equitable manner

Principle 5: Businesses should respect and promote human rights

1. Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature.
2. Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.
3. Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.
4. Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.
5. Businesses should not be complicit with human rights abuses by a third party.

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

1. Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
2. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
3. Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.
4. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
5. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.
6. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
7. Businesses should proactively persuade and support its value chain to adopt this principle. Principle

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

1. Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
2. To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.

Principle 8: Businesses should support inclusive growth and equitable development

1. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts.
2. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.
3. Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.
4. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.

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

1. Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society.
2. Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
3. Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.
4. Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.
5. Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.
6. Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (LODR) Regulations, 2015. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2022.

For Fairchem Organics Limited,

Place : Chekhla, Tal. Sanand
Date : May 17, 2022

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

CEO / CFO CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

To,

The Board of Directors,

Fairchem Organics Limited

- A. We have reviewed financial statements and the cash flow statement of Fairchem Organics Limited for the year ended March 31, 2022 and hereby certify that to the best of our knowledge and belief
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. During the year, there are, to the best of our knowledge and belief, no transactions entered into by the Company which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- D. We have indicated to the Auditors and the Audit Committee :
- i. that there are no significant changes in internal control over financial reporting during the year;
 - ii. There are no significant changes in accounting policies during the year; and
 - iii. that there are no instances of significant fraud of which we have become aware.

For Fairchem Organics Limited,

Rajen Jhaveri
Chief Financial Officer

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

Place : Chekhla, Tal. Sanand
Date : May 17, 2022

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759

We have examined all relevant records of **FAIRCHEM ORGANICS LIMITED** for the purpose of certifying compliance of conditions of Corporate Governance as stipulated under para C and D of Schedule V read with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended on March 31, 2022.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the further viability of the Company nor of the effectiveness with which the management has conducted the affairs of the Company.

On the basis of the examination of the records produced (including receipt of documents by way of electronic means on account of ongoing pandemic of Covid - 19), explanations and information furnished, we certify that the Company has complied with the mandatory conditions of the Corporate Governance as stipulated in para C of Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020

UDAY G. DAVE
PARTNER

Place: Ahmedabad
Date : 17-05-2022

FCS No.: 6545 C. P. No.: 7158
UDIN: F006545D000332277

CERTIFICATE

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759

We have examined relevant registers, records, forms, returns and disclosures in respect of the Directors of **FAIRCHEM ORGANICS LIMITED** (the Company) having its registered office situated at 253/P & 312, Sanand Kadi Highway, Village Chekhala, Tal. Sanand, Dist. Ahmedabad 382 115, Gujarat which were produced before us by the Company (including receipt of documents by way of electronic means on account of ongoing pandemic of Covid - 19) for the purpose of issuing a certificate as stipulated in Clause (10) (i) of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time.

In our opinion and to the best of our information and on the basis of the verification of the above stated documents (including the status of Directors Identification Number - DIN at the portal of Ministry of Corporate Affairs – MCA www.mca.gov.in), we hereby certify that none of the Directors on the Board of the Company as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as a Directors of the Company by the Board i.e. Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such statutory authority.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020

UDAY G. DAVE
PARTNER

Place: Ahmedabad
Date : 17-05-2022

FCS No.: 6545 C. P. No.: 7158
UDIN: F006545D000332288

INDEPENDENT AUDITORS' REPORT

To the Members of Fairchem Organics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fairchem Organics Limited ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and profit and 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – Timing of recognising revenue See note 1 (c) and 28 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Revenue from the sale of finished goods is recognized when control over finished goods is transferred to the customer. The Company has various customers with differing terms of trade which increases the risk of error in timing of revenue recognition. The actual point in time when revenue is recognized varies depending on the specific terms and conditions of the contracts with the customers.</p> <p>We have identified the risk of revenue being recognized in incorrect period as a key audit matter due to the financial significance arising from pressure to achieve performance targets and meeting external expectations.</p>	<p>In view of the significance of the matter we applied the following audit procedures, among others, in this area to obtain sufficient audit evidence:</p> <ul style="list-style-type: none"> – Assessing Company's revenue recognition accounting policies by comparing with applicable accounting standards and their consistent application to the significant sales contracts. – Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of products. – Performing substantive testing of revenue recognized during the year by selecting samples, through statistical sampling, and verifying the underlying customer orders and proof of dispatch/delivery in accordance with the contractual terms agreed with the customers. – Performing substantive testing of revenue recognized near the year-end by verifying the customer orders and proof of dispatch/delivery to assess the appropriateness of timing of revenue recognition. – Circulating balance confirmation requests to customers on a random sample basis and examining reconciliations in case of differences.

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li data-bbox="751 264 1500 321">– Assessing manual journals posted to revenue to identify unusual items <li data-bbox="751 331 1500 388">– Considering the adequacy of disclosures in the financial statements.

Other Information

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

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

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

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 43 to the financial statements.
 - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 42 to the financial statements, 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:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 42 to the financial statements, 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:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W / W-100022

Rupen Shah
Partner
Membership No. 116240
UDIN: 22116240AJCVAY2577

Ahmedabad
Date : 17 May 2022

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Annexure A to the Independent Auditors' report on the financial statements of Fairchem Organics Limited for the year ended 31 March 2022.

(Referred to our report of even date)

- (i) a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b) 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 a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, Office equipment, Computers, Vehicles and Air Conditioners were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No 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 immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value as at 31-3-2022 (Rs in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Leasehold land (one case)	459.4	Fairchem Speciality Limited (FSL)	No	31 March 2019	FSL's undertaking carrying on the business of Oleo Chemicals and Neutraceutical intermediate was vested in the Company during the year ended 31 March 2021 through a scheme of arrangement. The Company has filed application with Gujarat Industrial development corporation (GIDC) for transfer of name. Title deed will be transferred on the company name once all administrative procedure is completed and approval received from (GIDC).

- d) 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 not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) a) The inventory, except goods-in-transit in case of purchases and sale of finished goods where risk and rewards has not been transferred, has been physically verified by the management during the year. For goods-in-transit in case of purchases subsequent evidence of receipts has been linked with inventory records and for goods-in-transit in case of sales of finished goods, subsequent evidence of customer acknowledgement has been verified. In our opinion, the frequency of

such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

- b) 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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from bank on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with bank are in agreement with the books of account of the Company.
- (iii) 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 not made any investments, provided guarantee or security or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has provided loans to other parties during the year, in respect of which the requisite information is as below.

- a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans as below:

Particulars	(Amount In Rs. Lakhs)
	Loans
Aggregate amount during the year	2.02
- Others (employees)	
Balance outstanding as at balance sheet date	1.30
- Others (employees)	

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the the terms and conditions of the grant of loans provided during the year are, prima facie, not prejudicial to the interest of the company.
- 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, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- 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 for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party 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 is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- f) 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 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 records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

- (vii) a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

(Amount In Rs. Lakhs)

Name of the statute	Nature of dues	Amount (Unpaid)	Amount (Paid under protest)	Period to which the amount relates	Forum where the dispute is pending
Service Tax , The Finance Act 1994	Demand in respect of Cenvat credit reversal	3.56	0.29	Feb 13 to Nov 14	The Commissioner (Appeal) Central Excise, Ahmedabad
		2.25	0.19	Dec 14 to Aug 15	
		7.15	12.53	Feb 15 to Mar 16	Customs, Excise & Service Tax Appellate Tribunal.
Central Sales Tax Act 1956 and the Gujarat Value Added Tax 2003	Demand in respect of Input Tax credit	7.39	0.83	Year 2012-13	Dy. Commissioner of Commercial Tax- Appeal, Ahmedabad
		1.77	0.21	Year 2014-15	Dy. Commissioner of Sales Tax - Appeal, Ahmedabad
CGST Act 2017, SGST Act 2017 and IGST Act 2017	Expiry of validity of E way bill	7.26	0.38	Year 2020-21	Dy. Commissioner of State Tax - Appeal, Ahmedabad

- (viii) 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 not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) a) 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 not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- b) 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 not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- c) In our opinion and according to the information and explanations given to us by the management, 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 balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clauses 3(ix)(e) and 3(ix)(f) are not applicable.

- (x) a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- b) 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) a) Based on examination of the books and records of the Company and 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 course of the audit.
- b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(a) to 3(xii)(c) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- (xiv) a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) a & b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) and clause 3(xvi)(b) of the Order is not applicable.
- c & d) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) and clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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 the 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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W / W-100022

Rupen Shah
Partner
Membership No. 116240
UDIN: 22116240AJCVAY2577

Ahmedabad
Date : 17 May 2022

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Annexure B to the Independent Auditors' report on the financial statements of Fairchem Organics Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Fairchem Organics Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 financial statements were established and maintained and whether 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W / W-100022

