Your essentials. Our expertise.

**Meghmani Finechem Limited**

**Registered Office :** "Meghmani House", B/h. Safal Profitaire, Corporate Road, Prahladnagar, Ahmedabad - 380 015. Gujarat. INDIA. I T : +91 79 2970 9600 / 7176 1000
E : helpdesk@meghmanifinechem.com I CIN : L24100GJ2007PLC051717

03.06.2022

To,

| National Stock Exchange of India Limited | BSE Limited |
|---|---|
| "Exchange Plaza",<br>Bandra-Kurla Complex,<br>Bandra (East) Mumbai 400 051 | Floor- 25, P J Tower,<br>Dalal Street,<br>Mumbai 400 001 |
| **SCRIP CODE: MFL** | **SCRIP CODE: 543332** |

Dear Sirs,

**Sub:**-Notice of Fifteenth (15th) Annual General Meeting along with Annual Report of the Company for F.Y. 2021-22.
**Ref:**-Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We wish to inform that **Fifteenth (15th)** Annual General Meeting ("AGM") of the Members of the Company is scheduled to be held on **Monday, June 27, 2022 at 10:30 a.m.** through Video Conferencing / Other Audio Visual Means ("OAVM") in terms of General Circulars dated May 05, 2022 issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India vide its latest circular dated May 13, 2022, to transact the business, as set out in the Notice of AGM.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the Financial Year 2021-22, which is being sent to the Members only through electronic mode. The same is also available on Company's website at **www.meghmanifinechem.com.**

Further to inform that the Company has fixed **Monday, June 20, 2022** as the **cut-off** date for the purpose of remote e-voting, for ascertaining the eligibility of the Shareholders to cast their votes electronically in respect of the businesses to be transacted at the AGM.

The remote e-Voting facility would be available during the following period:

| | |
|---|---|
| **Commencement of remote e-Voting** | Thursday, June 23, 2022 at 09:00 a.m. |
| **Conclusion of remote e-Voting** | Sunday, June 26, 2022 at 05:00 p.m. |
| **EVSN** | 220530005 |

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, June 21st, 2022 to Monday, 27th June, 2022 (both days inclusive) for the purpose of 15th AGM.

Please take the above information on record.

Thanking you,

**FOR MEGHMANI FINECHEM LIMITED**

**(Kamlesh Mehta)**
**Company Secretary and Compliance Officer**
**Membership No. FCS 2051**

MEGHMANI FINECHEM LIMITED AHMEDABAD

Meghmani Finechem Limited

**Annual Report 2021-22**

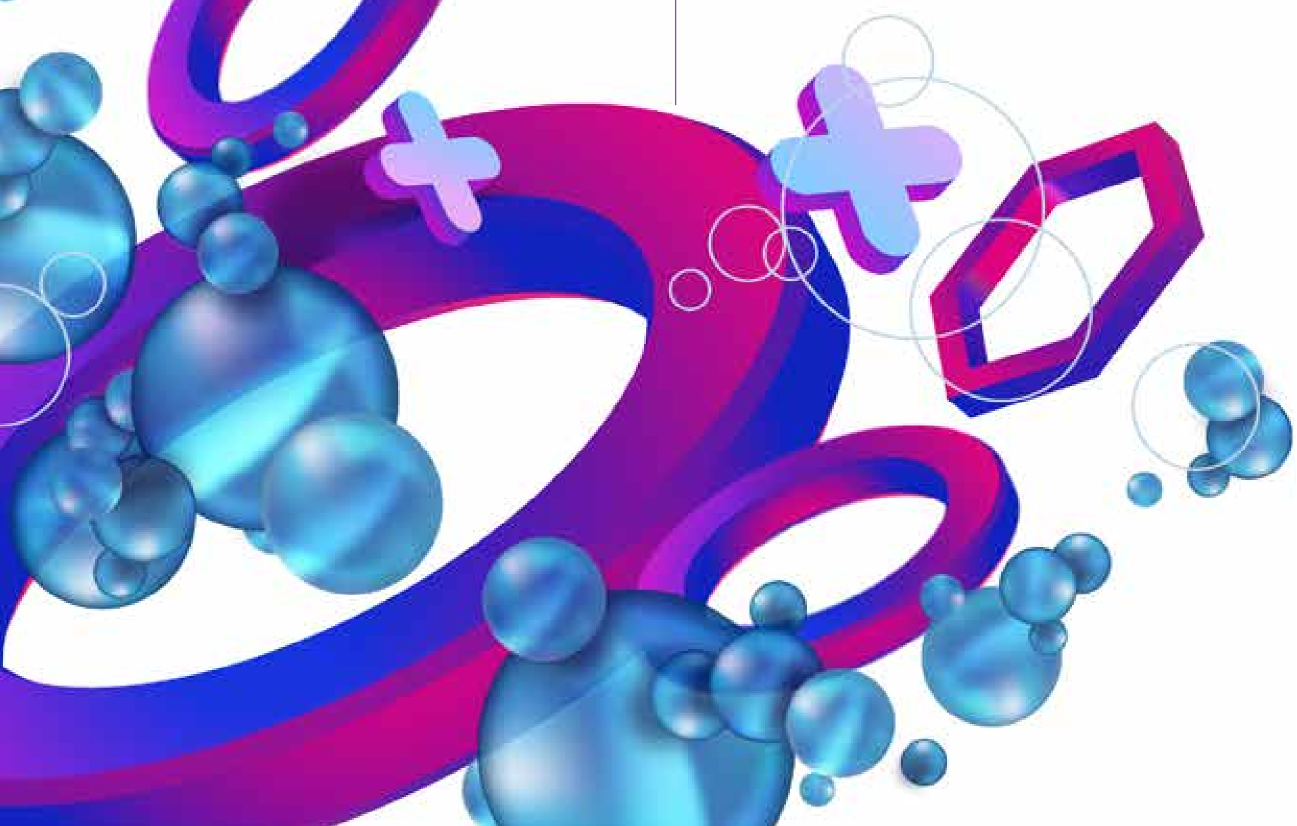
# Capability
# + Profitability
# + Responsibility
# = **Sustainability**

## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information.

# CONTENTS





# Corporate Information

## Board of Directors

| | |
|---|---|
| Mr. Maulik Patel | Chairman & Managing Director |
| Mr. Kaushal Soparkar | Managing Director |
| Mr. Karana Patel | Executive Director |
| Mr. Ankit Patel | Executive Director |
| Mr. Darshan Patel | Executive Director |
| Mr. Manubhai Patel | Independent Director |
| Ms. Nirali Parikh | Independent Director |
| Mr. Sanjay Asher | Independent Director |
| Mr. Kanubhai Patel | Independent Director |
| Mr. Raju Swamy | Independent Director |
| *Mr. Balkrishna Thakkar | Independent Director |

**(Ceased on AGM Date September 23rd, 2021)*

## Audit Committee

| | |
|---|---|
| Mr. Manubhai Patel | Chairman |
| Ms. Nirali Parikh | Member |
| Mr. Kanubhai Patel | Member |
| Mr. Kaushal Soparkar | Member |

## Nomination & Remuneration Committee

| | |
|---|---|
| Mr. Manubhai Patel | Chairman |
| Ms. Nirali Parikh | Member |
| Mr. Sanjay Asher | Member |

## Shareholders' / Investors' Grievance, Share Allotment & Share Transfer Committee

| | |
|---|---|
| Mr. Manubhai Patel | Chairman |
| Ms. Nirali Parikh | Member |
| Mr. Maulik Patel | Member |

## Corporate Social Responsibility Committee

| | |
|---|---|
| Mr. Manubhai Patel | Chairman |
| Mr. Maulik Patel | Member |
| Mr. Ankit Patel | Member |
| Mr. Kaushal Soparkar | Member |

## Risk Management Committee

| | |
|---|---|
| Mr. Manubhai Patel | Chairman |
| Mr. Sanjay Asher | Member |
| Mr. Maulik Patel | Member |

## Company Secretary

Mr. Kamlesh Mehta

## Chief Financial Officer

Mr. Sanjay Jain

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C 101, 247 Park, L. B. S. Marg, Vikhroli (West),
Mumbai - 400083.
Tel: +91 22 4918 6270, Fax: +91 22 4918 6060

.

## Principal Bankers

**State Bank of India**
Overseas Branch,
ISCON Elegance,
Near Prahladnagar Crossroads,
SG Highway, Ahmedabad 380015

**ICICI Bank Limited**
JMC House,
Opp. Parimal Garden,
Ambawadi, Ahmedabad 380 009

**Federal Bank Limited**
11, Zodiac Square,
Opp. Gurudwara,
S G Highway, Ahmedabad 380 054

**HDFC Bank Limited**
Ground Floor, Astral Towers.
Nr. Mithakhali Six Road,
Navrangpura, Ahmedabad- 380 009

**Standard Chartered Bank**
Abhijeet- II, Ground Floor,
Near Mithakhali Six Road,
Ahmedabad 380006

## Registered Office

"Meghmani House",
B/h Safal Profitaire, Corporate Road,
Prahlad Nagar, Ahmedabad – 380 015
Gujarat, India.
helpdesk@meghmanifinechem.com

## Plant Location

Plot No.CH1/CH2, GIDC Industrial Estate, Dahej,
Tal. Vagara, Dist. Bharuch 392 130, Gujarat, India.

## Mumbai Office

"Alpha" 303/B, 3rd Floor, Hiranandani Business Park, Powai,
Mumbai – 400076

## Statutory Auditor

**S R B C & CO LLP**
Assurance Services
21st Floor, B Wing, Privilon, Ambli BRT Road,
Behind ISKCON Temple, Off S. G. Highway
Ahmedabad- 380 059.

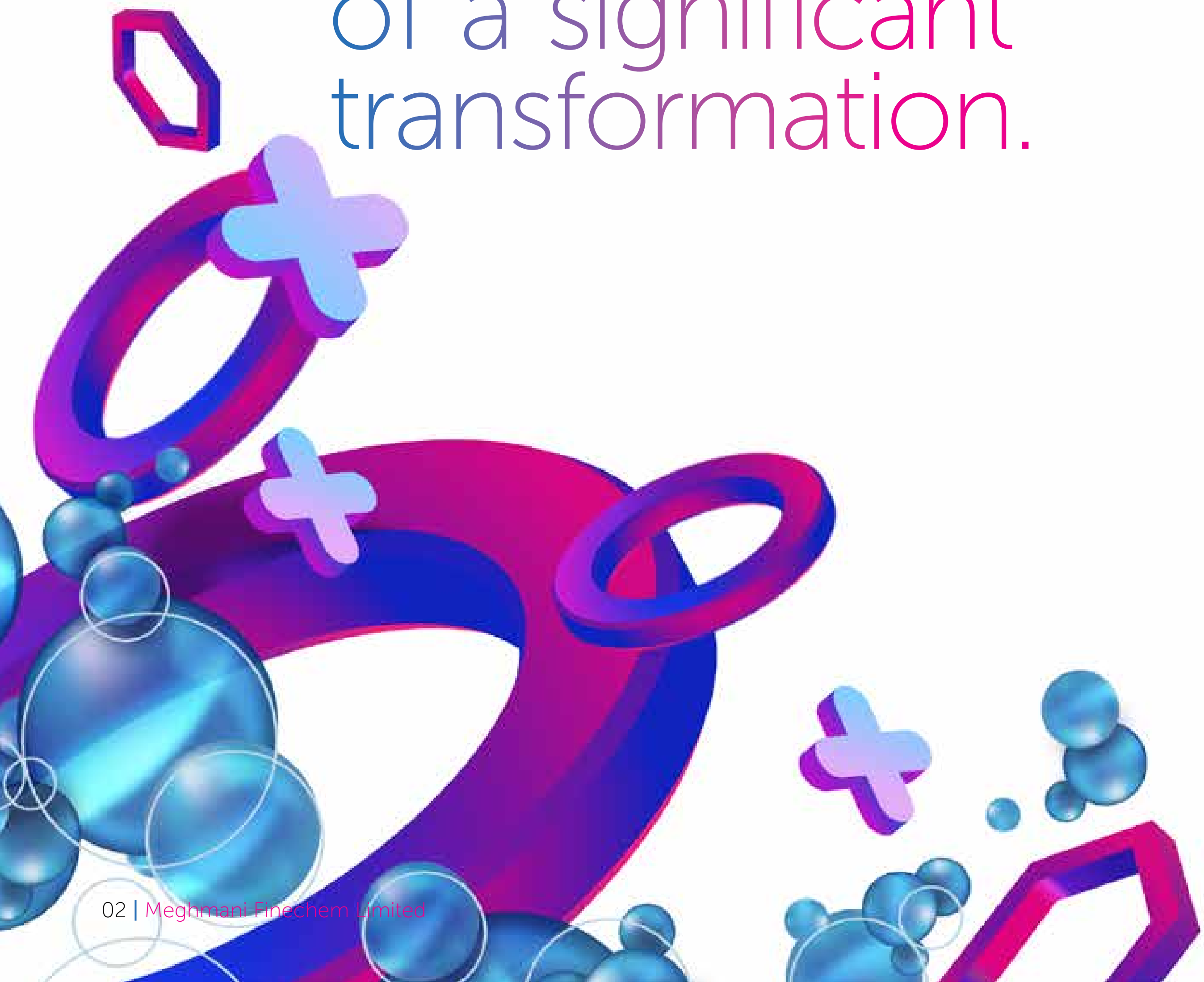
## Internal Auditor

**C N K Khandwala & Associates**
Chartered Accountants, 2nd Floor, "HRISHIKESH",
Vasantbaug Society, Opposite Water Tank,
Gulbai Tekra, Ahmedabad – 380006

## Investor Services E-Mail ID

helpdesk@meghmanifinechem.com
ir@meghmanifinechem.com

At Meghmani Finechem, we are at the cusp of a significant transformation.



We are positioned to report a sizable growth in our manufacturing throughput that should transform the scale of our operations, visibility and brand

We are positioned at the cusp of a substantial portfolio evolution, marked by a growing percentage of value-added derivatives and specialty chemical products

We are positioned at the cusp of a transformation in our cash profit, following which our growth could be increasingly funded by accruals

The convergence of these realities is expected to translate into enhanced respect and stakeholder value.

# Meghmani Finechem Limited.

We have emerged as one of the most exciting Chlor-Alkali and derivative players in India.

We invested in broad-based infrastructure at one end and related niche products at the other.

We increasingly focused on the manufacture of value-added derivative and specialty chemical products.

In a scale-driven business we focused on a combination of volumes and margins-driven growth, enhancing value for all our stakeholders.

## Vision

To be a responsible chemical conglomerate with a diversified portfolio, focused on providing quality products and services and respect stakeholders as partners in growth.

## Mission

We will lead through empowered work environment, speed of decision making, ethical way of functioning, business integrity, honouring commitments and focusing on results, innovation and efficiency.

## Our values

**Trust:** Maintaining high standards on transparency and disclosures with all our stakeholders

**Integrity:** Caring for the environment and the communities in which we operate and live.

**Ethics:** To be transparent, maintaining strong moral principles in our dealings with everyone.

**Adaptability:** Imbibing a culture of continuous improvement and sustainable growth

**Diversity:** We enhance diverse employee engagement for increased productivity & creativity and are an equal opportunity employer

## Background

Meghmani Finechem Limited (MFL) was incorporated as a subsidiary of Meghmani Organics Limited (MOL) in 2007. MFL was demerged from MOL and listed as an independent entity on August 18th, 2021. The Company's Chlor-Alkali business was launched in 2009. The Company's total installed capacity grow from 1,88,000 TPA in 2015 to 3,15,000 TPA for Chlor-Alkali and 1,10,000 TPA for Derivatives at the end of FY 2021-22. Meghmani Finechem Limited has emerged as one of the most exciting players in India's chemical sector. The Company is led by a second generation of promoters who joined the Board in 2017.