Ahmedabad
Date : 17 May 2022

Rupen Shah
Partner
Membership No. 116240
UDIN: 22116240AJCVAY2577

BALANCE SHEET AS AT MARCH 31, 2022

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4 (a)	13,633.13	12,199.16
Right to use asset	4 (b)	421.51	427.97
Capital work-in-progress	5	4,199.85	2,945.29
Intangible Assets	6 (a)	3.18	4.77
Intangible Assets under Development	6 (b)	22.21	-
Financial Assets			
(i) Other Financial Assets	7	17.84	17.86
Non-current Tax Assets (Net)	8	189.45	183.04
Other Non-current Assets	9	195.66	298.76
Total Non-Current Assets		18,682.83	16,076.85
Current Assets			
Inventories	10	7,002.56	4,529.49
Financial Assets			
(i) Trade receivables	11	6,222.15	4,676.73
(ii) Cash and cash equivalents	12	0.83	2.60
(iii) Bank balances other than (ii) above	13	15.23	18.10
(iv) Loans	14	1.30	0.17
(v) Other Financial Assets	15	0.75	0.50
Other current assets	16	481.88	555.82
Total Current Assets		13,724.70	9,783.41
TOTAL ASSETS		32,407.53	25,860.26
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	17	1,302.09	1,302.09
Other Equity	18	21,912.87	15,571.36
Total Equity		23,214.96	16,873.45
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	19	998.70	2,598.20
Provisions	20	174.98	177.20
Deferred Tax Liabilities (Net)	38	1,280.56	1,135.09
Total Non-Current Liabilities		2,454.24	3,910.49
Current Liabilities			
Financial Liabilities			
(i) Borrowings	21	5,204.32	3,082.14
(ii) Trade Payables	22		
(a) Total outstanding dues of micro enterprises and small enterprises		101.46	63.34
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		803.84	1,028.13
(iii) Other financial liabilities	23	75.94	207.23
Other current liabilities	24	359.06	459.81
Provisions	25	98.89	102.09
Current Tax Liabilities (Net)	26	94.82	133.58
Total Current Liabilities		6,738.33	5,076.32
TOTAL EQUITY AND LIABILITIES		32,407.53	25,860.26

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rupen Shah
Partner
Membership No. 116240

Place : Ahmedabad
Date : May 17, 2022

**For and on behalf of the Board of Directors of
Fairchem Organics Limited**

Nahoosh Jariwala
Chairman and Managing Director
DIN: 00012412

Rajen N. Jhaveri
Chief Financial Officer and Company Secretary

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD
Date : May 17, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2022

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year ended on March 31, 2022	Year ended on March 31, 2021
Income			
Revenue from Operations	28	64,318.44	39,656.94
Other Income	29	36.16	28.22
Total Income		64,354.60	39,685.16
Expenses			
Cost of material consumed	30	47,090.23	27,766.25
Changes in Inventories of finished goods and work-in-progress	31	(1,220.33)	(1,086.83)
Employee benefits expense	32	1,774.68	1,607.88
Finance Costs	33	685.55	697.81
Depreciation and amortisation expense	34	713.10	657.33
Other expenses	35	6,187.33	4,486.64
Total Expenses		55,230.56	34,129.08
Profit Before Tax		9,124.04	5,556.08
Tax Expense			
Current tax for the year		2,190.15	1,319.58
Deferred tax		143.25	(11.97)
		2,333.40	1,307.61
Profit After Tax		6,790.64	4,248.47
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
- Remeasurement gains/(losses) on post employment defined benefit plans		8.82	(62.93)
- Income tax effect		(2.22)	15.84
Other comprehensive income for the year, net of tax		6.60	(47.09)
Total comprehensive income for the year		6,797.24	4,201.38
Earnings Per Share			
Basic and Diluted earnings per share (in Rupees)	37	52.15	32.63
Nominal value per equity share (in Rupees)		10.00	10.00

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rupen Shah
Partner
Membership No. 116240

Place : Ahmedabad
Date : May 17, 2022

**For and on behalf of the Board of Directors of
Fairchem Organics Limited**

Nahoosh Jariwala
Chairman and Managing Director
DIN: 00012412

Rajen N. Jhaveri
Chief Financial Officer and Company Secretary
Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD
Date : May 17, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes		
A. Equity Share Capital			
Balance as at March 31, 2020	17	-	
Issue of Shares pursuant to a Scheme of Arrangement (*)		1,302.09	
Balance as at March 31, 2021	17	1,302.09	
		-	
Balance as at March 31, 2022	17	1,302.09	
B. Shares pending issuance			
Balance as at March 31, 2020		1,302.09	
Issue of Shares pursuant to a Scheme of Arrangement (*)		(1,302.09)	
Balance as at March 31, 2021		-	
		-	
Balance as at March 31, 2022		-	
C. Other Equity			
	Reserves and Surplus		
	Capital Reserves	Retained Earnings	
	Total		
Balance as at March 31, 2020	8,958.05	2,411.93	11,369.98
Profit for the year	-	4,248.47	4,248.47
Other Comprehensive Income (+)	-	(47.09)	(47.09)
Total Comprehensive Income for the year	-	4,201.38	4,201.38
Balance as at March 31, 2021	8,958.05	6,613.31	15,571.36
Profit for the year	-	6,790.64	6,790.64
Other Comprehensive Income (+)	-	6.60	6.60
Total Comprehensive Income for the year	-	6,797.24	6,797.24
Transactions with owners in their capacity as owners:			
Dividends Paid	-	(455.73)	(455.73)
Balance as at March 31, 2022	8,958.05	12,954.82	21,912.87

*Pursuant to the Scheme of Arrangement, the Company has issued and allotted 13,020,902 Equity shares of Rs. 10/- each to the Equity Shareholders of erstwhile Fairchem Speciality Limited during the year ended March 31, 2021.

+ It includes remeasurement gain / loss on defined benefits plan.

Capital Reserve

The Capital Reserve was created pursuant to a Composite Scheme of arrangement and amalgamation ('the Scheme') amongst Fairchem Speciality Limited (FSL), Fairchem Organics Limited (FOL) and Privi Organics India Limited (POIL), two wholly owned subsidiaries of FSL and their respective shareholders for Demerger of FSL's undertaking carrying on speciality oleo chemicals and nutraceuticals business and vesting the same into FOL. The said scheme was sanctioned by National Company Law Tribunal on June 30, 2020.

Retained Earnings

The retained earnings reflect the profit of the company earned till date net of appropriations. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance under this head, after considering the requirements of the Companies Act, 2013.

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Rupen Shah

Partner

Membership No. 116240

Place : Ahmedabad

Date : May 17, 2022

For and on behalf of the Board of Directors of Fairchem Organics Limited

Nahoosh Jariwala

Chairman and Managing Director

DIN: 00012412

Rajen N. Jhaveri

Chief Financial Officer and Company Secretary

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD

Date : May 17, 2022

STATEMENT OF CASH FLOWS FOR YEAR ENDED ON MARCH 31, 2022

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year ended on March 31, 2022	Year ended on March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Profit Before Tax		9,124.04	5,556.08
<u>Adjustments for:</u>			
Depreciation and Amortisation	34	713.10	657.33
Finance Cost	33	685.55	697.81
Interest Income	29	(3.73)	(23.07)
Unrealised Foreign Exchange (Gain) / Loss		(4.47)	5.27
Provision no longer required written back	29	(8.42)	-
(Gain) on sale of assets		(7.92)	(4.53)
Operating Profit Before Working Capital Changes		10,498.15	6,888.89
<u>Adjustments For Changes In Working Capital:</u>			
(Increase) In Inventories		(2,473.07)	(1,004.88)
Decrease In Other Non Current Financial Assets		0.02	10.36
(Increase) In Trade receivables		(1,540.95)	(894.10)
(Increase) / Decrease In Current Loans		(1.13)	1.05
Decrease / (Increase) In Other Current Financial Assets		2.00	(2.00)
Decrease / (Increase) In Other current assets		82.36	(406.35)
(Decrease) / Increase In Trade and Other Payables		(186.17)	450.32
(Decrease) / Increase In Non Current Liabilities - Provisions		(2.22)	62.87
Increase In Current Liabilities - Provisions		5.62	5.40
(Decrease) / Increase In Other Current Liabilities		(100.75)	171.96
Cash Generated From Operations		6,283.86	5,283.52
Direct Taxes Paid (Net)		(2,235.32)	(1,325.15)
A. Net Cash Generated From Operating Activities		4,048.54	3,958.37
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant and Equipment		(3,459.39)	(2,312.28)
Proceeds from Sale of Property, Plant and Equipment		37.50	8.28
Interest Income		3.48	23.81
B. Net Cash (Used In) Investing Activities		(3,418.41)	(2,280.19)

STATEMENT OF CASH FLOWS FOR YEAR ENDED ON MARCH 31, 2022

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended on March 31, 2022	Year ended on March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings (net)	-	2,107.42
Repayment of Long Term Borrowings (net)	(2,165.40)	(880.29)
Net Proceeds / (Repayment) of Short Term Borrowings (net)	2,688.09	(2,214.05)
Dividend Paid	(455.73)	-
Interest Paid	(698.85)	(691.74)
C. Net Cash (Used In) Financing Activities	(631.89)	(1,678.66)
Net (Decrease) in cash and cash equivalents (A+B+C)	(1.76)	(0.48)
Cash and Cash Equivalents as at the beginning of the year	2.60	3.08
Cash and Cash Equivalents as at the end of the year	0.83	2.60
Reconciliation of cash and cash equivalent as per the statement of cash flows		
	As at March 31, 2022	As at March 31, 2021
Cash and Cash Equivalents :		
Cash on hand	0.83	1.16
Bank Balances :		
- In Current Accounts	-	1.44
	0.83	2.60

Note :

- The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows"
- Refer Note 23 for net debt reconciliation.

This is the Statement of Cash flows referred to in our report of even date.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Rupen Shah

Partner

Membership No. 116240

Place : Ahmedabad

Date : May 17, 2022

**For and on behalf of the Board of Directors of
Fairchem Organics Limited**

Nahoosh Jariwala

Chairman and Managing Director

DIN: 00012412

Rajen N. Jhaveri

Chief Financial Officer and Company Secretary

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD

Date : May 17, 2022

Notes to the financial statements for the year ended 31 March 2022

Background of the Company

Fairchem Organics Limited (the 'Company'), incorporated on March 27, 2019 under the provisions of the Companies Act, 2013 is a public limited company domiciled in India. Pursuant to the Scheme of arrangement, the Oleo Chemical and Neutraceutical business of erstwhile Fairchem Speciality Limited was demerged and vested into the Company. The Company is engaged in manufacturing of Speciality Oleo Chemicals. The manufacturing facility is set up at Village Chekhala, Ta. Sanand, Dist. Ahmedabad, Gujarat, India. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Ltd.

1 Significant accounting policies

This Note provides a list of the significant accounting policies adopted by the Company in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated

a) Basis of preparation

i) Compliance with Ind AS

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

If the particular Ind AS is not in conformity with the applicable laws, the provisions of the said law shall prevail and financial statements shall be prepared in conformity with such laws. Consequently, the Company has applied this norm while preparing the financial statements.

ii) Historical cost convention

The Financial Statements have been prepared on a historical cost basis, except for the following:

- Defined benefit plans - plan assets measured at fair value.

iii) Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period,
- All other liabilities are classified as non-current.

b) Foreign currency transactions and translations

i) Functional and presentation currency

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

Notes to the financial statements for the year ended 31 March 2022

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date exchange rate are recognised in the Statement of Profit and Loss.

Other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other incomes/expenses.

c) Revenue recognition

Sale of products

Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that is expected to be received from customers that is net of trade discounts, rebates and goods and services tax (GST). The Company does not have any contracts where the transfer of the promised goods to customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

A contract liability is the obligation to transfer goods to the customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

Export benefit entitlements under Duty Drawback, Merchandise Exports from India Scheme (MEIS) and Remission of Duties and Taxes on Exported Products (RoDTEP) are recognised when the right to receive credit as per the terms of the scheme is established in respect of the exports and where there is no uncertainty regarding the ultimate collection of the relevant export proceeds.

d) Income tax

The income tax expense or credit for the period is the tax on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to taxable timing differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on taxable timing difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for all deductible taxable timing differences only if it is probable that future taxable amounts will be available to utilize those taxable timing differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case, the tax is recognised in other comprehensive income or directly in equity, respectively.

e) Leases

Company as a lessee:

From April 1, 2019, leases are recognised as a right-to-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components.

Assets and liabilities arising from a lease are initially measured at cost which includes present value of lease payments to

Notes to the financial statements for the year ended 31 March 2022

be made over the tenure of lease, adjusted for any payments made on or before the commencement of lease and initial direct cost, if any. It is subsequently measured at cost less accumulated amortization, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right to use assets:

Right-to-use assets are measured at cost comprising the amount of the initial measurement of lease liability and lease payments made before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or sight on which it is located, less any lease incentives received.

Right-to-use assets are depreciated over the lease term on a straight-line basis. Right-to-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities.

f) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). An impairment loss in respect of goodwill is not subsequently reversed. Other assets are reviewed for possible reversal of the impairment at the end of each reporting period. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, to the extent the amount was previously charged to the statement of profit and loss.

g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Trade receivables

Trade receivables are recognised initially at transaction price which is considered to be its fair value.

i) Inventories

Raw materials, packing material, stores and fuel, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost of raw materials and consumables are valued based on weighted average cost method and cost of packing materials, stores and fuel are determined based on first-in, first-out (FIFO) method. The costs of raw materials, consumables, packing materials, stores and fuel comprises cost of purchase, and other costs incurred to bring the asset to its intended use. The cost of work in progress and finished goods comprises raw materials, direct labour, and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal capacity. Cost of inventories comprise the purchase price, import duties and other taxes, (other than those subsequently recovered by the Company from tax authorities) and transport, handling and other costs directly attributable to bringing the inventory to their existing location and condition.

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.

Notes to the financial statements for the year ended 31 March 2022

j) Financial assets and liabilities

i) Financial assets

1. Classification

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

- at fair value (either through other comprehensive income, or through profit or loss), and
- at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable selection at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2. Initial Recognition and Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

3. Subsequent Measurement

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

Measured at fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to "Profit or Loss" in the Statement of Profit and Loss.

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

Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at Fair Value through Other Comprehensive Income (FVOCI) are not reported separately from other changes in fair value.

4. Impairment of financial assets

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

For trade receivables or other financial assets that result from transactions that are within the scope of Ind AS

Notes to the financial statements for the year ended 31 March 2022

115 only, the Company follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The impairment loss is based on the ageing of the receivables that are due and allowance rates used in the provision matrix.

5. Derecognition

The Company derecognises a financial asset, when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain the control of the financial asset.

6. Income recognition

Interest income from debt instruments is recognised using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

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

ii) Financial liabilities:

1. Initial Recognition and Measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

2. Subsequent Measurement

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

3. Derecognition

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

4. Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities to the extent it is expected to be paid within normal operating cycle of the business.

5. Borrowings

Borrowings are initially Capitalized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged,

Notes to the financial statements for the year ended 31 March 2022

transferred, cancelled or expired. The difference between the carrying amount of borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss as other income/expenses.

k) Offsetting financial instruments

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

l) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The historical cost comprises of its purchase price, non-refundable taxes & levies, freight and any other direct cost of bringing the item to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of profit and loss.

When major items of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacement of any property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit associated with the item will flow to the Company and its cost can be measured reliably.

Capital work in progress are those which are not ready for intended use and are carried at cost less impairment loss, if any.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost less their estimated residual value on a pro-rata basis over the estimated useful life using straight line method. Estimated useful life is either as per technical evaluation or as per useful life as mentioned in schedule II of Companies Act, 2013. Estimated useful life of the assets are as under:

<u>Assets class</u>	<u>Useful life in years</u>
• Buildings	10 to 30
• Plant and Equipment	10 to 25*
• Electrical Installations	10
• Office Equipments and Computers	3 to 5
• Furniture and Fixtures	10
• Air conditioner	5
• Vehicles	8

*For these classes of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

Depreciation methods, residual value and useful lives are reviewed at each financial year end and adjusted if appropriate.

m) Intangible Assets and amortization

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated amortisation and impairment loss, if any.

Cost includes purchase price, non-refundable taxes, duties and other incidental expenses related to acquisition.

Notes to the financial statements for the year ended 31 March 2022

Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of respective intangible assets as stated below:

<u>Assets class</u>	<u>Useful life in years</u>
• Computer software	3

n) **Borrowings costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Foreign exchange differences including exchange differences related to foreign currency borrowings to the extent they are regarded as an adjustment to interest costs to the extent not capitalized are presented in the statement of profit and loss, within finance costs.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

o) **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

p) **Employee Benefits**

i) **Defined contribution plans**

Contributions to post employment benefit plans in the form of provident fund, employee state insurance scheme and pension scheme as per regulations are charged as an expense on an accrual basis when employees have rendered the service. The Company has no further payment obligations once the contributions have been paid.

ii) **Defined benefit plans**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees, which is funded. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined using the Projected Unit Credit method at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Gratuity Fund contributions are made to a trust administered by the Company which has further invested in Life Insurance Corporation. The contributions made to the trust are recognised as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

Notes to the financial statements for the year ended 31 March 2022

iii) Other employee benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the statement of profit and loss in the year in which they arise.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

iv) Short term employee benefits

Short term benefits payable within twelve months after the end of the reporting period in which the employees have rendered service are expensed in the statement of profit and loss.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director who is identified as the chief operating decision maker. The managing director assesses the financial performance and position of the company, and make strategic decisions.

r) Common control business combinations

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established,

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

The assets and liabilities of the combining entities are transferred at their carrying amounts.

The difference, if any, between the carrying amount of assets and liabilities transferred and the consideration discharged by way of the new equity shares issued to the shareholders of the transferor company is recorded as capital reserve.

s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, or decimal thereof as per the requirement of Schedule III, unless otherwise stated.

u) Critical estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

Notes to the financial statements for the year ended 31 March 2022

The areas involving critical estimates are:

- Estimation of defined benefit obligation – Note 27
- Contingent liabilities – Note 43
- Estimation of useful life of tangible and intangible assets – Note 4

Estimates are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company.

v) Significant judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes –

- Timing of recognition of revenue- Note 28

2. Recent 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 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

3. The financial statements for the year ended March 31, 2022 were approved for issue by the Board of Directors of the Company on May 17, 2022.

NOTES TO THE FINANCIAL STATEMENTS

4 (a) Property, Plant and Equipment

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount
	As at March 31, 2021	Additions	Deductions/ Adjustments	As at March 31, 2022	As at March 31, 2022
Freehold Land	63.10	-	-	-	63.10
Building	2,416.46	114.93	-	410.55	2,017.53
Plant and Machinery	11,491.49	2,013.87	20.84	1,777.88	11,200.56
Electric Installation	349.68	-	0.09	214.11	104.55
Air Conditioners	51.13	1.82	-	32.67	13.63
Office Equipments and Computers	91.78	6.62	2.01	64.78	22.43
Furniture and Fixtures	208.04	2.22	-	84.34	103.91
Vehicles	155.45	28.03	26.99	43.64	107.42
Total	14,827.13	2,167.49	49.93	16,944.69	13,633.13

Particulars	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount
	As at March 31, 2020	Additions	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2021
Freehold Land	63.10	-	-	-	63.10
Building	2,264.32	152.14	-	322.82	2,005.91
Plant and Machinery	11,057.95	433.54	-	1,308.90	9,713.61
Electric Installation	349.68	-	-	180.34	135.57
Air Conditioners	49.59	1.54	-	26.21	18.46
Office Equipments and Computers	85.90	6.31	0.43	50.37	27.00
Furniture and Fixtures	201.94	6.10	-	62.21	123.70
Vehicles	120.96	59.23	24.74	50.36	111.81
Total	14,193.44	658.86	25.17	14,827.13	12,199.16

(All amounts in Rs. Lakhs, unless otherwise stated)

4 (b) Right to use asset

Particulars	Gross Carrying Amount		Accumulated Amortisation		Net Carrying Amount
	As at March 31, 2021	Additions	Deductions/ Adjustments	As at March 31, 2022	As at March 31, 2022
Right to use asset	459.40	-	-	459.40	421.51
Total	459.40	-	-	459.40	421.51

Particulars	Gross Carrying Amount		Accumulated Amortisation		Net Carrying Amount
	As at March 31, 2020	Additions	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2021
Right to use asset	459.40	-	-	459.40	427.97
Total	459.40	-	-	459.40	427.97

(i) Lease contracts entered by the Company pertains for land, taken on lease to conduct its business in the ordinary course.