## Location

The Company's manufacturing operations are centred across a 60-hectare facility in Dahej (Gujarat), equipped with core manufacturing plants, water reserve, water treatment facility, technical competence centre for quality testing and a captive power plant. This plant is situated in the Government of Gujarat-classified Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR), enjoying a proximity to raw material sources and downstream users. The location allows access to road, rail and seaports (Hazira, Nhava Sheva, Mundra, Dahej and Ankleshwar ICD).

## Products

The Company produces a variety of products like Caustic Soda, Chlorine, Hydrogen, Caustic Potash, Chloromethanes and Hydrogen Peroxide. These products are used in a range of downstream sectors like pharmaceuticals, chemicals, agrochemicals, refineries, textile, alumina, paper and pulp, soaps and detergents, among others.

## Capacities

The Company possessed the following capacities as on March 31st, 2022:

Caustic Soda: 294 KTPA

Caustic Potash: 21 KTPA

Chloromethanes: 50 KTPA

Hydrogen Peroxide: 60 KTPA

Captive power plant: 96 MW

## Certifications

Meghmani is committed to maintain the highest standards of health, safety and environmental sustainability. The Company's efforts have been recognized by ICC with a 'Responsible Care' which is valid for three years ending in May 2025. The Company invested in automated technologies, strengthening efficiency and controls. The plant is certified for ISO 9001 and ISO 14001. The Company's measures are in line with the Quality Management System, Good Manufacturing Practices and Standard Operating Procedures.

## MFL addresses high growth downstream industries 2022:

- Refinery
- Paper & Pulp
- Fluoropolymers
- Soap & Detergents
- Textiles
- Dyes & Pigments
- Pharmaceuticals
- Agrochemicals
- Alumina
- PU Foams
- Paints
- PTFE Pipes
- Heat Resistant Pipes
- Refrigerant Gas
- Water Treatment
- Electronics

MFL

# Milestones

**2007**
Meghmani Finechem Ltd incorporated as a subsidiary of Meghmani Organics Limited

**2008**
International Finance Corporation joined as an equity partner (24.97% stake).

**2010**
Commissioned greenfield project of 119 KTPA of Caustic Soda and Captive Power Plant of 40 MW.

**2015**
Expanded Caustic Soda capacity to 167 KTPA with a 60 MW Captive Power Plant

**2017**
Commissioned Caustic Potash plant of 21 KTPA and converted all membranes to zero gap.

# At Meghmani Finechem, we continued to build our business across successive quarters of FY 2021-22

| The financial health of our business, FY 2021-22 | Quarter one | Quarter two | Quarter three | Quarter four |
|---|---|---|---|---|
| Revenue from operations (₹ Cr) | 290 | 340 | 422 | 499 |
| EBITDA (₹ Cr) | 92 | 101 | 141 | 175 |
| Profit after tax (₹ Cr) | 37 | 47 | 70 | 99 |
| Cash profit (₹ Cr.) | 58 | 69 | 92 | 120 |

2018

Planned expansion of Caustic Soda and new facilities of Chloromethanes (CMS) and Hydrogen Peroxide ($H_2O_2$)

2020

Commissioned CMS plant of 50 KTPA in July 2019. Announced entry into Epichlorohydrin with 50 KTPA capacity.

2021

Expanded Caustic Soda capacity to 294 KTPA and the Captive Power Plant capacity to 96 MW in June 2020. Commissioned a $H_2O_2$ plant of 60 KTPA in July 2020.

2021

Announced entry into CPVC plant with 30 KTPA capacity. Awarded 'Responsible Care' certification

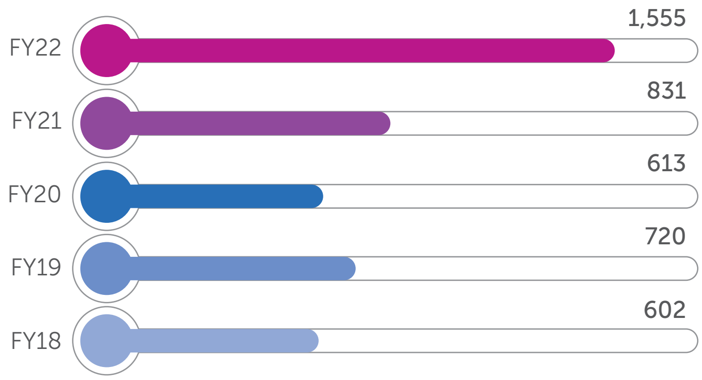
2022

Listed as an independent entity. Announced entry into Chlorotoluene and its value chain; proposed commissioning of an R&D facility

| The financial hygiene of our business, FY 2021-22 | Quarter one | Quarter two | Quarter three | Quarter four |
|---|---|---|---|---|
| EBITDA margin (%) | 32 | 30 | 33 | 35 |
| PAT margin (%) | 13 | 14 | 17 | 20 |
| Interest outflow (₹ Cr.) | 12 | 10 | 10 | 12 |

# How we transformed and grew our business in the last five years

Revenue
(₹ Cr)

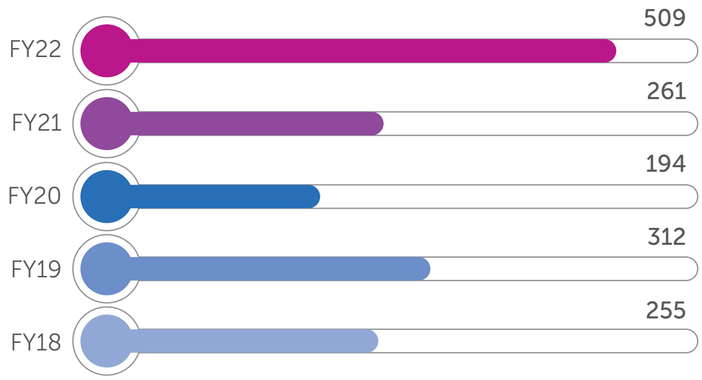



87%

Value impact

The Company recorded a growth of 87% in its revenues from ₹831 Cr to ₹1,555 Cr in FY 2021-22. The growth was on account of high realizations and volume growth resulting from capex in the preceding years. In the last 5 years, revenue grow 32% CAGR.

EBITDA
(₹ Cr)

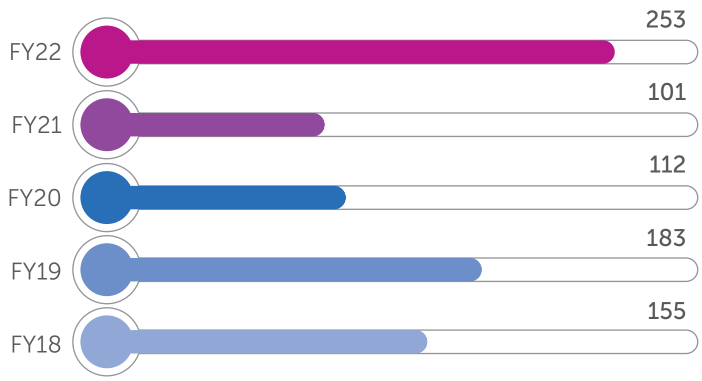



95%

Value impact

EBITDA grew by 95% in FY 2021-22 to ₹509 Cr in line with a growth in top-line and efficient management of procurement and cost control. In the last 5 years, EBITDA grew by 29% CAGR.

Net profit
(₹ Cr)

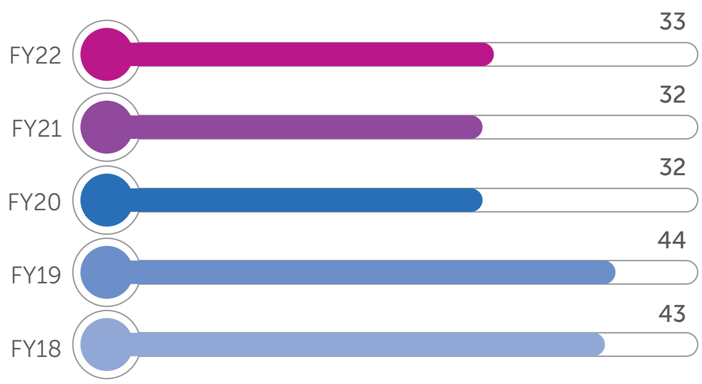



151%

Value impact

Profit after tax improved 151% to ₹253 Cr from ₹101 Cr in FY 2020-21 on account of optimum volume contribution from the capex in the past and high realizations of all the products. In the last 5 years, PAT grew by 31% CAGR.

EBITDA
margin
(%)

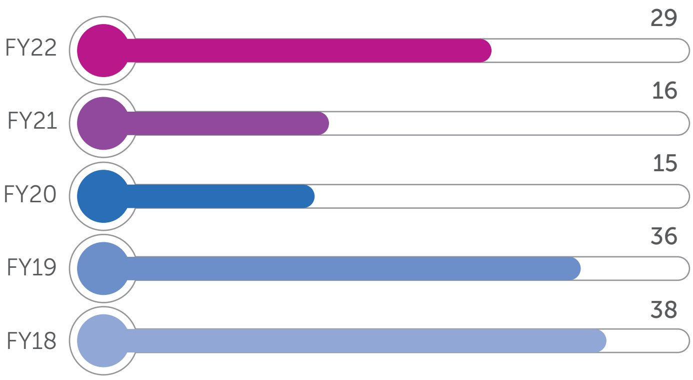



130 bps

Value impact

EBITDA margin improved marginally to 33% in FY 2021-22 from 32% in FY 2020-21 even after an inflationary pressure on raw materials, absorbed by high end product realizations on account of high demand.

## RoCE (%)

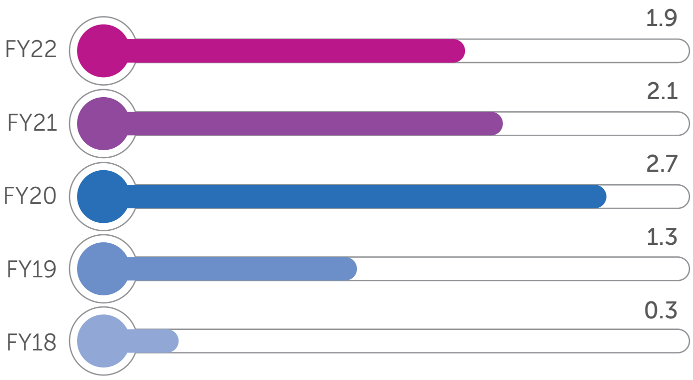



13%

**Value impact**

RoCE improved to 29% in FY 2021-22 from 16% in FY 2020-21 on account of higher realizations across all products and volume growth on account of an expansion in Hydrogen Peroxide and Caustic Soda capacities.

## Debt/ EBITDA (x)

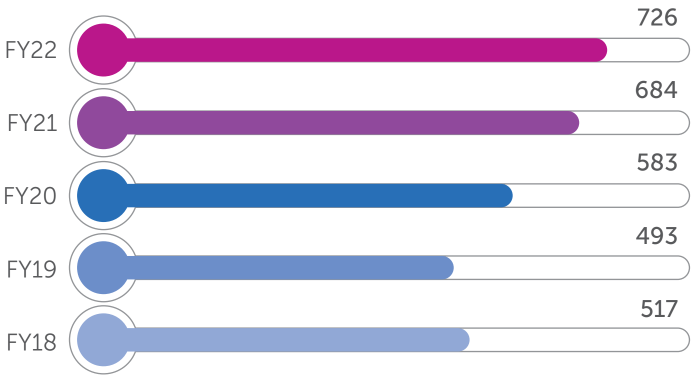



0.2x

**Value impact**

Debt/EBITDA improved due to the absolute growth in EBITDA even after increased debt following a high capex in FY 2021-22

## Net worth (₹ Cr)




6%

**Value impact**

Net worth increased 6% to ₹726 Cr in FY 2021-22 compared to ₹684 Cr in the previous year.

Net worth for FY 2021-22 did not include ₹211 Cr preference shares, as preference shares that were a part of networth in FY 2020-21 are now classified as Debt.

## Improved credit rating

A+
(Positive outlook)
in the year
FY 2020-21

AA-
(Stable outlook)
in the year
FY 2021-22

**Value impact**

Credit rating of the company improved on account of healthy capacity utilization, faster than estimated ramp-up of the new commissioned capacity, ability to execute expansion projects on time and protecting margins.

# 3 principal messages that we wish to send out

## 1

**One,** the prevailing shift in the global chemical industry dynamics. Following pandemic-induced dislocations, a big reality has emerged: more chemical buyers who were once buying virtually all their requirements from China, are seeking a Plan B. They are now buying (or seeking to buy) chemical quantities from other countries as well to protect their supply chains. India is attractively placed to capitalize: the country's chemicals sector is 1/10th of the size of China; even a small shift from China can generate disproportionate growth for India's chemical sector.

## 2

**Two,** the Atmanirbhar Bharat emphasis of the Indian government comes at the time of this strategic global shift. The Indian government has placed a premium on manufacturing more import substitute products within India supported by incentives like PLI and others. This is expected to achieve various objectives at one stroke – enhance the proportion of the manufacturing sector's contribution to the Indian GDP, increase livelihoods, strengthen the national supply chain and graduate India's chemicals sector into a global provider.

## 3

**Three,** MFL seeks to capitalize on this unprecedented and unfolding sectorial reality with a portfolio approach. This approach will combine a competitive feedstock foundation at one end (Chlor-Alkali) and value-added derivatives and specialty chemical products at the other – a prudent combination of products at one end that are increasingly consumed within and value-added downstream market-facing products at the other.

These three realities are long-term and sustainable, with the potential to transform the face of India's chemicals sector and that of our company.


*We would now welcome you to read this report.*

# Where we have come from. How we are investing. Where we expect to go

## 1 We made a commitment to multi-year growth

| | | | | | | | KTPA |
|---|---|---|---|---|---|---|---|
| Year | Total Capacity | Caustic Soda | Caustic Potash | CMS | $H_2O_2$ | ECH | CPVC |
| FY 2009-10 | 119 | 119 | | | | | |
| FY 2014-15 | 167 | 48 | | | | | |
| FY 2016-17 | 188 | | 21 | | | | |
| FY 2019-20 | 238 | | | 50 | | | |
| FY 2020-21 | 425 | 127 | | | 60 | | |
| FY 2022-23 | 611 | 106 | | | | 50 | 30 |

## 2 This is where we have got to

- **4th** largest Indian capacity of Caustic Soda at 2,94,000 TPA
- **3rd** largest Indian capacity of Caustic Potash at 21,000 TPA
- **5th** largest capacity of Chloromethanes at 50,000 TPA
- **3rd** largest capacity of Hydrogen Peroxide at 60,000 TPA

## 3 This is what we are presently engaged in

- Largest capacity of Epichlorohydrin, based on 100% renewable resources, of 50,000 TPA
- Largest capacity of CPVC Resin of 30,000 TPA
- Caustic Soda capacity will increase to 4,00,000 TPA
- Entering into Chlorotoluene and its value chain

## 4 This is how our cash profit is growing the business

**339**
₹ Cr, cash profit earned, FY 2021-22

**114**
₹ Cr, accruals invested in capital expenditure, FY 2021-22

**105**
₹ Cr, accruals invested in working capital outlay, FY 2021-22

**120**
₹ Cr, accruals invested in repayment of debt, FY 2021-22

## 5

This is where we are

**₹1,551 Cr**

Turnover, FY 2021-22

## 5

This is where we expect to go

**₹5,000 Cr**

Estimated turnover, FY 2026-27

# At Meghmani Finechem, we are driving our business to emerge as the best in everything we do

## DRIVEN BY CAPABILITY, PROFITABILITY, RESPONSIBILITY LEADING TO SUSTAINABILITY

At MFL, our business is built around the simple premise of 'How can we build tomorrow, today?'