(ii) The company does not have any lease expenses recognised in statement of profit and loss towards short-term leases, lease of low value assets and variable lease rental.

(iii) Extension and termination options are included in the lease contracts. The same is used to maximise operational flexibility in terms of managing assets used in Company's operations.

4 (c) Title Deed of the Company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company	Disputed
Right to use asset	Leasehold Land	459.40	Fairchem Speciality Limited	No	December 30, 2015	Refer Note below	No

Note: The leasehold land is in the name of erstwhile Company "Fairchem Speciality Limited" from whom the same was transferred to the Company pursuant to the Composite Scheme of Arrangement and Amalgamation. The Company has made an application to Gujarat Industrial Development Corporation (G.I.D.C.) for change of name from Fairchem Speciality Limited to Fairchem Organics Limited. Title of the said leasehold will be transferred in the name of the Company on completion of all administrative procedures in G.I.D.C.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

5 Capital Work in Progress

	As at March 31, 2022	As at March 31, 2021
Opening Balance	2,945.29	942.84
Addition during the year	3,383.36	2,588.13
Capitalised during the year	2,128.80	585.68
Closing Balance	4,199.85	2,945.29

Capital work-in-progress mainly comprises of Plant & Machinery.

5 (a) Capital Work in Progress Ageing Schedule As on March 31, 2022

Projects in Progress	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Unit-2 Chhatral	4.60	-	-	-	4.60
Expansion Of Electric Sub Station / Transformer / HT	87.49	-	-	0.02	87.51
Degumming & Bleaching Plant	109.99	0.17	-	-	110.16
Toco / Bio-Fuel Plant	298.72	1,608.11	773.58	3.46	2,683.87
ETP R.O. Plant - 3	19.06	-	0.77	-	19.83
Cooling Tower	14.99	1.65	1.36	4.30	22.30
Fractionation Plant -F7	1,134.38	7.56	2.43	0.24	1,144.61
New Bleacher Plant-3	115.96	6.03	0.24	0.01	122.24
Canteen Building	4.40	-	-	-	4.40
Automation DCS Systems	-	-	-	0.33	0.33
Total	1,789.59	1,623.52	778.38	8.36	4,199.85

Capital Work in Progress - Completion Schedule whose completion is overdue to its original plan:

Overdue Projects*	To be completed in			Total
	Less than 1 Year	1-2 Years	2-3 Years	
Completion is overdue: Toco / Bio-Fuel Plant	2,683.87	-	-	2,683.87
Automation DCS Systems	0.33	-	-	0.33
Total	2,684.20	-	-	2,684.20

*Delay due to impact of COVID on availability of labour, equipment suppliers' operations and increase in commodity prices mainly due to Covid.

(All amounts in Rs. Lakhs, unless otherwise stated)

As on March 31, 2021

Projects in Progress	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Toco / Bio-Fuel Plant	1,607.58	781.07	2.66	-	2,391.31
Fractionation / Splitting Of Plant	129.56	17.38	6.49	-	153.43
WFE 3	5.19	-	-	-	5.19
ETP & MVR - MEE Plant	64.92	1.14	0.20	-	66.26
Steam Boiler	99.71	5.34	1.12	0.06	106.23
Flacker	0.10	-	-	-	0.10
FG Tanker Loading Station	3.27	-	-	0.05	3.32
Modification of Bleacher	41.69	23.04	1.40	1.04	67.17
Dimer Cooling Systems	26.96	0.10	-	-	27.06
Splitting Plant-4 (75-Tpd)	73.76	0.44	-	-	74.20
Automation DCS Systems	-	-	-	0.38	0.38
Capital Spares	17.39	24.08	8.11	1.06	50.64
Total	2,070.13	852.59	19.98	2.59	2,945.29

Capital Work in Progress - Completion Schedule whose completion is overdue to its original plan:

Overdue Projects*	To be completed in			Total
	Less than 1 Year	1-2 Years	2-3 Years	
Completion is overdue:				
Toco / Bio-Fuel Plant	2,391.31			2,391.31
Automation DCS Systems	0.38			0.38
Total	2,391.69	-	-	2,391.69

*Delay due to impact of COVID on availability of labour, equipment suppliers' operations and increase in commodity prices mainly due to Covid.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

6 (a) Intangible Assets

Particulars	Gross Carrying Amount			Accumulated Amortisation			Net Carrying Amount As at March 31, 2022	
	As at March 31, 2021	Additions	Deductions/ Adjustments	As at March 31, 2022	As at March 31, 2021	For the year		Deductions/ Adjustments
Computer Software	8.07	1.11	-	9.18	3.30	2.70	6.00	3.18
Total	8.07	1.11	-	9.18	3.30	2.70	6.00	3.18

Particulars	Gross Carrying Amount			Accumulated Amortisation			Net Carrying Amount As at March 31, 2021	
	As at March 31, 2020	Additions	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2020	For the year		Deductions/ Adjustments
Computer Software	8.07	-	-	8.07	0.61	2.69	3.30	4.77
Total	8.07	-	-	8.07	0.61	2.69	3.30	4.77

6 (b) Intangible Assets under Development

	As at March 31, 2022	As at March 31, 2021
Opening Balance	-	-
Addition during the year	22.21	-
Capitalised during the year	-	-
Closing Balance	22.21	-

6 (c) Capital Work in Progress Ageing Schedule As on March 31, 2022

Projects in Progress - Intangible Assets	Amount in CWIP for a period of			Total
	Less than 1 Year	1-2 Years	2-3 Years	
Software - SAP	22.21	-	-	22.21
Total	22.21	-	-	22.21

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
7 Other Financial Assets		
Fixed Deposit with maturity of more than twelve months *	17.38	17.50
Security Deposits	0.46	0.36
	17.84	17.86
* Pledged with the bank for non cash limit		
8 Non Current Tax Assets (Net)		
Advance Income Tax and Tax deducted at source (Net of Provision)	189.45	183.04
	189.45	183.04
9 Other Non Current Assets (Unsecured and Considered Good)		
Capital advances	195.66	298.76
	195.66	298.76
10 Inventories [Refer note 1 (i) - valued at lower of cost and net realisable value]		
Raw Materials	3,273.31	2,080.19
Packing Materials	6.18	3.97
Stores, Consumables and Fuel	685.75	628.34
Work-in-progress	2,642.34	1,702.74
Finished Goods	394.98	114.25
	7,002.56	4,529.49
<u>Of the above includes Goods in transit :</u>		
Raw Materials	206.11	355.97
Stores and Fuel	3.56	0.82
Finished Goods	394.98	114.25
Refer to note 45 for information on inventories hypothecated as security by the Company.		
11 Trade Receivables		
Trade Receivables considered good - Unsecured	6,222.15	4,676.73
Trade Receivables - credit impaired	42.00	42.00
	6,264.15	4,718.73
Less: Loss Allowances	(42.00)	(42.00)
	6,222.15	4,676.73
The movement in allowance for doubtful debts is as follows:		
Balance as at beginning of the year	42.00	42.00
Balance as at the end of the year	42.00	42.00
Trade receivables are non-interest bearing and are generally on credit period of 0 - 75 days. Refer Note 40 for credit risk related disclosures.		
Refer to note 45 for information on trade receivables hypothecated as security by the Company.		

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Trade Receivable ageing schedule: As on 31 March 2022:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
(i) Undisputed Trade Receivables - Considered good	-	5,657.08	564.75	0.27	0.04	-	6,222.15
(ii) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	42.00
Total	-	5,657.08	564.75	0.27	0.04	-	6,264.15

Trade Receivable ageing schedule: As on 31 March 2021:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
(i) Undisputed Trade Receivables - Considered good	-	3,560.68	1,093.88	21.99	0.03	0.00	4,676.73
(ii) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	42.00	42.00
Total	-	3,560.68	1,093.88	21.99	0.03	42.00	4,718.73

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

17.2 Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing 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 distribution of all preferential amounts, in proportion to their shareholding.