At MFL, we believe that our business grows best when we can address the unmet needs of our customers

At MFL, we are continuously focused on emerging as the first-mover in the launch of products or the largest producers with the lowest manufacturing cost

At MFL, we have responded to our markets with a consolidated portfolio approach (as opposed to the standalone products manufacturer)

At MFL, we continue to focus on generating more from less, strengthening our operational efficiency

At MFL, we focus on achieving profitable growth that generates adequate accruals for reinvestment

At MFL, we are driven by the vision to create a business that grows capacities consistently

At MFL, we continuously benchmark our company with the highest product, process and ESG standards needed by demanding agencies the world over

The essence of MFL

# Capability

## At MFL, we believe that well begun is half won.

The seeds of our competitive advantage are sown even before we have commissioned our projects.

Over the years, we have invested in competent and timely project execution through prudent recruitment – skills, experience, knowledge, attitude and youthfulness. The objective is to not only commission on time but also within cost, translating into a relatively low capital cost per unit of installed capacity.

Even as this competence was tested during the year under review on account of the pandemic-induced lockdown and operating restrictions, our project team passed the test.

Our team executed projects related to the commissioning of ECH, CPVC and Caustic Soda expansion on schedule, preparing the ground for timely revenue accretion in FY 2022-23 and attractive growth from FY 2023-24 onwards.

The essence of MFL

# Profitability

## At MFL, we believe that superior profitability is one of the most effective lubricants in ensuring business sustainability.

Attractive profitability – the coming together of an attractive operating delta, coupled with scale – makes it possible to reinvest, strengthening the business with accruals-driven growth and making available low cost funds to a growing business.

We are pleased to communicate that our profitability strengthened during the year under review, the sharp increase in resource costs notwithstanding.

MFL reported its highest top-line of ₹1,551 Cr during the year under review, a growth of 87% over the previous financial year, outperforming the growth of India's economy and its chemicals sector.

MFL delivered a sharp increase in Return on Capital Employed from 16% in FY 2020-21 to 29% in FY 2021-22. This increase was achieved on the basis of a maturing of the earlier capital expenditure in $H_2O_2$ and Caustic Soda projects that were commissioned in FY 2020-21, leading to 20% sales volume growth, despite a large part of the invested quantum being reflected in capacities to be commissioned and yet to reflect in revenues.

The company generated ₹338 Cr in accruals during the year under review, which was reinvested in capacity growth, working capital needs and repayment of debt, creating the foundation for the next round of growth.

The essence of MFL

# Responsibility

## At MFL, we believe that overarching responsibility underpins our business.

We are in business not only to address customer needs and report a surplus; we are more fundamentally in business to conduct ourselves like a responsible corporate citizen.

This responsibility has not been applied selectively. The sentiment runs across our company and covers every function.

The essence of responsibility at our company is a commitment to do the right things and do things the right way. This addresses the fundamental reality that we are in business to make the world a better (and hence safer) place. This extends to an alignment with extensive standard operating protocols that empower us to manage challenging and even hazardous chemical reactions so that our business is safe for employees, community and customers. This comprises extensive statutory compliances and certifications that showcase the seriousness of our commitment. This warrants an ongoing investment in cutting-edge technologies that moderate resource consumption on the one hand (indicating a lower use of finite resources) and maximize safety, stability and security for all our stakeholders.

We are pleased to report that during FY 2021-22 we continued to invest in the latest technologies; the Glycerol process used in the manufacture of ECH entailed the use of renewable resources; the company reported no manufacturing mishaps, accidents or loss of lives.

The essence of MFL

# Sustainability

## At MFL, we believe the ultimate test of our existence lies in our sustainability.

This is addressed by the question: Can we keep furthering the interests of all our stakeholders in a perpetual and sustainable manner?

This commitment warrants a capacity for sustainable reinvestment – in capacities and competencies – ahead of the curve.

During the year under review, MFL reinforced this reinvestment.

The company recruited senior talent to plug management positions for the company's next growth phase. This kick-started a sequence of planning of where the company would like to be a few years from now, setting into motion a new growth phase.

During the year under review, the company engaged in two such initiatives: it strengthened its position in the specialty chemicals segment by announcing an entry into Chlorotoluene & its value chain, an initiative that could create a platform for sustainable growth. The company also embarked on setting up a full-fledged R&D facility that will drive the company's product selection and process improvements.

The company's credit rating was enhanced from A+ to AA- by CRISIL, validating the company's credentials that could translate into a lower debt cost, strengthening sustainability.

The company was awarded Responsible. Care certificate for one year in March 2021 It re-appeared for its Responsible Care audit and was awarded a certificate for three years ending in May 2025. This is a testimony of MFL's commitment to achieve the highest sustainability standards.

CHAIRMAN'S STRATEGY AUDIT

# We possess the DNA, competitiveness and personality to enhance value for all our stakeholders in a profitably sustainable way

## Overview

Meghmani Finechem Limited, your Company, capitalized on an Indian economy recovering from the pandemic to report its best performance during the year under review.

The big message that I would like to leave our shareholders with is that even as India encountered nearly three challenging months on account of the pandemic resurgence – first two months and the tenth month of the year under review – your company performed creditably to report outperforming and profitable growth.

At one level, your company performed considerably better than the broad chemicals sector. The Indian chemicals sector grew 34% during the year under review; your company reported 87% growth in top-line, emphasizing the extent of its competitive advantage and differentiation.

At the other level, your company reported profitable growth, where the percentage growth in top-line was complemented by a 151% growth in bottom-line, validating the point that the company's growth was not at the cost of realizations or Balance Sheet integrity but on the back of capacity expansions concluded in the previous years that came into play.

Your company reported ₹1,555 Cr in revenues, ₹509 Cr in EBITDA and ₹253 Cr in profit after tax during the year under review. We believe that this performance represents an attractive critical mass of cash flows and integration on which to build the business across the foreseeable future. *(Source: Economic Times)*

## Responding to challenges

From the growth that your Company reported, it would appear that the year under review presented favourable operating conditions. The reverse was true instead.

Your company encountered unprecedented resource inflation and supply chain interruption that could have affected margins. Your company leveraged efficient procurement, disciplined working capital management, cost leadership and robust demand to grow the business in a profitable way. The competence of your company's supply chain continuity was manifested during the third quarter when coal supply was threatened across the country; despite this challenge, your company was able to source adequate feedstock quantity.

During the year under review, there was a premium on the need to commission new manufacturing capacities on schedule with the objective to cap probable time or cost overruns and bring products punctually to the market, generating revenues in line with the financial projections made to financial stakeholders. Your company's projects implementation team validated its capability in timely project commissioning, the pandemic-induced lockdown challenges notwithstanding.

During this expansion process, the business encountered the threat of inadequate demand from one or few industries. Your company hedged this threat by broad-basing its relevance across more than 15 downstream user sectors, moderating its excessive dependence on any specific industry.

## Counter-basic chemical business

At Meghmani Finechem, we had resolved to build a counter-cyclical business when we embarked on the exercise of shifting our strategic needle a few years ago.

A conventional basic chemical business comprised extensive swings in margins and surpluses, resulting in lower stakeholder confidence on the one hand and higher debt costs on the other, affecting long-term profitability.

The test of a basic chemical-marked business like ours was to build a company that would demonstrate resilience during challenging market cycles and outperform in terms of revenues and margins growth during sectorial rebounds.

Your company's management recognized that building such a counter-cyclical company would warrant a long-term shifting of the needle away from large basic chemical profits towards niche value-added products linked together through a web of resource inter-dependence, where the co-product from one manufacturing process would serve as a resource for another. We believed that such an approach would strengthen our value chain and value-addition, strengthening our cost leadership or margins accretion (or both).

We believed that such an approach would represent the foundation of a sustainable business marked by profitable growth. The performance of your company during the last financial year should be seen in the light of this strategic direction and phased transition. The outperformance and profitable growth, even as the company's strategic re-direction is yet to be rolled out fully, represents the depth of the strategy and maturing of your company.

For FY 2021-22, volume contribution came from Hydrogen Peroxide and additional Caustic Soda capacity. Although it got commissioned in FY 2020-21, its full utilization and full benefit were received in FY 2021-22.

There is no cost overrun expected

Your company reported ₹1,555 Cr in revenues, ₹509 Cr in EBITDA and ₹253 Cr in profit after tax during the year under review.

from the capital expenditure, the general inflation notwithstanding, protecting our cost structure and profitability expectation.

## Strengthening our business

At MFL, we believe that our success is drawn from the capacity to look ahead.

Our capacity expansion is not an exercise in contextual vacuum; it is rooted in what is happening across India today and what is likely to happen across the coming years. Simply put, our capital expenditure is a decisive bet on the India of tomorrow – an India increasingly dependent on domestic manufacture, an India increasingly emerging as a products supplier to the world, an India increasingly being seen as a China alternative and an India proceeding from around USD 3 trn in GDP size to around USD 5 trn by the end of this decade.

At MFL, we are expecting to be prepared today with products that would be required in a larger quantity tomorrow with all supporting fundamentals of integration, cost leadership, certifications, safety and responsibility, leading to all-round business sustainability. As an extension of this priority, MFL announced timely capital expenditure (CMS, $H_2O_2$ and additional Caustic Soda capacity) in FY 2017-18, which was progressively commissioned in FY 2019-20 and FY 2020-21 and the benefits of which were visible in FY 2020-21 and FY 2021-22.

This expansion was no one-off phenomenon. MFL announced a capital expenditure to manufacture Epichlorohydrin (ECH), CPVC Resin and increasing Caustic Soda capacity in FY 2019-20 and FY 2020-21 as well. These expansions are expected to be commissioned in Q1 FY 2022-23 and Q2 FY 2022-23 and this will give generate positive outcomes in FY 2022-23 and FY 2023-24.

MFL also announced its decision to manufacture Chlorotoluene and products across its value chain, the capital expenditure of which is expected to start from FY 2022-23 and whose revenues should become visible from FY 2024-25 onwards. In the first phase of this Chlorotoluene and value chain project, your company is expected to launch around eight products; in the second phase, MFL will progressively identify research-led molecules to widen and deepen its Chlorotoluene eco-system. These Speciality Chemical products will be value-added, enhancing the non-Chlor-Alkali proportion of revenues, strengthening our overall margins. Meghmani Finechem is setting up an R&D centre for the long-term growth of the Company in the Specialty Chemical segment.

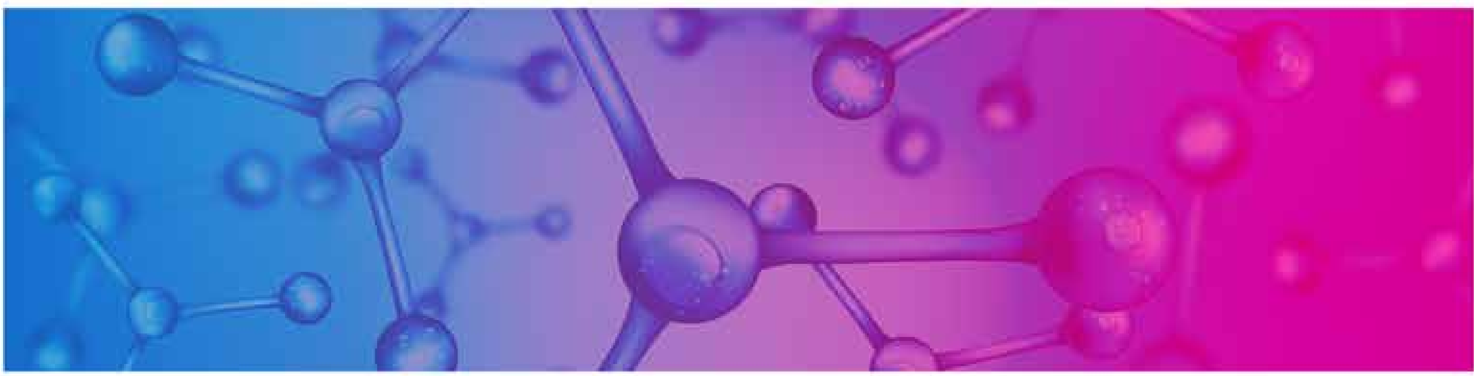
MFL will strengthen its portfolio broad-basing, widening its overall risk profile. The ECH that we will manufacture will be majorly consumed by epoxy resin manufacturers addressing the automotive, windmill, construction, pharmaceutical and other industries. The CPVC resin that we manufacture will be consumed by CPVC pipe makers, a sector with growing offtake. It would be relevant to indicate that the entire ECH demand is presently being addressed through imports; 95% of CPVC resin demand is being met through imports. The result is that we will encounter a ready market with quicker logistic possibilities; both segments are expected to grow in double-digit percentage terms across the next five years.

The manufacture of value-added products Chloromethanes (CMS) and Hydrogen Peroxide ($H_2O_2$) will be supported by raw materials available from within, strengthening our integration, value-addition and margins. Besides, the manufacture of ECH and CPVC will be backed by proprietary raw material (Chlorine, Hydrogen and Caustic Soda) and it will be your company's objective to maximize the in-house consumption of Chlorine and Hydrogen in a few years. This focused approach will empower your company to consume low value-added products within and maximize the sale of value-added products, strengthening Return on Capital Employed.

## Strengthening our intangibles

At MFL, we believe that proactive capacity creation and a culture of execution excellence can only be derived from the quality of what goes into our business.

Your company's biggest business-strengthening initiative is its long-term commitment to research. In our dynamic business space, there is a premium on creating a strong research team, equipped with the competencies to take the business ahead. We will continue to deepen the recruitment of research professionals



(experience and qualifications) and sustained investment in supporting infrastructure.

We expect that this research emphasis will visibly translate into the identification of specialty chemical molecules launched for the first time in India, molecules with attractively high asset-turnover ratios, molecules with an attractively brief payback and molecules addressing demanding global custom manufacturing requirements, strengthening portfolio quality.

Your company continued to strengthen its knowledge capital through selective recruitment's across its senior management to take the company to the next level. The company commissioned an office in Mumbai; it created a sales & marketing team to address derivatives and Specialty Chemicals. Your company's manufacturing, procurement, project and other functional teams were strengthened with the objective to become growth ready.

Your company strengthened its governance commitment through various initiatives directed at the creation of a strong Board, articulation of a medium-term strategy, investment in digitalization wherever necessary, creation of a systems-driven operating architecture as well investment in compliances and certifications, among others.

Your company recognized the importance of decoupling its business growth from a carbon footprint through a proactive investment in advanced technologies, resulting in lower waste and optimal input consumption. Your company selected the Glycerol process for manufacturing Epichlorohydrin, which has proven to be environment-friendly, warranting a lower use of water and energy; besides, the raw material Glycerin is 100% renewable. Your company intends to commission wind and solar hybrid power plants, validating its commitment to green energy and a declining carbon footprint.

## Outlook

Your company's outlook remains positive for good reasons.

From a sectorial perspective, we see the Indian government having announced a decisive initiative to invest in infrastructure expansion, which will create an unprecedented appetite for chemicals. The government's focus on manufacturing within the country to reduce import dependence or increase exports (through initiatives like Atmanirbhar Bharat and PLI schemes) could strengthen India's position as a global chemicals supplier. The announcement of PLI schemes for the automobile, electricals, textiles, pharmaceuticals and other industries could strengthen the demand for feedstock chemicals.

We are also seeing India graduate from price-sensitivity towards quality products consumption, strengthening the scope for value-added chemical feedstock.

Even as these domestic realities are unfolding, we are beginning to see signs of supply contraction with a decline in the commissioning of global capacities and increase in the phasing out of legacy facilities, making it imperative for developed country manufacturers to source from Asia. Besides, an increasing number of global companies are reappraising their sourcing dependence on China, opening opportunities for Indian manufacturing companies.

Your company is well placed to capitalize, on account of its new products enjoying a high asset-turnover ratio. The commissioning of the expanded Caustic Soda and Hydrogen Peroxide capacities in the first quarter and second quarter of FY 2020-21, strengthened volumes for FY 2021-22.

We expect that these initiatives will transition our revenues - 74% from Chlor-Alkali and 26% from value-added products – to a time when the latter generates accounts for more than 50% of our revenues a couple of years from now. We believe that this focus will translate into a predictable and higher RoCE even when we have grown 2.5 times our prevailing size in three years.

In this proposed transition lies the DNA, competitiveness and desired personality of our company. We believe that this blueprint will enhance value for all our stakeholders and empower us to grow in a profitably sustainable way across the coming years.

**Maulik Patel,**
*Chairman & Managing Director*

We are also seeing India graduate from price-sensitivity towards quality products consumption, strengthening the scope for value-added chemical feedstock.

# How we strengthened our business

**Intangibles**

> Cutting-edge research > Recruitment of research professionals > Sustained investment in supporting infrastructure > Accelerate product introduction > Launch of value-added specialty chemical products for the first time in India > Products with high asset-turnover ratios > Enhanced revenue proportion from speciality chemicals business > Superior overall profitability

**Talent**

> Selective senior management recruitment with the future in mind > Recruitment of subject matter experts > Created a derivatives and specialty chemicals sales & marketing team > Other functional teams were strengthened > Organogram gaps were plugged > Company became growth-ready

**Governance**

> Commitment to a comprehensive governance ethic > Conviction that governance will lead to organizational predictability > Predictability will lead to sustainable value-creation > This value will address the growing needs of all stakeholders > This will enhance the company's respect and brand

**Environment**

> Moderated the carbon footprint > Proactive investment in advanced technologies > Lower waste and optimal input consumption > Preference for environment-friendly technologies > Proposed investment in renewable energy > Reinforced commitment to responsible growth

OPERATIONAL APPRAISAL

# Our operating review for FY 2021-22

## Overview

We were pleased to report a record performance – the highest revenue of ₹1,555 Cr, the highest EBITDA of ₹509 Cr and the highest volume produced in our existence during the year under review. The improvements were 87%, 95% and 20% higher respectively than the previous financial year.

We delivered despite market and social challenges, which validates that we believe we have activated an undercurrent of sustainable outperformance that is expected to generate superior value for all our stakeholders. Our optimism is derived from a critical reality: the improvement in performance was not on the basis of low manufactured volumes that capitalized on sharp increases in realizations; the improvement was on the basis of a large throughput that capitalized on internal efficiencies and synergies that provides us with the confidence that the improvement is sustainable.

## The challenges

The principal reality of the financial year under review was the resurgence of the pandemic that transpired during the first and fourth quarters in India. The incidence of full and partial lockdowns affected social and economic realities in India. However, your company exercised the playbook of the previous year to sustain operations without a major impact. The company not only addressed operational challenges but also proceeded with initiatives related to creating additional capacities during the current financial year. The result was that the company not only addressed challenges of the moment but also invested in the business to make its growth sustainable.

During the later part of the year, the company's operations were also affected by the Russia-Ukraine war (as was the rest of the chemicals industry). Your company responded with protective protocols and adaptability, coupled with a stronger coordination between its procurement, sales and project teams.

## Priorities

There was a need to protect the company's EBITDA margin in excess of 30% at a time when key feedstock and coal costs peaked; the company (in line with the rest of the chemicals sector) had no alternative but to pass raw material (coal, potassium chloride, methanol and salt) cost increases to consumers.

There was a need to mobilize funds for successive capital expenditure programmes (ECH, CPVC and Caustic Soda from 294 KTA to 400 KTA) at a time when interest rates had begun to rise and a need to mobilize additional working capital at a time when raw materials turned costlier. The company controlled overheads, proactively mobilized additional working capital and ploughed accruals into capital expenditure programmes.

There was a need to respond to logistic disruptions and circumvent the possibility of excess inventorization that could affect working capital efficiency. The company proactively procured bulk coal in advance to moderate the impact of cost escalation and provide the purchase team with negotiating room.

There was a need to address probable delays in loan sanction approvals from banks and financial institutions for new loan sanctions as well as a need to extend the working capital cycle. The company engaged extensively with lending banks across hierarchies that led to timely term loan access at competitive costs.

MFL

## How we protected our competitiveness

At MFL, we protected our competitiveness during a challenging year through the interplay of various initiatives.

The company generated superior volumes from newly commissioned projects - $H_2O_2$ and Caustic Soda expansion – coupled with higher realizations, strengthening the top-line and bottom-line.

The company continued to leverage cutting-edge technologies across all products, generating a critical increment in terms of margins over the industry average.

The company responded with cross-functional responsiveness to the prevailing realities that resulted in timely and holistic decision-making, strengthening process orientation.

The company created teams to address ongoing performance on the one hand and preparation for expansion-driven growth on the other, ensuring that neither would be affected.

The company continued to leverage the research-led selection of new derivative products that strengthened the portfolio and profitability.

The company strengthened the projects management team leading to the possibility of timely projects commissioning.

## Building into the future

There is a sense of optimism that the company is climbing into the next level.

We foresee India's chemicals sector at the cusp of considerably larger demand, influenced by a sizable growth in the country's infrastructure sector and increased exports, with India emerging as a suitable China alternative for countries seeking to broad-base their purchases.

We see an increased global economic recovery following a waning of the pandemic in global pockets, reviving capital expenditure and chemicals demand.

We have aligned our business with the Atmanirbhar Bharat policy of the Indian government that emphasizes the manufacture of import substitute products. We are optimistic of the sustained growth of India's pharmaceutical and agrochemical sectors, which should generate a consistent increase in the demand for chemicals.

We have resolved to become a progressively value-added multi-products player, marked by a growing entry into niche products with superior margins – the surest way of remaining sustainable across market cycles.

We have developed a distinctive capability in timely projects commissioning, a valuable proprietary capability. We are at an advanced completion stage for two new products (ECH and CPVC) and enhanced Caustic Soda capacity, which should graduate us into the next competitive league.

We are attractively placed to enhance our global footprint following the commissioning of the ECH plant in FY 2022-23, broad-basing our geographic presence on the one hand and enhancing our margins.

We are commissioning a new R&D facility to drive our growth in the Specialty Chemical segment. As an extension of this development, we expressed a decision to enter the Chlorotoluene and value chain segments.

We believe we have developed projects and revenue visibility until FY 2023-24; the company is now engaged in widening and deepening the strategic foundation beyond, which could result in sustainable medium-term growth.

# How our growth strategy will play out

## High-margin products coupled with low-cost capacity expansion

| Product | Manufacturing Plant Capacity ('000 TPA) | Expected Commissioning |
|---|---|---|
| Caustic Soda | 400 | 106 KTPA in Q2 FY 2022-23 |
| Caustic Potash | 21 | Q1 FY 2016-17(commissioned) |
| Hydrogen Peroxide | 60 | Q2 FY 2020-21(commissioned) |
| Chloromethanes | 50 | Q2 FY 2019-20(commissioned) |
| Epichlorohydrin | 50 | Q1 FY 2022-23 |
| CPVC | 30 | Q2 FY 2022-23 |
| Chlorotoluene & its value chain | | Q4 FY 2023-24 |

# Our competitive strengths

### Strategic location
- Close proximity for raw material and imported raw material and closer to port locations
- Close to the customer and based in the PCPIR region
- Easy access to talent for running plant operations

### Focused on efficiency
- Low cost of operations; backward and forward integration
- Fully automated manufacturing complex
- Continuous addition of value-added products

### Fully integrated complex
- Build on core Chlor-Alkali strength with a captive power plant
- Selection of value-added derivative products to strengthen the integrated complex
- All product plants located in one complex, strengthening efficiency

### Diversified application base
- Addressing more than 15 industries
- Revenue split evened out among customers
- End user market growing rapidly

### Adequately invested infrastructure
- Bought 60 hectares in 2007 to create a large complex
- Invested in all basic utilities, leading to quicker expansion and at a lower cost
- Well designed and state-of-the-art manufacturing facility

### Technically qualified leadership team
- Technocrat promoters
- Lean management with professional and experienced teams at all levels
- Creating teams for future growth

### Established brand
- MFL is a respected brand in the Indian chemicals market
- Serving domestic customers for 12 years
- Pan-India reach through a wide distributor network

# Our business model and how it is being directed to enhance shareholder value

The potential

~10-13

% growth in MFL's addressable market across five years

## Overview

At MFL, we are growing our business to enhance value for all our stakeholders.

We need to enhance value beyond the prevailing cost of funds, earning well over the risk premium associated with equity funds and generating a surplus that provides us with a consistent surplus for onward reinvestment.

This overarching need makes it imperative to run our business in a pre-medicated manner, the foundation of our governance.

# Our business model

The following structure clarifies the way we have built our business, attracting stakeholders with similar expectations. The result has been the creation of an eco-system that is our competitive advantage, enhancing a stability in relationships, protocols and expectations.

## Synergy

We have balanced the manufacture of basic and value-added chemicals

The majority of co-products generated from Chlor-Alkali production will be consumed in house

We focus on the competitive volume-driven manufacture of Chlor-Alkalis

We will balance Chlor-Alkali and value-added derivatives to strengthen the fully integrated complex

## Scale

We have emerged as the fourth largest in our chemicals sector segment

This makes it possible to leverage economies of scale, procurement, location and brand

We have emerged as a single-stop solution provider

We have transformed one-off engagements into relationship-driven revenue visibility

## Scope

We are growing our business around a portfolio approach

This portfolio comprises a Chlor-Alkali eco-system

This is marked by import substitution, synergic integration and cost economy

There is a consistent focus on value-addition measured by RoCE

## Sustainability

There is a commitment to be recognized as a respected corporate citizen

The company is driven by a sense of global responsibility and governance

There is a commitment to invest in technologies, systems, processes and certifications

There is a commitment to run a clean and progressively 'green' company

# How we intend to enhance shareholder value

At MFL, we recognize that the fundamental basis of shareholder value creation is the attractiveness of the broad space that we are present in and the sub-spaces that we occupy.

## Relevance

Our broad space – chemicals – continues to remain relevant

The business of Chlor-Alkali – the bedrock of our business - will continue to be relevant

The emerging business of derivatives and specialty chemicals will become increasingly relevant

The demand base of our sector is linked to the need for prosperity and lifestyle improvement

## Product selection

We will manufacture products/ molecules majorly imported into India

We will seek products marked by unmet domestic needs with a large growth headroom

We will use co-products of Chlor-Alkali to manufacture products with a high asset-turnover ratio

We will select products that help us maintain a high RoCE

## Portfolio

We will seek to manufacture a portfolio of Chlor-Alkali-derived agro and pharmaceutical intermediates (majorly imported)

This portfolio will be driven by a series of product inter-relationships

The approach will strengthen our global visibility and brand

This approach will enhance our critical mass, cost amortization and margins

## Common infrastructure

We manufactured 368 KTPA of products from a 42 hectare complex in Dahej in FY 2021-22

This complex is proximate to ports, talent, resource providers and customers

Ready infrastructure (all utilities) makes the company perpetually growth-prepared

Utilization of additional operating room can raise revenues to a peak of ₹3500 Cr

## Revenue mix

The company is re-balancing its revenue mix towards Chlor-Alkali derivatives and Specialty Chemicals

These segments are marked by a low break-even point and high RoCE

The segments are marked by a relatively low competitive pressure, enhancing sustainability

The revenues from these segments increased from 0% to 30% in the 3 years ending FY 2021-22

## Capital allocation discipline

Growing capital allocation towards downstream value-added products

Capital investment derived from a modest debt-equity ratio and healthy accruals

Debt mobilization at a low cost

Low tenor projects commissioning; attractive payback from day one

## Operational excellence

Focus on generating a high asset utilization (common and specific infrastructure)

Continuous kaizen focus to enhance operating benchmarks

Focus on shrinking the learning curve; getting units to high utilization in a short time

Informed team responsiveness; 89% Chlor-Alkali utilization among the highest in the world

## Integration

Focus on integrating backwards to moderate costs and enhance supply chain reliability

Integration marked by a captive power plant (96 MW); addresses 95% power needs

Extensive chlorine and hydrogen availability to build downstream capacities

60% of the company's resources produced in-house by value

## Focus on intangibles

Track record of safe and transgression-free operations

Certified for Responsible Care; extensive ESG compliances; predictable operational integrity

872 trained employees (technocrats, subject matter professionals and advisors)

Credit rating of AA- (FY 2021-22) improved from A+ (Rating agency is CRISIL)

## Project execution

Deep capabilities in commissioning new projects with speed

Projects commissioned at a cost lower than the prevailing sectorial average

Capital cost per Ton lower than the prevailing benchmark

Projects kick-started around a low break-even point

## Robust Balance Sheet

Net worth of ₹726 Cr (as on March 31st, 2022)

Gearing of 1.3x (long-term debt) as on March 31st, 2022

~ 68% of capex in three years ending FY 2021-22 funded through accruals

Modest Net debt / EBITDA of 1.9x; average debt cost 7.24%

# Our blue-print is not only about linear revenue growth; it is about value-added growth as well

## Overview

At MFL, our growth story is not only about volume; it is about a combination of volume and value.