17.3 Details of Shareholders holding more than 5% of the aggregate shares in the company:

	As at March 31, 2022		As at March 31, 2021	
	Nos	(%)	Nos	(%)
FIH Mauritius Investments Limited	68,78,656	52.83%	63,47,899	48.75%
Mr. Mahesh Babani	-	-	8,62,116	6.62%
Banbridge Limited	-	-	6,69,672	5.14%

17.4 Disclosures of Shareholding of Promoters - Shares held by the Promoters:

Promoter name	As at 31.03.2022 At the end of the year		As at 31.03.2021 At the end of the year		% Change during F.Y. 2021-22
	No. of Shares	% of total shares	No. of Shares	% of total shares	
FIH Mauritius Investments Limited	68,78,656	52.83%	63,47,899	48.75%	4.08%
FIH Private Investments Limited	-	-	1,083	0.01%	-100.00%
Nahoosh Tradelink LLP	4,43,293	3.40%	2,21,006	1.70%	1.71%
Jariwala Tradelink LLP	3,21,874	2.47%	1,12,327	0.86%	1.61%
Utkarsh Bhikhoobhai Shah	23,333	0.18%	8,333	0.06%	0.12%
Mahesh P Babani	-	-	8,62,116	6.62%	-100.00%
Mahesh Purshottam Babani HUF	-	-	5,97,240	4.59%	-100.00%
Doppalapudi Bhaktavatsala Rao	-	-	2,41,020	1.85%	-100.00%
Vinaykumar Doppalapudi Rao	-	-	1,59,426	1.22%	-100.00%
Vijaykumar Doppalapudi	-	-	1,51,668	1.16%	-100.00%
Rajkumar Doppalapudi	-	-	1,48,608	1.14%	-100.00%
Jyoti Mahesh Babani	-	-	1,30,000	1.00%	-100.00%
Seema Mahesh Babani	-	-	1,30,000	1.00%	-100.00%
Snehal Mahesh Babani	-	-	1,30,000	1.00%	-100.00%
Prasanna Raj	-	-	61,758	0.47%	-100.00%
Premaleela Doppalapud	-	-	59,058	0.45%	-100.00%
Sharon Doppalapudi	-	-	52,848	0.41%	-100.00%
Grace Vinaykumar	-	-	49,950	0.38%	-100.00%
Rameshbabu Gokarneswararao Guduru	-	-	20,103	0.15%	-100.00%
Moneymart Securities Pvt Ltd	-	-	68,904	0.53%	-100.00%
Vivira Investment And Trading Pvt Ltd	-	-	63,306	0.49%	-100.00%
Vivira Chemicals Private Limited	-	-	26,586	0.20%	-100.00%
Total	76,67,156	58.88%	96,43,239	74.06%	

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

17.5 Shares held by holding company including shares held by subsidiaries of the holding company

	As at March 31, 2022		As at March 31, 2021	
	Nos	(%)	Nos	(%)
FIH Mauritius Investments Limited (Holding company)	68,78,656	52.83%	63,47,899	48.75%
FIH Private Investments Limited	-	-	1,083	0.01%

17.6 No equity shares are issued as bonus shares or for consideration other than cash (except shares issued pursuant to the scheme of arrangement) or have been bought back since its incorporation on March 27, 2019

	As at March 31, 2022	As at March 31, 2021
18 Other Equity		
Capital Reserves	8,958.05	8,958.05
Retained Earnings	12,954.82	6,613.31
	21,912.87	15,571.36
<u>Movement of Retained Earnings</u>		
Balance as at the beginning of the year	6,613.31	2,411.93
Profit for the year	6,790.64	4,248.47
Other Comprehensive Income	6.60	(47.09)
	13,410.55	6,613.31
Less : Dividend paid	455.73	-
Balance as at the end of the year	12,954.82	6,613.31
19 Borrowings - Non-Current		
Secured - at amortized cost		
Term Loan from Bank *	998.70	2,598.20
	998.70	2,598.20
* It includes unamortised expenses of Rs. Nil (Rs. 7.91 Lakhs as at March 31, 2021)		

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Security Details

Term Loans from banks are secured by hypothecation by way of first and exclusive charges on all present and future stocks, book debts and collaterals security by way of Equitable mortgage of industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand-Kadi Road and Hypothecation of plant and machinery installed at the factory premises.

Name of bank	Interest Rate as on March 31, 2022	Maturity Date	Terms of Repayment	Outstanding as at March 31, 2022	Outstanding as at March 31, 2021
HDFC Bank (Term Loans)	9%	December, 2021	Repayment in 63 monthly instalments	-	445.67
	9%	January, 2025	Repayment in 64 monthly instalments	-	1,704.26
	7.9%	February, 2026	Repayment in 60 monthly instalments	1,291.61	1,315.00

The carrying amount of financial and non-financials assets hypothecated and / or mortgaged as security for current and non-current borrowings are disclosed in note 45.

In view of the extension of time granted vide a circular of Reserve Bank of India (RBI), RBI/2019-20/186 dated March 27, 2020 for the payment of interest and principal for term loans falling due between March 1, 2020 and May 31, 2020, the Company has availed the moratorium.

	As at March 31, 2022	As at March 31, 2021
20		
<u>Non-Current Provisions</u>		
Provision for Employee Benefits [Refer Note 27(a)]		
Provision for Gratuity	5.63	29.01
Provision for compensated absences	169.35	148.19
	174.98	177.20
21		
<u>Borrowings</u>		
Secured:		
Working Capital Loans from Bank	4,613.86	1,843.12
Packing credit in Foreign Currency	297.55	380.20
Current maturities of Term Loan from Bank	292.91	858.82
	5,204.32	3,082.14

"Working Capital Loan and Packing credits in Foreign Currency from bank are secured by hypothecation by way of First and exclusive charges on all present and future current assets inclusive of all stocks and book debts, cash margin for Non Fund based facilities and Plant and Machinery and collaterals security by way of Equitable mortgage of the industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand-Kadi Road.

Working Capital Loan carries interest rate of 7.70% as on March 31, 2022 and are payable on demand."

Packing credits from bank carry interest rate of 2.1160% to 2.4299% as on March 31, 2022 are due for repayment within 120 days (March 31, 2021: 120 days).

The Company has obtained borrowing from bank on basis of Security of current assets wherein the quarterly returns / statements of current assets as filed with bank are in agreement with the books of accounts.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
22 Trade Payables		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	101.46	63.34
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	803.84	1,028.13
	905.30	1,091.47
* Total outstanding dues of Micro and Small Enterprises (including dues of Creditors for capital goods)		
a) Principal Amount due to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and remaining unpaid as at the year end.	121.95	115.34
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	-	0.01
c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	5.42	73.12
d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.01	0.43
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.01	3.17
f) 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.	-	2.73
<p>The above information regarding Micro and Small Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors</p>		

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Ageing Schedule as on 31 March 2022:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	1.54	99.92	-	-	-	-	101.46
(ii) Others	95.97	666.41	41.45	0.01	-	-	803.84
Total	97.51	766.33	41.45	0.01	-	-	905.30

Ageing Schedule as on 31 March 2021:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	0.09	49.12	11.40	0.32	2.41	-	63.34
(ii) Others	93.20	847.22	80.24	0.66	1.77	5.04	1,028.13
Total	93.29	896.34	91.64	0.98	4.18	5.04	1,091.47

23 Other Financial Liabilities

	As at March 31, 2022	As at March 31, 2021
Current		
Interest accrued but not due on borrowings	7.16	20.46
Unclaimed dividend (Refer Note below)	15.23	16.10
Creditors for capital goods (*)	53.55	170.67
	75.94	207.23

* Including dues to Micro and Small Enterprises for Rs. 20.49 Lakhs (March 31, 2021 : Rs. 55.17 Lakhs) - Refer Note 22.

Note: There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at the year end.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
Net Debt Reconciliation		
Current borrowings	(4,911.41)	(2,223.32)
Non-current borrowing (includes current maturity of long term borrowings)	(1,291.61)	(3,457.02)
	(6,203.02)	(5,680.34)

	Non-current Borrowings	Current Borrowings	Total
Net Debt as of March 31, 2020	(2,229.89)	(4,437.37)	(6,667.26)
Cash flow (Net)	(1,227.13)	2,214.05	986.92
Interest expense	236.50	446.42	682.92
Interest accrued but not due	(5.66)	(0.41)	(6.07)
Interest paid	(230.84)	(446.01)	(676.85)
Net Debt as of March 31, 2021	(3,457.02)	(2,223.32)	(5,680.34)
Cash flow (Net)	2,165.40	(2,688.09)	(522.69)
Interest expense	208.86	475.80	684.66
Interest accrued but not due	13.00	0.30	13.30
Interest paid	(221.85)	(476.10)	(697.95)
Net Debt as of March 31, 2022	(1,291.61)	(4,911.41)	(6,203.02)

	As at March 31, 2022	As at March 31, 2021
24 Other current liabilities		
Advances from customers (Refer Note 47)	67.92	15.69
Statutory liabilities	68.32	211.98
Employee benefit payable	222.82	202.84
Other liabilities	-	29.30
	359.06	459.81
25 Current Provisions		
Provision for employee benefits [Refer Note 27 (a)]		
Provision for gratuity	54.94	51.51
Provision for compensated absences	43.95	50.58
	98.89	102.09
26 Current Tax Liabilities (Net)		
Income tax provision net of Advance Tax	94.82	133.58
	94.82	133.58

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

27 (a) Provision for Employee Benefits

	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Compensated absences	43.95	169.35	50.58	148.19
Gratuity	54.94	5.63	51.51	29.01
Total Provision for Employee Benefits	98.89	174.98	102.09	177.20

(b) Long term employee benefit obligations

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

	As at March 31, 2022	As at March 31, 2021
Current leave obligations expected to be settled within the next 12 months	43.95	50.58

(c) Post employment obligations

Defined benefit plans

Gratuity

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972 and as per Company policy. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan. The scheme is funded with Adi Finechem Limited Employees Group Gratuity Assurance Scheme which in-turn, has taken Group Gratuity Scheme of the Life Insurance Corporation of India (LIC of India) in the form of a qualifying insurance policy. The Company contributes to the insurance fund based on estimated liability received from LIC of India.