We believe that this combination is likely to enhance margins and reinforce our profitable growth momentum.

| This is where we are | Where we are proceeding |
|---|---|
| • Chlor-Alkali | • Epichlorohydrin [ECH] |
| • Chloromethanes | • Chlorinated Polyvinyl Chloride [CPVC] |
| • Hydrogen Peroxide | • Chlorotoluene and its value chain |

* Domestically produced ECH, CPVC and Chlorotoluene (and value-chain) to largely replace imports

## The foundation of our value-added strategy

### Diversifying portfolio; de-risking business model
- High value products
- Import substitution – 'Make in India'
- Diversified end user industries
- Sole ECH manufacturer in India

### Forward and backward integration
- Scale capacities in existing products
- New value-added products in existing value chains
- Improved market position

### Fully integrated product portfolio
- Chlorotoluene and its value chain
- ECH
- CPVC
- CMS
- H202

*CMS – Chloromethanes, H202 – Hydrogen Peroxide, CPVC – Chlorinated Polyvinyl Chloride, ECH - Epichlorohydrin

# Our desired transition

**0%**
of our revenues from derivatives and Specialty Chemicals, FY 2018-19

**30%**
of our revenues from derivatives and Specialty Chemicals, FY 2021-22

**>60%**
of our revenues from derivatives and Specialty Chemicals by FY 2026-27E

### Opportunities in high growth segments

- Explore opportunities across sectors
- Increase presence; improve market share
- Enter products that are fully exported

### New value chains

- Expand chemistry expertise
- Enter new value chains (specialty chemicals)

Add new reaction capabilities

### Achieve economies of scale

- Optimize the existing manufacturing complex
- Achieving operational efficiency; emerge as a low cost producer

# At the heart of our business model lies a distinctive MFL culture

MFL is not a company but a *parivaar*. We work here not for a salary, but because we enjoy what we do. I was the first individual to join MFL for its Chlor-Alkali plant in 2009. Thereafter, each time the installed capacity was raised, we did so with low capex, world-class technologies and safety. All this happened because everyone who worked on the expansions felt it was their company.

**Magan Hania,** *joined 2009, Operations, Gujarat*

Well co-ordinated' is how I would describe MFL's work culture. We are around 800 people in the company working in various departments and yet there is no confusion or conflict. In FY 2022-23, we will commission the first ECH and CVPC plant in India. Even better, the process of making the plant ready usually takes more than 2.5 years but at MFL we achieved this within that period – and during the pandemic!

**Sujit Chavan,** *Senior Manager, Business Development*

Those who work at MFL, don't call it a 'company', we call it 'Meghmani *parivaar*', kyunki yahaan koi khud ko employee nahi samajhta; sab ownership le kar kaam karte hai. During the pandemic, the senior management would regularly call to check on us. They would refer employees to doctors– a big help.

**Rakesh Dave,** General Manager, Human Resource

In nine years at MFL, I have hardly witnessed a project execution bottleneck – a rarity in the chemicals industry. The only time we did experience delay was during the pandemic when we encountered unforeseen resource shortage, logistic issues and labour deficit. During the second wave, our projects (ECH and CVPC plant commissioning) encountered a roadblock following oxygen shortage. We soldiered on and the result is that our plants will be ready for running in just 2.5 years from conceptualization!

**Pritesh Shah,** General Manager, Purchase

What I have witnessed at MFL is something I have never seen in my professional experience of three decades: The CMD taking tour of site on a bicycle and interacting with workers. This perhaps explains why people work passionately here.

**Vijay Vasudeva,** Senior Vice President, Operations

Courageous' is how I would describe Meghmani. We are the first in India to commission an ECH and CVPC plant. This takes courage. To overcome fear and venture ahead is a mark of leadership."

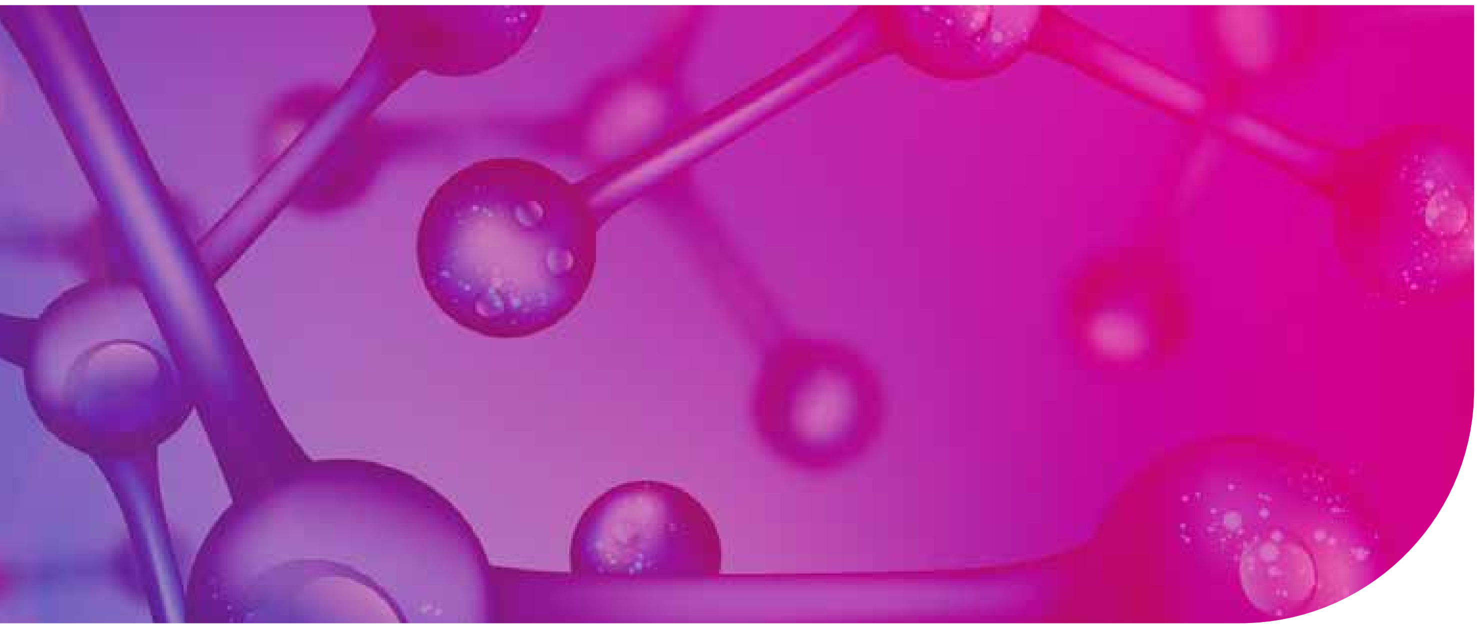
**Vijay Vasudeva,** Senior Vice President, Operations

At Meghmani Finechem, we profess an Indian family-based MNC culture. The decision-making is professional and not driven by family loyalties. Like an MNC, the plants work as independent profit centres while service departments work as cost centres. The employees in the organization work like a family.

**Sanjay Jain,** *Chief Financial Officer*

My father suffered a road accident and lost his left leg. I was financially weak but the management helped hospitalize him and picked up the expenses. A colleague suffered from mouth cancer and his entire medical treatment was funded by Meghmani.

**Jitesh Vaghani,** Process Head, Technology



"At Meghmani Finechem, what is creditable is its acceptance of new systems and technologies - minimal resistance to adopt new things. While working on the implementation of a particular process, conventional systems were dropped; new management systems were adopted in line with the Responsible Care requirements. Besides, we commenced the unique quantification of various management systems across departments."

**Hamid Sayad,** General Manager, Corporate Safety

EXCELLENCE DRIVER

# How we have created a robust financial foundation

## Snapshot

**Protecting** business sustainability

**Benchmarking** the business around a high profitability

**Protecting** terms of trade and working capital efficiency

**Generating** a larger proportion of growth resources from within

**Directed** to enhancing shareholder value

## Overview

The objective of the finance function of the company is two-fold: providing the management with adequate low-cost funds with which to grow the business and disciplined capital allocation from the surplus generated. As an extension of these priorities, the company helps in creating a sustainable long-term growth foundation that makes it possible to address the needs of all stakeholders.

### Captive investable resource

**174**
₹ Cr, cash profit, FY 2020-21

**339**
₹ Cr, cash profit, FY 2021-22

### Funds mobilization competence

**66**
Months of debt tenor, as on March 31st, 2021

**75**
Months of debt tenor, as on March 31st, 2022

**7.03**
Average cost (%) of long-term debt as on March 31st, 2021

**7.24**
Average cost (%) of long-term debt as on March 31st, 2022

### Enhanced fiscal efficiency

**8.3x**
Revenue per rupee of working capital deployed, FY 2020-21

**4.8x**
Revenue per rupee of working capital deployed, FY 2021-22

### Improving liquidity

**7.0x** Interest cover, FY 2020-21

**8.7x** Interest cover, FY 2021-22

**44** Days of receivables, FY 2020-21

**51** Days of receivables, FY 2021-22

### Reinvestment efficiency

**50** % of accruals invested in the gross block as on March 31st, 2021

**33** % of accruals invested in the gross block as on March 31st, 2022

**2.1x** Net debt/EBITDA, FY 2020-21

**1.9x** Net debt/EBITDA, FY 2021-22

### Strong repayment discipline

**87** ₹ Cr, debt repayment, FY 2020-21

**123** ₹ Cr, debt repayment, FY 2021-22

### Superior margins

**32** % EBITDA margin, FY 2020-21

**33** % EBITDA margin, FY 2021-22*

*EBITDA margin maintained above 30% across all four quarters*

## The management's opinion

We had an excellent year with the highest cash generation. Capital expenditure during the year leading to a higher debt was offset by the highest ever EBITDA, resulting in a found Debt/EBITDA position of 1.9x. This has enthused us to finance our future projects through internal accruals

**Sanjay Jain,** Chief Financial Officer

## How we strengthened our financial model

- Robust cash generation
- High % of accruals in reinvestment
- Mobilization of multi-month debt
- Comfortable gearing
- Low debt cost
- Superior margins and returns
- Superior sweating of working capital
- Improved credit rating
- Attractive liquidity and terms of trade

## Strengths of our finance team

- Strong team with rich experience
- Robust track record of outperformance; disciplined project execution
- Improving credit rating; declining debt cost
- Timely security creation for additional funds borrowed (no penal interest)


EXCELLENCE DRIVER

# How we have progressively strengthened our manufacturing excellence

**10**
% of co-products consumed in house, FY 2018-19

**60**
% of co-products consumed in house, FY 2021-22

## Snapshot

**Investment** in cutting-edge assets

**Focus** on maximizing capacity utilization

**High** operational integration helping moderate manufacturing costs

**High** product quality and operational safety

**Expansions** at attractively low capital cost per Ton

## Overview

The ability to manufacture the largest volume at the lowest cost around the highest quality standard represents a competitive advantage at the company. This competitiveness has been derived from the ability to sweat contemporary equipment, enhance throughput (to service rowing customer needs better), integrate product capacities to enhance in-sourcing and manufacture products in line with the demanding needs of customers – and do all this in line with certifications and safety benchmarks. The company has integrated its Chlor-Alkali facility with downstream plants to produce value-added end products. This integration has been supported by the captive availability of utilities, helping moderate costs.

## Our manufacturing competencies

- Fully integrated and automated manufacturing facility (superior input-output ratio)
- High equipment uptime, enhancing capacity utilization
- Access to uninterrupted utilities and raw material due to locational advantage
- Large single location complex; immediate access to utilities for proposed expansions; quicker expansions at lower cost
- Rich team experience; continuous improvement in culture; water conservation and energy optimization schemes

## Our research competencies

- Technocrat promoters and professional mangers
- Ability to identify products, technology and markets
- Proposed ₹25 Cr R&D Centre in Ahmedabad to identify molecules within the Chlorotoluene & value chain segments, strengthening business integration
- The R&D Centre and other new molecules in the Specialty Chemicals segment could serve as intermediates for pharmaceutical and agrochemical active ingredients
- The Centre will accelerate Specialty Chemical revenues following FY 2023-24

## The management's perspective

"At MFL, we have created a robust manufacturing foundation to make first-moving products with a lower gestation time and at a lower capital cost per unit of production – largely on account of an integrated and automated complex. This foundation will help us moderate resources costs, logistics costs, working capital outlay, enhance operating flexibility and strengthen safety – the basis of our competitiveness across markets and market cycles. Going ahead, our various manufacturing projects – gas recovery, hot steam condensate recovery, thermal energy recovery, reduction in demineralized water requirement – should translate into attractive savings."

**Vijay Vasudeva,** Senior Vice President, Operations

## Our strengthening production yields (Methanol for Chloromethanes)

| Year | Methanol consumption in MT | Production in MT | Input<br>Specific consumption of Methanol in MT/MT of CMS |
|---|---|---|---|
| FY 2019-20 | 9,644.99 | 25,512.41 | 0.378 |
| FY 2020-21 | 18,065.993 | 49,815.04 | 0.363 |
| FY 2021-22 | 18,407.190 | 51,726.73 | 0.356 |

## Our strengthening production yields (Salt for Caustic Soda)

| Year | NaCl consumption in MT | Production in MT | Input<br>Specific consumption of NaCl in MT/MT of NaOH |
|---|---|---|---|
| FY 2017-18 | 2,69,127 | 1,47,110 | 1.829 |
| FY 2018-19 | 258,516 | 1,44,537 | 1.789 |
| FY 2019-20 | 2,23,234 | 1,36,956 | 1.630 |
| FY 2020-21 | 3,66,384 | 2,12,131 | 1.727 |
| FY 2021-22 | 4,21,359 | 2,53,705 | 1.661 |

ANALYSIS

# How we reinforced our environment responsibility

## Snapshot

**Increasing** focus on responsible manufacture

**Entails** in-complex safety and compliance-driven emissions and discharge

**Operations** benchmarked around global standards of the chemicals industry

**Assurance** to customers and regulatory agencies of responsible operations

**Focus** on the 4 R's of operations

## Overview on sustainability

There is a growing focus the world over on sustainable manufacture, manifested in an investment in technologies that empower the company to manufacture products of the highest quality, lowest waste and optimal yield with controlled emissions and discharge - the basis of responsible manufacture. This approach is aligned with United Nations' 10 principles for manufacturing responsibility and environmental sustainability, covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

The company's approach has been driven by a policy that enhances strategic clarity and stability leading to safe and predictable outcomes for all stakeholders. In turn, this approach has helped enhance employee productivity, strengthening financial outcomes. We also believe that any censure that could result in manufacturing downtime that could result in a lower production and affected dispatch schedules, weakening our service. It could also result in lower procurement, affecting our vendors. It could generate lower sales, compromising our profitability and, in turn, our capacity to enhance financial value. The company's conviction is that the most successful, profitable and sustainable companies are ones benchmarked with the most stringent environmental standards. In view of this, EHS is not peripheral to our business; it is mainstream and integral to business continuity.

## The management's approach

The importance of HSE at MFL is underlined for specific reasons. The company utilizes chemical resource to manufacture end products, whose uncontrolled release in the external space could have environment downsides. The company focuses on consuming less but manufacturing more.

The company's operations are built around the 5R's – recycling, replacement, reduction, renewables and restoration.

**Recycling:** The company reused treated wastewater, resulting in minimum waste discharge from factories. The company maximized the utilization of waste (hydrochloric acid, dilute sulphuric acid, fly ash and brine sludge). The last named was used in construction by mixing with cement, fly ash for levelling and diluted sulphuric acid sale to a government agency-approved customer list as per Rule 9).

**Replacement:** The company switched from the use of barium carbonate to remove brine impurities used in the manufacture of Caustic Soda lye. The replacement helped reduce the consumption of a natural resource, reduced waste generation and waste disposal in open land.

**Reduction:** The company engaged in periodic energy audits and assessments to identify opportunities to improve energy efficiency. Activities performed by the Energy Management Program Team comprised a low pressure steam audit, plant wide pinch assessment and steam system leak and trap survey. The company reused waste-water generation from condensate and cooling tower blow down. The company utilized the zero gap membrane process for manufacturing Caustic Soda lye, reducing electricity and natural resources. The company invested in a cutting-edge technology like the Membrane Sulphate Removal System to move to a cleaner system. In the Epichlorohydrine plant, the company installed Tunable Diode Laser Absorption Spectroscopy sampling system to monitor HCl and $Cl_2$ gas emissions from the process loop with process control system.

**Renewable:** The company intends to commission a Epichlorohydrin plant (50,000 TPA) based on glycerine. Glycerine, a carbon source, is 100% renewable feedstock, an advantage over the propylene process that is marked by issues related to waste-water generation, toxic chemical handling and need for large infrastructure. The company's bio-based glycerol process provides a competitive environment-friendly route, reducing waste and energy consumption, coupled with higher safety.

**Restoration:** The company invested in a green plantation belt inside and outside its plant premises. The company invested in rainwater harvesting in its power plant (rainwater from the rooftop of the power plant building was collected into a dedicated covered pit and after analysis is used for cooling tower make up). The rainwater collected from the roof top of the power plant building is expected to be ~1,685 $m^3$/annum.

The company adopted Responsible Care across its manufacturing facility, encompassing all EHS requirements. The result comprised multiple protection layers across core operations and business processes.

## HSE investments

The company invested in a dedicated EHS department to deepen a culture of compliance across its various teams, which helped steward a direction that helped prevent workplace mishaps and accidents. Besides, the company invested in a culture of quantifiable measurement of all HSE outcomes that were reviewed periodically by the senior management team.

The company also invested trained talent in process plants; it invested in adequate fire hydrants, fire extinguishers, SCBA sets, dyke walls, LEL and toxic gas detection systems, emergency dump tanks and fire alarm systems; it invested in effluent treatment plants across sites and commissioned an occupational health center and emergency control center.

The company's online monitoring system monitored air and water quality (data uploaded to a Central Pollution Control Board site) in real time. It invested in the improvement of systems, infrastructure and implementation of integrated management systems (which resulted in the Responsible Care accreditation by Indian Chemical Council); it invested in plant automation.

The company engaged in HAZOP and QRA studies following which recommendations were implemented. Other risk assessment tools (prescribed in process safety codes) were implemented. Advanced technologies were adopted in waste reduction and minimization of gaseous releases. As a responsible company, it integrated process safety from the design to operational stage, resulting in a comprehensive coverage.

## HSE initiatives and achievements, FY 2021-22

- We adopted the Best Available Technology for waste reduction
- We installed a Condensate Polishing Unit (CPU) for waste water reuse
- We adopted the lime dosing system in our thermal power plant to reduce gas emissions
- We invested in Zero Gap Membrane Technology and Re-membraning, marked by lower power consumption
- We installed variable frequency drives in the Boiler Feed Pump, saving energy
- We invested in a high carbon ash recycling system to recycle waste and improve efficiency
- We were accorded a Responsible Care logo from Indian Chemical Council for three years from June 2022 to May 2025 validating our EHS credentials of having been a zero-major accident company

## Technologies

The use of MSRU technology helped reduce sludge from 62 Kg/MT to 23Kg/MT of Caustic Soda; it helped eliminate barium carbonate and reduce waste.

The company invested in technologies considered energy-efficient with low or no waste generation.

The company installed a sulphate removal system for the reduction of waste generation during the brine purification system in manufacturing Caustic Soda lye.

The sulphate removal system is used in the Caustic Soda production in which barium carbonate is used as a raw material to remove sulphate from the brine circuit. The sulphate removal system resulted in the reduction of waste in brine purification / clarification for better efficiency of RVDF. Barium carbonate dosing was done in the brine circuit to remove sulphate from the brine system. The new system will eliminate the use of barium carbonate dosing, which is harmful for living organisms.

## Outlook

The company intends to integrate an EHS consideration across all business processes. The company was recently awarded with a Responsible care certificate which is valid till May 2025, further strengthening the company's credentials as a sustainable organization.

Case study

### How we helped conserve water

As a responsible chemical manufacturing organization, we put a premium on the ability to moderate water consumption.

In the last few years, MFL installed Ceramic Membrane Primary Brine Purification System, replacing a clarifier and polishing filter.

This replacement moderated water and power consumption, helping moderate environment impact and conserve natural resources.

The company invested in a rainwater harvesting scheme, drawing precipitation from rooftops, collected into a dedicated covered pit and used in the cooling tower following analysis.

The result is that the company has helped moderate water consumption per unit of production by 10% during the three years ending March 2022.

**Sustainability:** There is a greater premium on long-term sustainability over one-off profitability, which acquires a significant overtone in a Chlor-Alkali sector. We believe that in the future, companies will be appraised more comprehensive on the basis of their ESG discipline, which will take into account not just cash flows and margins but also the quantum of chemicals recycled, extent of talent training and retention, stability of the vendor eco-system, extent of renewable energy comprising the energy mix, moderation in carbon footprint and safety of operations for employees and peripheral communities.

At Meghmani Finechem, we state in no uncertain and unambiguous terms: ESG lies at the heart of our existence. We will continue to invest in state-of-the-art manufacturing equipment that is automated and can be controlled remotely; we are driven by information technology that provides us with data for informed decision-making; we are systems and process-driven that moderates our dependence on individuals; our biggest insurance is a culture of passionate outperformance.

### Certifications

The company got the Responsible Care certification for 3 years, valid until May 2025.

ENVIRONMENT-SOCIAL-GOVERNANCE (ESG)

# At MFL, ESG represents the cornerstone of our existence

## Overview

At Meghmani Finechem, a commitment to environment-social-governance (ESG) represents the core of our business. This commitment is critical considering that we manufacture a product that consumes a large quantum of electricity and chemicals through processes that can be considered hazardous. This puts a premium on safety and responsibility in every part of our operations. The need to be completely responsible (and hence sustainable) has empowered us to treat the subject of ESG by focusing on three buckets for enhanced attention.

**Our environment component** ensures that we consume environmentally responsible resources, utilize an optimal quantum of finite fossil fuels, moderate electricity consumption, recycle waste and moderate our carbon footprint, the basis for a resistance to climate change.

**Our social component** addresses a proactive investment in talent, relationships (customer and vendors) and social responsibility, which ensures a stability of our eco-system.

**Our governance component** indicates how we will do business, indicating strategic clarity, priority to integrity, alignment with generally accepted good manufacturing practices and prudent de-risking.

This platform – environment, social and governance – will make it possible for MFL to generate long-term growth across market cycles, enhancing stability in its business that enhances value for all our stakeholders.

## Environment

A growing number of global manufacturers are recognizing financial and environmental benefits from sustainable business practices. Besides, stringent environmental norms regulating agencies are helping reduce resource depletion, water scarcity, pollution and other harmful impacts.

The result of these realities is a greater emphasis on sustainable manufacture. This comprises the manufacture of products through economically sound processes that moderate the consumption of energy and natural resources while reducing negative environmental impact, in addition to enhancing employee, community and product safety.

At Meghmani Finechem, we focus on manufacturing more from less, the basis of all environmental responsibility. This approach has been woven around the elements of Plan-Mitigate-Adapt-Resilience.

There is a growing commitment to invest in the best technologies to reduce energy intensity, moderate greenhouse gas emission intensity and graduate to cleaner processes and fuels. The company intends to achieve zero waste to landfill and zero effluent discharge targets while moderating water consumption. The company invested in safety protocols coupled with timely management review safety systems with quantified leading and lagging indicators. The company became the first to produce sustainable bio-based Epichlorohydrin.

In addressing these priorities, the company has faithfully delivered value to People, Product, Process, Profit and Planet, reconciling production growth with a moderated carbon footprint.

## Social

At Meghmani Finechem, business transformation and related competitiveness are derived from passionate relationship ferment, touching a range of stakeholders.

**Employees:** At Meghmani Finechem, we invested in a culture of excellence, marked by training, career growth, talent investment, safety and supporting financially and mentally in challenging times.

**Customers and vendors:** The company grew a stable eco-system of vendors, enhancing business sustainability.

**Community:** The company engaged with the community around its manufacturing locations, widening its circle of prosperity in line with the United Nations' Sustainable Development Goals. The company committed itself to spending in the area of education, health & family welfare, sustainable livelihood, infrastructure and other social activities.

## Governance

At Meghmani Finechem, our governance platform comprises clarity on the way we will grow our business. This enhances organizational predictability and stability. Our governance architecture has been influenced by the following priorities.

**Integrity and transparency:** We run our business around a complete sense of integrity, whether in meeting our various statutory compliances or commitments or engaging transparently with our stakeholders in a timely way. All our decisions are taken with the interests of minority stakeholders in mind.

**Board of Directors:** Our strategic direction is influenced by our Board of Directors, who comprise individuals of standing who have enriched our multi-sectorial business understanding and strategic direction.

**Positioning**: We have positioned ourselves not as much as a Chlor-Alkali company, as much as a value-added Chlor-Alkali-based solutions provider, marked by a declining proportion of revenues from Chlor-Alkali and arising proportion of revenues from value-added derivatives.

**Multi-product:** We broad-based our risks from an excessive dependence on select products to the manufacture of Caustic Soda, Caustic Potash, Chloromethanes and Hydrogen Peroxide with corresponding integration (backward and forward), helping moderate the impact of raw material price and cost swings.

**Technology:** We invested in state-of-the-art manufacturing facilities that represent the best standards in terms of operating efficiency, safety and conversion costs. The plants have been marked by high automation, moderating the influence of human intervention.

**Process-driven:** We invested in a combination of standard operating protocols and certifications (ISO 9001 and ISO 14001), strengthening the company's alignment with Quality Management System, Good manufacturing Practices and Standard Operating Procedures. The complement of these supports strengthened the process orientation of the company, moderating the impact of talent attrition.

**Controlled growth:** At Meghmani Finechem, we invested debt and accruals in our business to capitalize on market realities. Going ahead, we expect to grow faster without compromising our stability, utilizing accruals without stretching the Balance Sheet.

CORPORATE SOCIAL RESPONSIBILITY

# Meghmani Finechem. The responsible corporate citizen

## Overview

Meghmani Finechem is a responsible and sensitive corporate. The company is not only driven by the need to manufacture relevant chemical products for a growing world but also by widening its prosperity circle.

In alignment with its vision, the Company will engage in acts of corporate social responsibility to engage in societal and community welfare through services, conduct and initiatives. Over the years, the company's corporate citizenship was defined by various priorities: alignment with national and regional priorities, extension beyond 'cheque-writing' to lasting on-ground engagement and progressive empowerment of recipients to assume control of their destinies and focus on specific areas (health care, education, rural and semi-urban infrastructure and environment conservation).

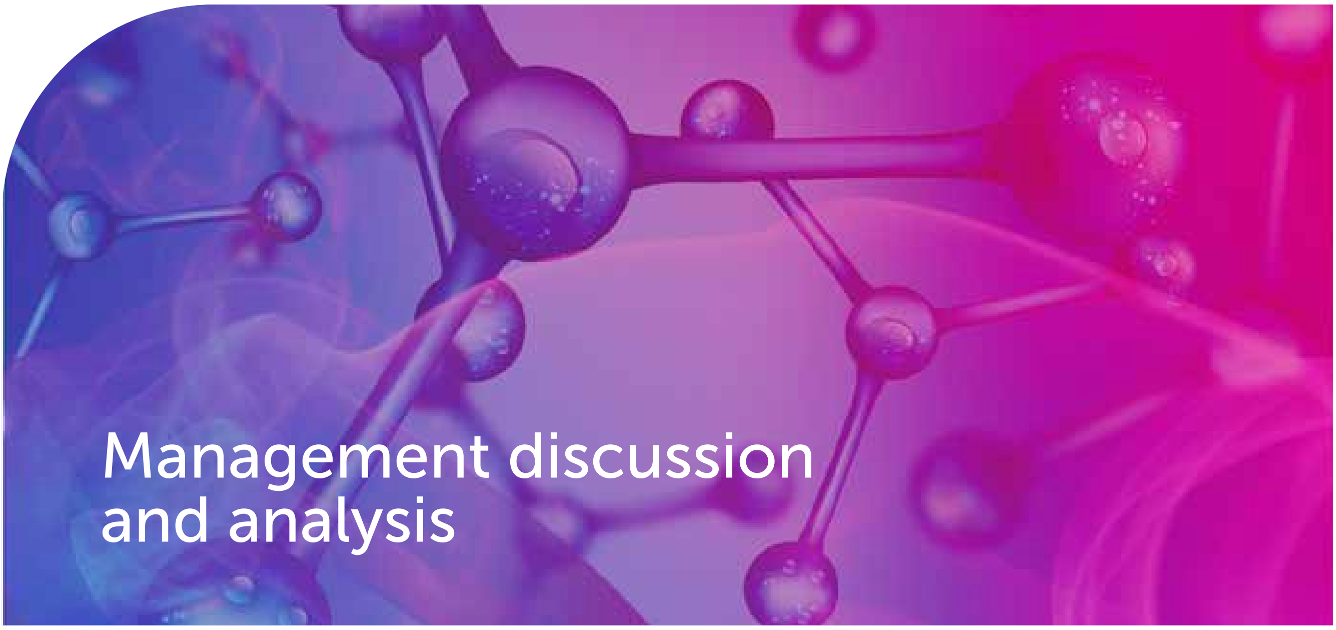
## Highlights, FY 2021-22

During the year under review, the Company engaged in the following CSR interventions:

- Contribution to Gujarat Cancer Society
- Contribution to health institutions engaged in cardiac treatment
- Financial assistance for events like Pedal O Fest, addressing the economically challenged
- Contribution to foundations promoting educational activities
- Contribution to NGOs' focused on the eradication of hunger, poverty and malnutrition

## Our CSR focus

- Health promotion
- Education promotion
- Supporting special needs children
- Assistance for technical education
- Societal development



# Management discussion and analysis

## Global economic overview

The global economy grew an estimated 5.9% in 2021 compared to a de-growth of 3.3% in 2020. This improvement was largely due to increased vaccination rollout the world over and a revival in economic activity based on catch-up consumption.

The global economic recovery is attributed to accelerated vaccine rollout across 4.4 Bn people, around 56% of the global population (single dose). The spot price of Brent crude oil increased 53.34% from USD 50.37 per barrel at the beginning of 2021 to USD 77.24 per barrel at the end of the calendar year, strengthening the performance of oil exporting countries and moderating growth in importing nations. Global FDI reported an increase from USD 929 Bn in 2020 to an estimated USD 1.65 trn in 2021.

The global economy was affected by prohibitive shipping freight rates, a shortage of shipping containers and semiconductor chips in 2021, affecting the global economic recovery. Inflation was at its highest since 2011, especially in the advanced economies, catalyzed by a run up in commodity prices. Some emerging and developing economies were positioned to withdraw policy support to contain inflation even as the economic recovery was still incomplete.

The prominent feature of the global economic activity during the year under review was a sharp revival in commodity prices to record levels following the drop at the time of pandemic outbreak. The commodities that reported a sharp increase in prices comprised steel, coal, oil, copper, food grains, fertilizers and gold.

The global economy is projected to grow at a modest 2.6% in 2022 following the Russia-Ukraine crisis. A higher interest rate environment could affect emerging markets and developing economies with large foreign currency borrowings and external financing needs in 2022.

| Regional growth (%) | 2021 | 2020 |
|---|---|---|
| World output | 5.9 | (3.3) |
| Advanced economies | 5.0 | (4.9) |
| Emerging and developing economies | 6.3 | (2.4) |

*(Source: IMF, World Bank, UNCTAD)*

## Performance of major economies

**United States:** The country reported a GDP growth of 5.7% in 2021 compared to a de-growth of 3.4% in 2020, following the government's investment of trillions of dollars in COVID relief.