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and ESI which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

The expense recognised during the period towards defined contribution plan are :

	Year ended on March 31, 2022	Year ended on March 31, 2021
Employer's Contribution to Provident Fund	74.13	53.48
Employer's Contribution to Employees' State Insurance	2.91	3.15
Employer's Contribution to Employees' Pension Scheme 1995	27.84	26.05
	104.88	82.68

Balance sheet amount (Gratuity)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2020	274.25	(276.69)	(2.44)
Current service cost	36.49	-	36.49
Interest expense/(income)	17.09	(18.26)	(1.17)
Total amount recognised in statement of profit and loss	53.58	(18.26)	35.32
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)	-	0.83	0.83
Loss from change in financial assumptions	77.93	-	77.93
Experience (gains)	(15.83)	-	(15.83)
Total amount recognised in other comprehensive income	62.10	0.83	62.93
Employer contributions	-	(15.29)	(15.29)
Benefit payments	(22.76)	22.76	-
As at March 31, 2021	367.17	(286.65)	80.52

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Balance sheet amount (Gratuity)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2021	367.17	(286.65)	80.52
Current service cost	52.92	-	52.92
Interest expense/(income)	23.71	(19.96)	3.75
Total amount recognised in statement of profit and loss	76.63	(19.96)	56.67
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)	-	1.41	1.41
Loss from change in financial assumptions	(14.52)	-	(14.52)
Experience losses	4.29	-	4.29
Total amount recognised in other comprehensive income	(10.23)	1.41	(8.82)
Employer contributions	-	(67.80)	(67.80)
Benefit payments	(7.45)	7.45	-
As at March 31, 2022	426.12	(365.55)	60.57

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

	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets	(365.55)	(286.65)
Present value of funded obligations	426.12	367.17
Surplus/(Deficit) of gratuity plan	60.57	80.52

Categories of plan assets are as follows:

	As at March 31, 2022	As at March 31, 2021
Insurer managed funds	(365.55)	(286.65)
Total	(365.55)	(286.65)

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2022	As at March 31, 2021
Discount Rate	7.15%	6.85%
Salary growth Rate	12% for F.Y. 2022-23; 10% thereafter	15% for F.Y. 2020-21; 12% for F.Y. 2020-21; 10% thereafter
Withdrawal Rate	2% at all ages	2% at all ages

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Sensitivity analysis

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

	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Discount Rate	0.50%	0.50%	403.57	347.62	450.77	391.80
Salary growth Rate	0.50%	0.50%	449.93	389.27	404.09	346.75
Withdrawal Rate	10.00%	10.00%	424.33	366.80	427.83	370.65

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

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

Risk exposure:

- i Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- ii Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company, there can be strain on the cash flows.
- iii Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- iv Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2023 are INR 54.94 lakhs (March 31, 2022: INR 51.51 lakhs).

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

The weighted average duration of the defined benefit obligation is 10.95 years (2021 – 11.76 years). The expected maturity analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
As at March 31, 2022					
Defined benefit obligation (gratuity)	59.20	11.23	51.82	303.87	426.12
As at March 31, 2021					
Defined benefit obligation (gratuity)	42.03	5.94	52.67	266.53	367.17

	Year ended on March 31, 2022	Year ended on March 31, 2021
28 Revenue from Operations		
Sale of finished goods (Refer Note 47)	64,227.98	39,579.01
Other operating revenues		
- Scrap sales	67.97	36.41
- Export incentives	22.49	41.52
	64,318.44	39,656.94
Revenues from one customer represent Rs. 25,545.16 lakhs (March 31, 2021: Rs. 16,291.57 lakhs) which is more than 10% of the Company's total revenue.		
29 Other Income		
Net Gain on Foreign Currency Transactions and Translation	10.96	-
Interest income from financial assets measured at amortised cost		
- Deposits	3.71	1.51
- Others	0.02	21.56
Gain on assets sold / discarded (Net)	7.92	4.53
Provision no longer required written back	8.42	-
Miscellaneous income	5.13	0.62
	36.16	28.22

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended on March 31, 2022	Year ended on March 31, 2021
30 <u>Cost of materials consumed</u>		
Raw Materials :		
Inventory at the beginning of the year	2,080.19	2,300.87
Add: Purchases	47,194.49	26,792.36
	49,274.68	29,093.23
Less: Inventory at the end of the year	3,273.31	2,080.19
	46,001.37	27,013.04
Consumables :		
Inventory at the beginning of the year	204.41	117.80
Add: Purchases	765.24	708.40
	969.65	826.20
Less: Inventory at the end of the year	93.56	204.41
	876.09	621.79
Packing Materials :		
Inventory at the beginning of the year	3.97	4.89
Add: Purchases	214.98	130.50
	218.95	135.39
Less: Inventory at the end of the year	6.18	3.97
	212.77	131.42
	47,090.23	27,766.25
31 <u>Changes in Inventories of finished goods and work-in-progress</u>		
Opening Stock		
Finished Goods	114.25	58.81
Work-in-progress	1,702.74	671.35
	1,816.99	730.16
Closing Stock		
Finished Goods	394.98	114.25
Work-in-progress	2,642.34	1,702.74
	3,037.32	1,816.99
Total changes in inventory of finished goods and work-in-progress	(1,220.33)	(1,086.83)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended on March 31, 2022	Year ended on March 31, 2021
32 <u>Employee benefit expense</u>		
Salaries, wages and bonus	1,578.66	1,468.72
Contribution to Provident Fund and other funds	104.88	82.68
Gratuity (Refer Note 27)	56.67	35.32
Staff welfare expenses	34.47	21.16
	1,774.68	1,607.88
33 <u>Finance Costs</u>		
Interest on Long Term Borrowings	208.86	236.50
Interest and other borrowing cost	475.80	446.42
Interest on Income Tax	0.89	14.89
	685.55	697.81
34 <u>Depreciation and amortisation expense</u>		
Depreciation on property, plant and equipments	703.94	648.18
Amortisation of intangible assets	2.70	2.69
Amortisation of right to use assets	6.46	6.46
	713.10	657.33

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended on March 31, 2022	Year ended on March 31, 2021
35 Other Expenses		
Consumption of Stores and Spares	602.16	356.73
Power and Fuel	3,640.49	2,137.35
Laboratory expenses	21.52	43.73
Research & Development Expenses	19.39	15.39
Contract Labour Expenses	136.33	133.98
Rent, rates and taxes	24.67	25.90
Insurance	80.53	50.62
Repairs and maintenance :		
- Machinery	227.74	61.82
- Buildings	42.14	11.32
- Others	12.77	11.02
Advertisement expenses	35.35	19.48
Communication expenses	11.39	4.93
Directors' sitting fees	15.30	12.10
Remuneration to Auditors for:		
Statutory Audit Fees	23.20	21.79
Others	-	9.01
Out of pocket expenses	0.32	0.15
Commission on sales	12.97	18.70
Freight and forwarding	671.91	553.35
Legal and professional fees	99.99	620.35
Vehicle expenses	34.80	21.31
Corporate Social Responsibility expenditure (Refer Note 36)	92.82	77.99
Net Loss on Foreign Currency Transactions and Translation	-	1.40
Solid waste disposal charges	231.38	179.02
Miscellaneous expenses	150.16	99.20
	6,187.33	4,486.64

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended on March 31, 2022	Year ended on March 31, 2021
36 Expenditure towards Corporate Social Responsibility (CSR) activities		
Corporate Social Responsibility expenses for the year	92.82	48.71
Various Head of expenses included in above:		
Promoting education	-	10.05
Promoting health care including preventive health care	84.75	38.66
Ensuring environmental sustainability	8.07	-
Gross amount required to be spent by the company during the year.	92.82	77.99
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	92.82	48.71
Provision for CSR Expenses		
Opening Balance	29.28	-
Add: Provision created during the period	-	29.28
Less: Provision utilised during the period*	(29.28)	-
Closing Balance	-	29.28
*Rs. 29.28 Lakhs transferred to Prime Minister's National Relief fund		
37 Earnings per Share (EPS)		
Basic and Diluted		
Net Profit available to Equity Shareholders	6,790.64	4,248.47
Weighted Average Number of Equity Shares	1,30,20,902	1,30,20,902
Basic and Diluted EPS (Rs.)	52.15	32.63
Nominal value of an equity share	10.00	10.00

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended on March 31, 2022	Year ended on March 31, 2021
38 Taxation		
<u>38 a) - Income tax expense</u>		
<u>Current tax</u>		
Current tax on profits for the year	2,190.15	1,319.58
Total current tax expense	2,190.15	1,319.58
<u>Deferred tax</u>		
Decrease in deferred tax assets	113.02	102.22
(Decrease)/increase in deferred tax liabilities	30.23	(114.20)
Total deferred tax expense/(benefit)	143.25	(11.97)
Income tax expense	2,333.40	1,307.61
38 b) Reconciliation of tax expense and accounting profit multiplied by statutory tax rates		
Profit for the year	9,124.04	5,556.08
Statutory tax rate	25.17%	25.17%
Tax expense at applicable tax rate	2,296.34	1,398.35
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Amount not allowable under tax	33.20	27.41
Adjustments for current tax of prior periods	3.86	(118.15)
Income tax expense	2,333.40	1,307.61

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
38 c) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
<u>Deferred tax liabilities:</u>		
On Property, Plant and Equipments	1,456.43	1,341.42
Others	-	1.99
Total deferred tax liabilities	1,456.43	1,343.41
<u>Deferred tax assets:</u>		
On Defined Benefit Obligations	68.93	67.55
Others	106.94	140.77
Total deferred tax assets	175.87	208.32
Net deferred tax liabilities	1,280.56	1,135.09