**China:** The country's GDP grew 8.1% in 2021 compared to 2.3% in 2020 despite it being the novel coronavirus epicentre.

**United Kingdom:** The country's GDP grew 7.5% in 2021 compared to a 9.9% de-growth in 2020.

**Japan:** The country reported a growth of 1.7% in 2021 following a contraction in the previous year.

**Germany:** The country reported a GDP growth of 2.9% in 2021 compared to a decline of 4.9% in 2020.

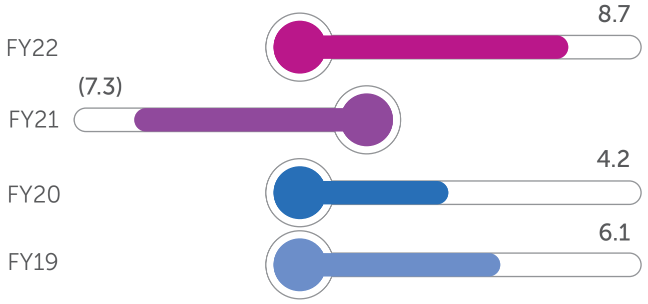
*(Source: World Bank, IMF, Business Standard, Times of India)*

## Indian economic overview

The Indian economy reported an attractive recovery in FY 2021-22, its GDP rebounding from a de-growth of 7.3% in FY 2020-21 to a growth of 8.7% in FY 2021-22. By the close of FY 2021-22, India was among the six largest global economies; its economic growth rate was the fastest among major economies (save China); its market size at around 1.40 Bn making India the second most populous in the world and its rural under-consumed population arguably the largest in the world.

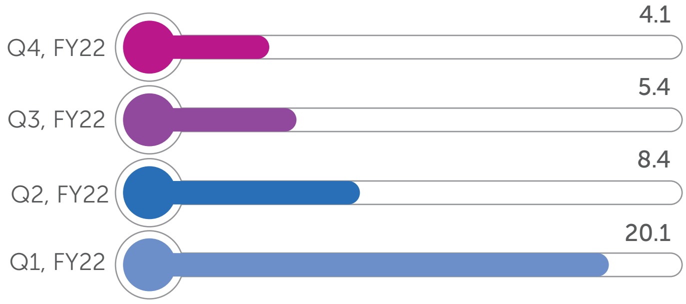
### Y-o-Y growth of the Indian economy

#### Real GDP growth (%)




### Growth of the Indian economy, FY 2021-22

#### Real GDP growth (%)




The Indian economy was affected by the second wave of the pandemic that affected economic growth towards February-end of the previous financial year and across the first quarter of the financial year under review. The result is that after a growth of 1.6% in the last quarter of FY 2020-21, the Indian economy grew 20.1% in the first quarter of FY 2021-22 due to the relatively small economic base during the corresponding period of the previous year.

India's monsoon was abundant in 2021 as the country received 99.32% of a normal monsoon, lower though than in the previous year. The estimated production of rice and pulses recorded volumes of 127.93 Mn Tons and 26.96 Mn Tons respectively. The total oilseeds production of the country recorded a volume of 371.47 Mn Tons. Moreover, based on the spatial and temporal distribution of the 2021 monsoon rainfall, the agricultural gross value added (GVA) growth in FY 2021-22 is anticipated to be 3-3.5%. The country's manufacturing sector grew an estimated 12.5%, the agriculture sector 3.9%, mining and quarrying by 14.3%, construction by 10.7% and electricity, gas and water supply by 8.5% in FY 2021-22.

There were positive features of the Indian economy during the year under review.

Foreign direct investments (FDI) in India was the highest at USD 83.57 in FY 2021-22, a validation of global investing confidence in India's growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in Union Budget 2021-22.

India surpassed the ₹88,000 Cr target set for asset monetization in FY 2021-22, raising over ₹97,000 Cr with roads, power, coal, mining and minerals accounting for a large chunk of the transactions.

The Indian government launched a four-year long and ₹6 Lakh Cr asset monetization plan (roads and highways, pipelines, power transmission lines, telecom towers, railways station re-development, private trains, tracks, goods sheds, dedicated freight corridor, railways stadiums, airports, projects in major ports, coal mining projects, mineral mining blocks, national stadia, redevelopment of colonies and hospitality assets).

In 2021, India was the largest recipient of global remittances. The country received USD 87 Bn during 2021, with the US being the largest source (20%). India's foreign exchange reserves stood at an all-time high of USD 642.45 Bn as on September 3rd, 2021, crossing USD 600 Bn in FOREX reserves for the first time.

India's currency weakened 3.59% from ₹73.28 to ₹75.91 to a US dollar through FY 22. The consumer price index (CPI) of India stood at an estimated 5.3% in FY 2021-22. India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of FY 2021-22 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy. The country recorded its all-time highest GST collections in March 2022 standing at ₹1.42 Lakh Cr, which is 15% higher than the corresponding period in 2021.

India ranked 62 in the 2020 World Bank's Ease of Doing Business ranking. The country received positive FPI's worth ₹51,000 Cr in 2021 as the country ranked fifth among the world's top leading stock markets with a market capitalization of USD 3.21 trn in March 2022.

The fiscal deficit was estimated at ~₹15.91 trn for the year ending March 31st, 2022 on account of a higher government expenditure during the year under review.

India's per capita income was estimated to have increased 16.28% from ₹1.29 Lakh in FY 2020-21 to ₹1.50 Lakh in FY 2021-22 following a relaxation in lockdowns and increased vaccine rollout.

India's tax collections increased to a record ₹27.07 Lakh Cr in FY 2021-22 compared with a budget estimate of ₹22.17 Lakh Cr. While direct taxes increased 49%, indirect tax collections increased 30%. The tax-to-GDP ratio jumped from 10.3% in FY 2020-21 to 11.7% in FY 2021-22, the highest since 1999.

Retail inflation in March at 6.95% was above the RBI's tolerance level of 6% but fuel prices played no part in this surge. Retail inflation spiked to a 17-month high in March 2022, above the upper limit of the RBI's tolerance band for the third straight month.

*(Source: Economic Times, IMF, World Bank, EIU, Business Standard, McKinsey, SANDRP, Times of India, Livemint, InvestIndia.org, Indian Express, NDTV, Asian Development Bank)*

## Indian economic reforms and Budget 2022-23 provisions

The Budget 2022-23 seeks to lay the foundation of the Indian economy over the 'Amrit Kaal' period of the next 25 years leading to 100 years of independence in 2047. The government is emphasizing the role of PM GatiShakti, Inclusive Development, Productivity Enhancement and Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments.

The capital expenditure target of the Indian government expanded by 35.4% from ₹5.54 Lakh Cr to ₹7.50 Lakh Cr. The effective capital expenditure for FY 2022-23 is seen at ₹10.7 Lakh Cr. An outlay of ₹5.25 Lakh Cr was made to the Ministry of Defence, which is 13.31% of the total budget outlay. A boost was provided to India's electric vehicle policy 'Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India'. An announcement of nearly ₹20,000 Cr was made for the PM Gati Shakti National Master Plan to catalyze the infrastructure sector. An expansion of 25,000 Km was initiated for 2022-23 for the national highways network. To boost the agricultural sector, an allocation of ₹2.37 Lakh Cr was made towards the procurement of wheat and paddy under MSP operations. An outlay of ₹1.97 Lakh Cr was announce for the Production Linked Incentive (PLI) schemes across 13 sectors.

## Outlook

India's medium-term optimism is derived from the fact that three down cycles – long-term, medium-term and short-term – could well be reversing at the same time. The long-term downtrend, as a result of non-performing assets, scams and over-capacity could be over; the medium-term downtrend that was caused by the ILFS crisis, select banks, collapse and weakening NBFCs could well be over; the short-term downtrend on account of the pandemic has weakened following the acceleration of the vaccine rollout.

There is a possibility of each of these downtrends having played out, which could well lead to a multi-year revival in capital investments. Some USD 500 Bn worth of investments are expected to be made in the wind and solar infrastructure, energy storage and grid expansion.

The Indian economy is projected to grow by 8% in FY 2022-23 (World Bank estimate), buoyed by tailwinds of consistent agricultural performance, flattening of the COVID-19 infection curve, increase in government spending, favourable reforms and an efficient roll-out of the vaccine leading to a revival in economic activity.

Across the next three years, capital expenditure in core sectors - cement, metal, oil refining and power - should be about ₹5 trn. Besides, the government's production linked incentives (PLI)–led capex should generate an incremental ₹1.4 trn in sectors like consumer durables, pharmaceuticals and automobiles.

## Indian chemicals industry

The Indian chemicals industry comprises more than 80,000 commercial products; the industry is diversified across bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers and fertilizers.

India is the fourth-largest producer of agrochemicals following the United States, Japan and China. The nation accounts for ~16% of the global production of dyestuffs and dye intermediates. The Indian colorants sector has emerged as a key player with a global market share of nearly 15%. The nation's chemicals industry is de-licensed, barring a few hazardous chemicals. India holds a strong position in the export and import of chemicals at a global level, ranking 14th by export and 8th by import (excluding pharmaceuticals).

The domestic chemicals sector's small and medium enterprises are anticipated to show an 18-23% growth in revenues in FY 2021-22 on account of an improvement in the domestic demand and higher chemical prices. India's proximity to the Middle East, the world's source of petrochemicals feedstock, has helped it capitalize and acquire attractive economies of scale.

The COVID-19 pandemic affected the chemical industry. In the first half of FY 2021-22, most companies recorded a decline in operating and gross margins while operating costs increased as raw material prices reported a significant increase as Chinese producers cut production due to an energy crisis (power shutdowns due to coal shortage) and unavailability of major raw materials on account of constraints in the supply chain.

The operating costs were impacted by higher freight costs as there was a decline in the availability of containers coupled with a power shortage. Power and fuel costs reported a significant increase with enhanced coal and gas costs. However, chemical producers are optimistic of the future as demand remains robust.

The size of the Indian chemicals industry was valued at USD 178 Bn in FY 2018-19 and is expected to reach USD 304 Bn by FY 2024-25, growing at a 9.2% CAGR. The COVID-19 pandemic had a negative impact on the Indian chemicals industry, causing a supply chain disruption and interrupted demand for chemicals. On the overall, the industry reported a decline as there was a slowdown in the economy. Going ahead, the chemicals industry is expected to report a V-shaped recovery, catalyzed by government initiatives, consumer growth, improved lifestyles, increased disposable incomes and enhanced healthcare and hygiene focus. *(Source: IBEF, PWC, Moneycontrol)*

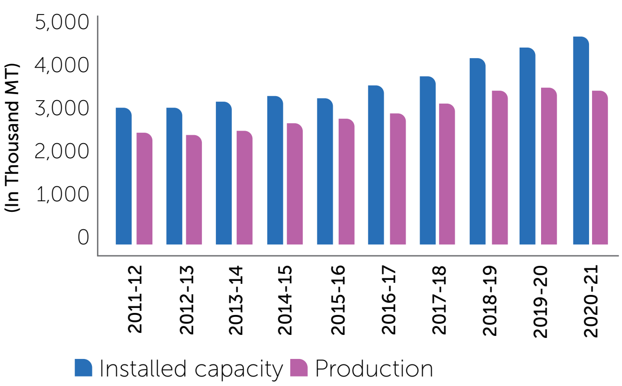
## Global and Indian Chlor-Alkali industry overview

The Chlor-Alkali market was estimated at USD 84 Bn in 2021 and expected to grow at a CAGR of 5.41% between 2022 and 2031. The global consumption of Caustic Soda in 2021 was estimated at 92 milllion Tons per annum. Asia retained its position as the largest consumer of Caustic Soda. The majority of Caustic Soda was exported from North America, the Middle East and Asia with Australia and Latin America being the leading importers. China accounted for ~40% of the global Caustic Soda capacity. China and Middle East emerged as key production hubs for Caustic Soda.

The Indian Chlor-Alkali industry possessed an installed capacity of 4.7 Mn Tons (Caustic Soda) towards the end of FY 2021-22 in comparison to 4.5 Mn Tons towards the end of FY 2020-21. The Chlor-Alkali industry retained its respect for being among efficient, eco-friendly and progressive industries. The Indian Chlor-Alkali industry was among few countries to embrace the energy-efficient and eco-friendly membrane cell technology. The alkali and chlor-vinyl industry was anticipated to report substantial growth, catalyzed by a growing middle-class, higher disposable incomes, low consumption penetration and increased demand.

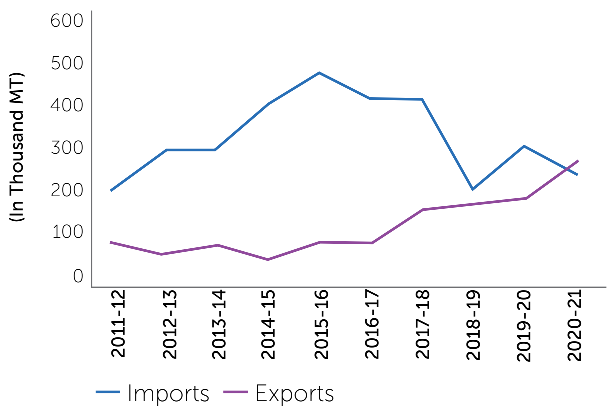
Caustic soda was utilized in the manufacture of products in industries like paper and pulp, soap and detergents, alumina, pharmaceuticals and textiles in the synthesis of organic and inorganic chemicals and various other industries. Caustic soda prices in India began to decline from over USD 800/MT in October to nearly USD 600/MT in December 2021. The prices of soda ash from China declined from USD 600/MT in October to over USD 400/MT in December of 2021. Prices of other important raw materials like Acetic Acid, Benzene, Phenol, Vinyl Acetate also encountered a decline in prices.

### Caustic soda installed capacity and production in the last ten years



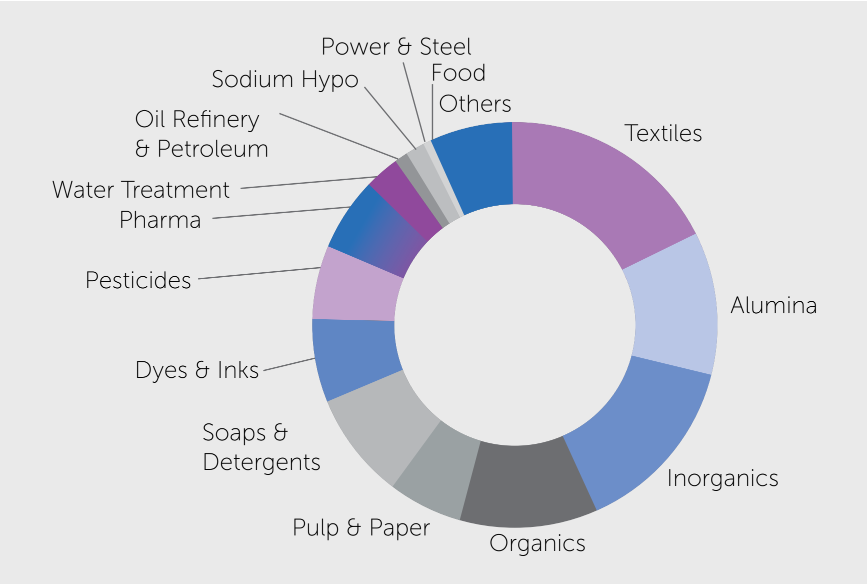

- Installed capacity as on March 31st, 2021 was 47.63 Lakh MTPA
- Production during FY 2020-21 was 35.60 Lakh MT
- Capacity utilization was 75% during FY 2020-21

### Caustic soda import and exports in the last ten years




- During FY 2020-21, imports declined 20% to 248 KT.
- During FY 2020-21, exports rose 47% to 276 KT.