Movement in deferred tax balances

Particulars	As at March 31, 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2021
<u>Deferred tax liabilities:</u>					
On Property, Plant and Equipments	1,238.07	103.35	-	-	1,341.42
Others	3.11	(1.12)	-	-	1.99
Total deferred tax liabilities	1,241.18	102.23	-	-	1,343.41
	As at March 31, 2020	(Charged) /credited to profit and loss	(Charged) /credited to OCI	(Charged) /credited to equity	As at March 31, 2021
<u>Deferred tax assets:</u>					
On Defined Benefit Obligations	36.66	15.05	15.84	-	67.55
Others	41.62	99.15	-	-	140.77
Total deferred tax assets	78.28	114.20	15.84	-	208.32
Net deferred tax liabilities	1,162.90	(11.97)	(15.84)	-	1,135.09

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Movement in deferred tax balances

Particulars	As at March 31, 2021	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2022
Deferred tax liabilities:					
On Property, Plant and Equipments	1,341.42	115.01	-	-	1,456.43
Others	1.99	(1.99)	-	-	-
Total deferred tax liabilities	1,343.41	113.02	-	-	1,456.43
	As at March 31, 2021	(Charged) /credited to profit and loss	(Charged) /credited to OCI	(Charged) /credited to equity	As at March 31, 2022
Deferred tax assets:					
On Defined Benefit Obligations	67.55	3.60	(2.22)	-	68.93
Others	140.77	(33.83)	-	-	106.94
Total deferred tax assets	208.32	(30.23)	(2.22)	-	175.87
Net deferred tax liabilities	1,135.09	143.25	2.22	-	1,280.56

39 Fair value measurements

Financial instruments by category

	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
(Measured at amortised cost)				
Other Financial Assets	17.84	17.84	17.86	17.86
Trade Receivables	6,222.15	6,222.15	4,676.73	4,676.73
Cash and cash equivalents	0.83	0.83	2.60	2.60
Bank balances other than cash and cash equivalents above	15.23	15.23	18.10	18.10
Loans to Employees	1.30	1.30	0.17	0.17
Interest Accrued but not due	0.75	0.75	0.50	0.50
Total financial assets	6,258.10	6,258.10	4,715.96	4,715.96
Financial liabilities				
(Measured at amortised cost)				
Borrowings	6,203.02	6,203.02	5,680.34	5,680.34
Trade payables	905.30	905.30	1,091.47	1,091.47
Interest accrued but not due on borrowings	7.16	7.16	20.46	20.46
Unclaimed dividends	15.23	15.23	16.10	16.10
Creditors for Capital Goods	53.55	53.55	170.67	170.67
Total financial liabilities	7,184.26	7,184.26	6,979.04	6,979.04

NOTES TO THE FINANCIAL STATEMENTS

Fair value hierarchy

All financial instruments have been measured at amortised cost. For all financial instruments referred above which have been measured at amortised cost, their carrying values are reasonable approximations of their fair values. The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). All financial instruments referred above have been classified as Level 3.

The categories used are as follows :

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

The fair value of the financial instruments is determined using discounted cash flow analysis.

Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO).

Fair value of financial assets/liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, investments, margin money deposits, loans to employees, security deposits, trade payables, capital creditors, interest accrued but not due on borrowings, unclaimed dividends, employee benefit payable and other deposits are considered to be as their fair values, because their carrying amount are reasonable approximation of their fair values.

The fair values of borrowings have been calculated based on cash flows discounted using a current lending rate. They are classified as level 3 in the hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For Level 3 financial instruments, the fair value has been based on present values and the discount rates used, are adjusted for counterparty or own risk.

40 Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The key risks and mitigating actions are also placed before the Board of directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management framework of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns

The Treasury department provides funding and foreign exchange management services for the Company's operations. In addition to guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of treasury's activity.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Cash and cash equivalents & bank balances

The Company is also exposed to credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents. These balances (other than cash on hand) are with high credit rating banks which are governed by Reserve Bank of India. The company believes its credit risk in such bank balances is immaterial.

Security deposits and other receivables

With respect to other financial assets namely security and other deposits and other receivables, the maximum exposure to credit risk is the carrying amount of these classes of financial assets presented in the balance sheet.

Trade receivables

The Company measures the expected credit loss of trade receivables from customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends which is very negligible.

	Carrying amount	
	As at March 31, 2022	As at March 31, 2021
Neither past due nor impaired	5,735.47	3,696.19
Past due 0-90 days	486.32	960.81
Past due 90-180 days	0.05	12.68
Past due 180-270 days	-	7.05
Past due 270-360 days	0.27	-
More than 360 days	42.05	42.00

(B) Management of Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. Material and sustained shortfall in cash flow could undermine the company's credit rating and impair investor confidence.

The company maintained a cautious funding strategy, with a positive cash generation from operating activities throughout the year ended March 31, 2022 and March 31, 2021.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Financing Arrangement

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

	As at March 31, 2022	As at March 31, 2021
Fixed / Floating rate		
Current Borrowings	2,388.59	3,526.68

Maturities of financial liabilities

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

Contractual maturities of financial liabilities As at March 31, 2022	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings *	19,21	6,203.02	5,204.32	998.70	6,203.02
Trade payables	22	905.30	905.30	-	905.30
Interest accrued but not due on borrowings	23	7.16	7.16	-	7.16
Unclaimed dividends	23	15.23	15.23	-	15.23
Creditors for Capital Goods	23	53.55	53.55	-	53.55
Total liabilities		7,184.26	6,185.56	998.70	7,184.26

Contractual maturities of financial liabilities As at March 31, 2021	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings *	19, 21	5,680.34	3,082.14	2,598.20	5,680.34
Trade payables	22	1,091.47	1,091.47	-	1,091.47
Interest accrued but not due on borrowings	23	20.46	20.46	-	20.46
Unclaimed dividends	23	16.10	16.10	-	16.10
Creditors for Capital Goods	23	170.67	170.67	-	170.67
Total liabilities		6,979.04	4,380.84	2,598.20	6,979.04

* After considering unamortised expenses of Rs. Nil (Rs. 7.91 Lakhs as at March 31, 2021)

(C) Management of Market Risk

Market risk comprises of foreign currency risk and interest rate risk. Foreign currency risk arises from transactions that are undertaken in a currency other than the functional currency of the company. Further, the financial performance and financial position of the company is exposed to foreign currency risk that arises on outstanding receivable and payable balances at a reporting year end date. Interest rate risk arises from variable rate borrowings that expose the company's financial performance, financial position and cash flows to the movement in market rates of interest.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. The Company imports capital goods and raw materials and exports finished goods. The company also pays interest, legal and professional fees and travelling and conveyance in foreign currency.

Foreign currency exposure

	As at March 31, 2022	As at March 31, 2021
	USD in Lakhs	USD in Lakhs
Financial Assets		
Trade Receivables	2.53	5.13
Exposure to foreign currency assets	2.53	5.13
Financial Liabilities		
Packing credit	3.93	5.17
Exposure to foreign currency liabilities	3.93	5.17

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

	Impact on profit before tax	
	For the year ended March 31, 2022	For the year ended March 31, 2021
USD Sensitivity		
INR/USD increase by 5%*	(5.31)	(0.15)
INR/USD decrease by 5%*	5.31	0.15

* Holding all other variables constant

Interest rate risk

The Company is mainly exposed to interest rate risk due to its floating interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings. The Company mitigates the interest rate risk for borrowing in functional currency, which is linked with SOFR, by negotiating and fixing the rate at the time of renewal of bank facility which remains effective for one year from the date of renewal. In case of borrowing in foreign currency, which is linked with USD SOFR rate, the company mitigates the risk by fixing the margin at the time of renewal of bank facility which remains effective for one year from the date of renewal.

The Company has various non current and current borrowings whose facilities are on a variable interest rate basis. Refer below table for interest rate exposure.

Interest Rate Exposure

The exposure of Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2022	As at March 31, 2021
Variable Rate Borrowings	6,203.02	5,680.34

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Sensitivity - Interest Rate

The sensitivity of profit or loss to higher/(lower) interest expense from borrowings as a result of change in borrowing rates is as follows:

	Impact on profit before tax	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Rates - increase by 0.5%*	(1.50)	(3.08)
Interest Rates - decrease by 0.5%*	1.50	3.08

* Holding all other variables constant

41. Capital management

(a) Risk management

The Company considers the following components of its Balance Sheet as managed capital:

Total equity as shown in the balance sheet includes share capital, capital reserve, retained earnings.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital or issue new shares.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratios:

Net debts (Total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the Balance Sheet)

The gearing ratios were as follows:

	As at March 31, 2022	As at March 31, 2021
Net Debts	6,202.19	5,677.74
Total Equity	23,214.96	16,873.45
Net Debt to Equity Ratio	0.27	0.34

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods. Refer the below note for the final dividend declared and paid.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

(b) Dividend

	For the year ended March 31, 2022	For the year ended March 31, 2021
Equity shares		
Final dividend for the year ended March 31, 2021 - Rs. 3.50 per fully paid up share (March 31, 2020 - Nil)	455.73	-
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end, the directors have recommended the payment of a final dividend of Rs. 13 per fully paid equity share (March 31, 2021 – Rs. 3.50 per fully paid up share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,692.72	455.73

42 Related party disclosures

(a) Relationships

Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited), India [Holding Company up to August 12, 2020]

Promoter Group having joint control

FIH Mauritius Investments Limited, Republic of Mauritius (FMIL)

FIH Private Investments Limited, Mauritius

(FMIL is wholly owned and controlled by Fairfax India Holdings Corporation, Canada)

Nahoosh Tradelink LLP

Jariwala Tradelink LLP

Mr. Utkarsh Bhikhoobhai Shah

Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited), India [Holding Company up to August 12, 2020]

Related Parties with whom transactions have taken place during the year

Saurashtra Freight Private Limited (Entity under common control)

Key Management Personnel

Mr. Nahoosh Jariwala

Managing Director (w.e.f. August 13, 2020)

Mr. Rajen Jhaveri

Director (up to August 26, 2020)

Independent Directors

Mr. Darius Pandole

w.e.f. August 26, 2020

Mr. Venkatraman Srinivasan

w.e.f. August 26, 2020

Ms. Sonal Ambani

w.e.f. August 26, 2020

Mr. Sudhin Choksey

w.e.f. February 11, 2022

Non-Executive Directors

Mr. Utkarsh B. Shah

up to Feb 11, 2022

Mr. Sumit Maheshwari

w.e.f. August 26, 2020

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

- (b) **The nature and volume of transactions carried out and balances with related parties in the ordinary course of business are as follows:**

Transactions

Name of the related party and nature of the relationship	For the year ended March 31, 2022	For the year ended to March 31, 2021
Import Clearing Charges		
Saurashtra Freight Private Limited	2.23	-
Dividend Paid		
FIH Mauritius Investments Limited, Republic of Mauritius (FMIL)	303.75	-
FIH Private Investments Limited, Mauritius	0.04	-
Nahoosh Tradelink LLP	22.17	-
Jariwala Tradelink LLP	11.27	-
Mr. Utkarsh B. Shah	0.29	-
Key Management Personnel		
Remuneration (+)		
Mr. Nahoosh Jariwala (*)	245.48	213.34
Mr. Rajen Jhaveri (#)	-	34.02
Reimbursement of Expenses		
Mr. Rajen Jhaveri	-	1.20
Sitting Fees paid to Independent Directors		
Mr. Darius Pandole	4.70	1.40
Mr. Venkatraman Srinivasan	4.70	1.40
Ms. Sonal Ambani	4.70	1.40
Mr. Sudhin Choksey	1.20	-
Shares issued		
FIH Mauritius Investments Limited, Republic of Mauritius (FMIL)	-	634.79
FIH Private Investments Limited, Mauritius	-	0.11
(FMIL is wholly owned and controlled by Fairfax India Holdings Corporation, Canada)		
Nahoosh Tradelink LLP	-	22.10
Jariwala Tradelink LLP	-	11.23

(*) It includes Rs. NIL (March 31, 2021: Rs. 48 lakhs) paid otherwise than as a capacity of Key Management Personnel of the Company.

(#) The said amount paid otherwise than as a capacity of Key Management Personnel of the Company.

(+) It is entirely in the nature of short term employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Balances

Name of the related party and nature of the relationship	As at March 31, 2022	As at March 31, 2021
<u>Key Management Personnel:</u>		
Mr. Nahoosh Jariwala	7.92	28.75
Mr. Rajen Jhaveri (#) (Net of Tax Deducted at Source)	-	4.56
<u>Other Related Parties</u>		
Privi Speciality Chimicals Limited (formerly known as Fairchem Speciality Limited)	-	0.56

(#) The said amount is payable otherwise than as a capacity of Key Management personnel of the Company.

Terms and Conditions

- 1) All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis
- 2) All outstanding balances are unsecured and payable in cash.

Note: No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

43 **Contingent Liabilities and commitments**

(a) **Contingent liabilities**

	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debt	15.00	15.00
Disputed excise and service tax liability	25.97	25.97
Disputed Value added tax and Central Sales Tax liability	10.21	14.92
Disputed GST liability	7.64	7.64
Total	58.82	63.53

The Company has evaluated the impact of Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. Based on such evaluation, management has concluded that effect of the aforesaid judgement on the Company is not material and accordingly, no provision has been made in the financial statements for the period before June 30, 2019.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

The company is contesting the demands and the management believes that its position is likely to be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities.

(b) Capital Commitments

	As at March 31, 2022	As at March 31, 2021
Estimated value of contracts (including GST) in capital account remaining to be executed	369.57	1,175.16
Total	369.57	1,175.16

44 Events occurring after reporting period

The Company evaluated subsequent events through May 17, 2022, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

45 Assets hypothecated and / or mortgaged as security

The carrying amounts of assets hypothecated and / or mortgaged as security for borrowings are:

	Notes	As at March 31, 2022	As at March 31, 2021
Non-Current			
<u>Non-financial assets</u>			
Land (Freehold)	4 (a)	63.10	63.10
Building	4 (a)	2,017.53	2,005.91
Plant and Machinery	4 (a)	11,200.56	9,713.61
Vehicles	4 (a)	107.42	111.81
Total non-current assets hypothecated and / or mortgaged as security		13,388.61	11,894.43
Current			
<u>Non-financial assets</u>			
Inventories	10	7,002.56	4,529.49
<u>Financial assets</u>			
Trade receivables	11	6,222.15	4,676.73
Total current assets hypothecated and / or mortgaged as security		13,224.71	9,206.22

46 Segment reporting

The Company is engaged in the business of manufacturing of speciality chemicals viz. Oleo Chemicals and Intermediate Nutraceuticals. Considering the nature of Company's business, as well as based on review of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there is only one reportable business segment in accordance with the requirements of IND AS 108 – "Operating Segments".

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Thus the Segment Revenue, Segment Results, total carrying amount of Segment Assets, total carrying amount of Segment Liabilities, total cost incurred to acquire segment assets, the total amount charged for depreciation and amortisation during the period are all as reflected in the financial statements for the year ended March 31, 2022 and March 31, 2021. For geography wise revenue, refer note no. 47 C - Disaggregation of Revenue from contract with customers.

47 Ind AS 115 – Revenue from Contracts with Customers

(A) The Company is primarily in the Business of manufacture and sale of Speciality Oleo Chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch or delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established, the Company does not give significant credit period resulting in no significant financing component.

(B) Reconciliation of revenue recognised from Contract liability (Advance from Customers):

	As at March 31, 2022	As at March 31, 2021
Opening Contract liability	15.69	19.80
Less: Recognised as revenue during the year	(1,751.12)	(1,868.37)
Add: Addition to contract liability during the year	1,803.35	1,864.26
Closing Contract liability	67.92	15.69

(C) Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

	As at March 31, 2022	As at March 31, 2021
Revenue from contract with customer as per Contract price	64,602.57	39,827.99
Less: Discounts and incentives	(23.53)	(22.20)
Less:- Sales Returns /Credits / Reversals	(351.06)	(226.78)
Revenue from contract with customer as per statement of profit and loss	64,227.98	39,579.01

Disaggregation of Revenue from contract with customers

	For the year ended March 31, 2022	For the year ended March 31, 2021
India	62,950.66	38,265.63
East Asia	-	95.14
Middle East	394.09	54.08
North America	856.85	1,014.41
South America	26.38	149.75
	64,227.98	39,579.01

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

48 Ratio Analysis

No.	Ratio	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for variance
1	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	8.69	7.24	20%	
2	Current Ratio	Current Assets	Current Liabilities	2.04	1.93	6%	
3	Debt Equity Ratio	Total Debt	Share holder's Equity	0.27	0.34	-21%	
4	Net Profit Ratio (%)	Profit After Tax	Net Sales	10.57%	10.73%	-2%	
5	Return on Capital employed	Earning before interest and tax	Net Worth + Total Debt + Deferred Tax Liability	0.41	0.34	23%	
6	Debt Service Coverage Ratio (times)	Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest	Interest + Principal Repayments	4.27	4.62	-8%	
7	Return on Equity Ratio (%)	Total comprehensive income	Average Shareholder's Equity	33.91%	28.44%	19%	
8	Trade Receivables Turnover Ratio (times)	Net Sales including GST	Trade Receivables	12.09	9.94	22%	
9	Trade Payables Turnover Ratio (times)	Net Purchases + Other Expenses	Average Trade Payables	54.45	37.07	47%	Refer note below*
10	Net Capital Turnover Ratio (times)	Net Sales including GST	Working Capital	10.77	9.87	9%	
11	Return on Investment (times)	Not applicable as the company does not have any Investment.					

* Note : The substantial rise in Trade payable turnover ratio is mainly the result of healthy rise in purchase due to higher sales

NOTES TO THE FINANCIAL STATEMENTS

49 Impact of Covid 19

The COVID-19 pandemic has disrupted many business operations globally due to lockdown and other directives imposed by the governments. The sole manufacturing plant of the Company closed its operations from March 25, 2020. The Company had resumed production with effect from May 21, 2020 and achieved normal business operations from June, 2020 onwards. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on the management's assessment of current indicators and economic conditions there is no material impact on its financial results as at March 31, 2022. However, the impact assessment of COVID-19 is a continuing process and the Company will continue to monitor any material changes to future economic conditions.

50 Previous year comparative

The previous year figures have been regrouped and reclassified, wherever required .

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Rupen Shah

Partner

Membership No. 116240

Place : Ahmedabad

Date : May 17, 2022

For and on behalf of the Board of Directors of Fairchem Organics Limited

Nahoosh Jariwala

Chairman and Managing Director

DIN: 00012412

Rajen N. Jhaveri

Chief Financial Officer and Company Secretary

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD

Date : May 17, 2022



FAIRCHEM

A FAIRFAX COMPANY

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