**Sector-wise Caustic Soda consumption in India**




*(Source: Mordor Intelligence, AMAI, Moneycontrol, Statista)*

## Choloromethanes and Hydrogen Peroxide markets

**Chloromethanes:** In FY 2021-22, India's Chloromethane capacity stood at around 477 KTPA compared to 351 KTPA in FY 2020-21. Between FY 2016-17 and FY 2021-22, the demand for Chloromethanes grew 11% CAGR in India, with the estimation that it could grow at a 10% - 11% CAGR in five years. Moreover, the demand for Chloromethanes in India in FY 2021-22 was estimated at 517 KTA as against 424 KTA in FY 2020-21.

The Chloromethane plants produce products like methyl chloride, methylene dichloride, chloroform and carbon tetrachloride.

The substance enjoys a variety of applications - as solvents in manufacturing pharmaceutical drugs, refrigerant gas, PTFE pipes and agrochemicals. The pharmaceutical sector accounts for the largest demand of Methylene Dichloride (91%), where it is used as a solvent. Methylene Dichloride enjoys applications in foam blowing segments, aerosols, polycarbonate resins and adhesive formulations. Moreover, it is a key raw material for HFC 32, which is increasingly used as a refrigerant in air-conditioners.

Chloroform is utilized for producing Tetrafluoro Ethylene (55% of demand) that is used to make fluoropolymers used as non-stick coating on pans and other cookware. It is also used in containers and pipes for storage of corrosive chemicals. Accounting for 25% of the total demand, chloroform enjoys applications in the preparation of R22 and other refrigerant gases. Carbon tetrachloride is used as a feedstock in agrochemical intermediates.

**Hydrogen Peroxide:** In FY 2021-22, the demand for Hydrogen Peroxide in India was approximately 328 KTPA as against 253 KTPA in FY 2020-21, whereas the capacity of Hydrogen Peroxide was estimated at 429 KTA. The Hydrogen Peroxide market grew 9.5% CAGR between FY 2014-15 and FY 2021-22, catalyzed by a growth in the paper and pulp segment, which accounts for 55% of the demand. The industry is anticipated to grow at a CAGR of 9-10% during FY 2022-25. Hydrogen Peroxide is an environment-friendly, deodorizing and bleaching agent with applications covering chemical processing, textile and pulp bleaching, metal treating, cosmetic applications, waste treatment and catalysis of reactions.

The market for this product is fragmented across North America, Europe, Asia-Pacific, South America, Middle East and Africa. North America is projected to become the fastest-growing region on account of environmental degradation and technological advancements.

## Growth drivers

**Rising population:** The population of India stands at 1.39 Bn in 2021 and is expected to surpass that of China by 2027, which could have a positive effect on the Indian chemical sector.

**Urbanization:** The country's urban regions are witnessing a shift from rural areas. This shift in population will be complemented by a rise in demand for houses and the pharma sector.

**Demographic dividend:** The Indian population's median age is expected to reach 28 years in 2022 as against 30 years of global average.

**Growing replacement demand:** With disposable incomes rising on account of an economic rebound, living standards in the country are shifting more towards modern ways of living, which could catalyze the demand for chemicals.

**Increased consumption:** The per capita consumption of Indian chemical products is a mere 10% of the global average and anticipated to reach 20% by 2025.

**Supplier shift:** Industry consolidation, environmental reforms and tightened financing altered the structure of China's chemical industry, enhancing uncertainty for companies dependent on that country for their raw material supply. This resulted in various companies moving their supplier base to India due to low-cost labour and favourable investment policies.

**FDI inflow:** 100% FDI is allowed under the automatic route in the chemicals sector, with a few exceptions made, including hazardous chemicals. The FDI inflow in the chemicals sector was estimated at USD 605.14 Mn in FY 2021-22.

**Duty on imports:** The present customs duty levels of 7.5% imposed on Caustic Soda has restricted imports and resulted in a rise in the production of Caustic Soda in India.

**Increasing pharmaceutical use:** Methylene Dichloride is anticipated to witness high demand growth on account of increasing use in the pharmaceutical sector.

**Rise in HFC demand:** The rise in demand for Hydrofluorocarbons is expected to catalyze the growth of the Methylene Dichloride segment.

**Increasing demand of Carbon Tetrachloride (CTC):** CTC is used in the manufacture of Cypermethrin, which could accelerate demand and catalyze the Chlor-Alkali market.

**Paper and pulp industry:** The Hydrogen Peroxide segment could witness growth due to an increase in demand from the paper and pulp industry.

*(Source: The wire, Trading economics, PWC, IBEF, Amai India, Statista)*

## Company overview

Meghmani Finechem Limited (MFL) is an ISO 9001 and ISO 14001-certified company, founded in 2007 and recognized as one of the leading producer of Chlor-Alkali and its derivatives in India with backward and forward integration facilities. The Company meets the global essential chemicals demand through responsible care and large-scale growth, with commitment to the integrity of quality and environment.

MFL operates in an advanced automated production facility, equipped to address the international standards in the manufacturing of Caustic Soda, Caustic Potash, Chlorine, Hydrogen, Chloromethanes and Hydrogen Peroxide. The Company aims to service the domestic and export markets, contributing towards the 'Make in India' initiative and empowering sustainable growth for a safer and brighter future.

## Products

**Chlor-alkali:** MFL is a leading producer of Chlor-alkali in India with a diversified related portfolio.

- Caustic Soda Lye
- Caustic Soda Flakes
- Liquid Chlorine
- Hydrochloric Acid
- Hydrogen Gas
- Sodium hypochlorite
- Diluted Sulphuric Acid
- Caustic Potash Lye
- Caustic Potash Flakes

**Derivatives**: MFL possesses a diversified portfolio of value-added Chlor-Alkali Derivatives in the form of Chloromethanes and Hydrogen Peroxide.

**Chloromethanes**:

- Methyl Chloride
- Methylene Dichloride
- Chloroform
- Carbon Tetrachloride

**Hydrogen Peroxide**

## Proposed products

**Epichlorohydrin (ECH):** MFL will become the first manufacturer of Epichlorohydrin in India, countering imports and addressing the country's 'Make in India' initiative. The Epichlorohydrin project will possess a capacity of 50,000 TPA and will be based on TechnipFMC's Epicerol technology. Epicerol technology is glycerin-based feed stock, obtained from 100% renewable resources. This technology has proved to be of interest to downstream users, who are concerned about cost-effective production, while taking advantage of an abundant renewable feedstock to reduce their carbon footprint. This project will be initiated in Q1 FY 2022-23 and commissioned in Dahej.

**Chlorinated polyvinyl chloride (CPVC):** The Company announced the setting up of Chlorinated Polyvinyl Chloride (CPVC Resin) project with a capacity of 30,000 TPA. Currently 95% of CPVC resin demand is met through imports and once MFL's plant is commissioned it will be largest manufacturer in India. The commencement of the project will take place in Q2 FY 2022-23 in Dahej.

**Chlorotoluene & its value chain:** MFL announced an entry into Chlorotoluene & its value chain. A range of products will be manufactured through reaction capabilities. This products will be intermediates for manufacturing pharmaceutical and agrochemical active ingredients. This is the foundation for MFL's next phase of growth in Specialty Chemicals. MFL will be first in India to manufacture the same from Q4 FY 2023-24.

## Operational review

- The overall production of the Company increased from 302 KTA in FY 2020-21 to 368 KTA in FY 2021-22, recording 22% growth.
- The Company, in the second year of operations of the Hydrogen Perxoide plant, achieved 78% capacity utilization (FY 2021-22).

The Company announced the setting up of Chlorinated Polyvinyl Chloride (CPVC Resin) project with a capacity of 30,000 TPA. Currently 95% of CPVC resin demand is met through imports and once MFL's plant is commissioned, it will be largest manufacturer in India.

• The following consists of the production capacities of various products of the Company:

## The more we produced, the less we consumed

| Product | Current capacity (TPA) | New/additional capacity (TPA) | Commissioning year - New/additional |
|---|---|---|---|
| Caustic Soda | 2,94,000 | 1,06,000 | Q2 FY 2022-23 |
| Caustic Potash | 21,000 | - | - |
| Chloromethanes | 50,000 | - | - |
| Hydrogen Peroxide | 60,000 | - | - |
| Epichlorohydrin | - | 50,000 | Q1 FY 2022-23 |
| Chlorinated Polyvinyl Chloride (CPVC) | - | 30,000 | Q2 FY 2022-23 |
| Captive Power Plant (CPP) | 96 MW | 36 MW | Q2 FY 2022-23 |

## Financial review

• During FY 2021-22, the revenue of the Company increased to ₹1,555 Cr, a growth of 87% compared to FY 2020-21.

• The EBITDA of the Company in FY 2020-22 stood at ₹509 Cr, a growth of 95% compared to ₹261 Cr in FY 2020-21.

• The Company recorded a profit after tax (PAT) of ₹253 Cr in FY 2021-22 as against ₹101 Cr in FY 2020-21.

## Human resource

Meghmani Finechem Limited is human resource practices helped reinforce market leadership. The Company invested in formal and informal training as well as on-the-job learning. It emphasized engagements with employees by providing an enriched workplace, challenging job profile and regular dialogues with the management. The Company enjoys one of the highest employee retention rates in the industry; it creates leaders from within, strengthening prospects. As on March 31st, 2022, the Company's employee base stood at 872. The Company has hired talent at senior management level team across the functions for the next level of growth.

## Internal control system

The Company has strong internal control procedures in place that are commensurate with its size and operations. The Board of Directors, responsible for the internal control system, sets the guidelines and verifies its adequacy, effectiveness and application. The Company's internal control system is designed to ensure management efficiency, measurability and verifiability, reliability of accounting and management information, compliance with all applicable laws and regulations, and the protection of the Company's assets. This will help identify and manage the Company's risks (operational, compliance-related, economic and financial).

## Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations.

The EBITDA of the Company in FY 2021-22 stood at ₹509 Cr, a growth of 95% compared to ₹261 Cr in FY 2020-21.

# How MFL has created a discipline of proactive risk management

## Overview

At MFL, our risk management is founded on the principle of business sustainability.

We strive to extend the principles of risk mitigation across risk categories around a risk management framework that comprises policy, procedures and assessment methodologies. This approach has enhanced process stability, effort outcomes and corporate sustainability.

## Blueprint

Over the years, the Company instituted a systematic risk management approach. This comprised the creation of a Risk Management Team to periodically appraise various changes in the external and internal environment and suggest proactive remedial action. The company's Risk Management Framework is reviewed periodically.

We extended our risks understanding from the strategic and macro to the micro and transaction level. This has empowered the company to extend risk understanding from the Board to employees, strengthening extensive preparedness.

## Risk management organization, roles and responsibilities

At MFL, our risk mitigation framework is framed by our Board of Directors, comprising experienced professionals. Our governance principles, including overall risk tolerance, are directed by the Board of Directors. Our Board is assisted by various Board committees with specific functions like Risk Management Committee, Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee which also includes Board member(s), who report their findings to the Board of Directors. As a governance initiative, we ensure that members within our risk management structure are familiar with our risk strategy and processes, ensuring complete transparency as well as improved ability to manage everyday risks.

**Risk identification:** At MFL, risks are identified with the help of relevant systems and indicators (quantitative component). Besides, our intrinsic reporting protocol makes it possible for our executives to report risks as and when they recognize.

**Risk measurement:** We reinforce risk measurement tools for each business function. The risks are measured at organizational and functional levels based on the risk perception of the functional teams.

**Analysis and assessment:** At MFL, it is vital that our risk management practices are efficient enough to enhance our financial performance. In this way our financial performance is a testimony of the efficiency of our risk management and operating model.

**Risk reporting:** At MFL, we report the effectiveness of our risk management to the Risk Management and other relevant Committees. This generates early alerts that makes it possible to counter the risks.

| Risks | Mitigation initiatives |
|---|---|
| Volatile movement in the cost of raw materials could affect profitability | The company possesses a rich experience and insight into the movement of raw material prices, making it possible to take proactive positions and engage in hedging strategies, reducing the impact of such price movements on the company's financials |
| The impact of economic realities – GDP growth or de-growth – could affect prospects | The company diversified its product basket, moderating its dependence on a specific industry and broad-basing its risk profile. Besides, focus on the manufacture of specific chemical products that are considered as essential and economy-neutral has enhanced corporate stability |
| Compromise in plant operating conditions could affect the safety of employees and neighbouring communities | The company has sustained the highest safety standards (including training) in its manufacturing complex, resulting in operational safety, sustainability and predictability for all its stakeholders.<br>Besides, the plant has been designed around downtime redundancy, making it possible for complementary plants to resume the production of the unit experiencing downtime, protecting the company's overall manufacturing integrity |

# Director's Report

Dear Shareholders

Your Directors have pleasure in presenting **15th (Fifteenth)** Annual Report and Audited Financial Statement of the Company for the **Financial Year ended on 31st March, 2022**

## 1. FINANCIAL RESULTS: -

(₹ in Lakhs)

| Particulars | Year ended on 31st March, 2022 | Year ended on 31st March, 2021 |
|---|---|---|
| Revenue from Operations | 1,55,094.14 | 82,860.03 |
| Other Income | 411.08 | 218.90 |
| **Total Revenue** | **1,55,505.22** | **83,078.93** |
| **Profit Before Finance Cost & Depreciation** | **50,948.74** | **26,132.71** |
| Finance Cost | 4,427.02 | 2,911.37 |
| Depreciation | 8,590.56 | 7,354.48 |
| **Profit Before Tax** | **38,342.24** | **16,085.76** |
| Payment & Provision of Current Tax | 6,927.28 | 2,816.76 |
| Deferred Tax Expenses/(Income) | 6,096.28 | 3,185.10 |
| **Profit After Tax** | **25,278.68** | **10,083.90** |

## 2. COMPOSITE SCHEME OF ARRANGEMENT:-

Pursuant to the approval of the Composite Scheme of Arrangement by NCLT Ahmedabad Bench vide its order dated 03 May 2021 (the "Order"), the Company filed the listing application with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and Equity Shares were listed on NSE and BSE on August 18, 2021.

## 3. SHIFTING OF REGISTERED OFFICE OF THE COMPANY :-

Pursuant to Section 12 and Section 13 of the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Members of the Company has approved the Special Resolution through Postal Ballot for shifting the registered office of the Company from Bharuch District to Ahmedabad District to be effective from 12th March, 2022.

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

The Company has evaluated the impact of Covid 19 pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions there is no material impact and adjustments required on its financial results.

However, the impact assessment of Covid -19 is a continuous process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions and its impact, if any.

## 5. STATE OF COMPANY'S AFFAIRS :-

The highlights of the Company's performance for the year ended 31st March, 2022 : -

### i) REVENUE FROM OPERATIONS:-

The Revenue from Operations of the Company increased by **₹72,234.11 Lakhs** i.e. from **₹82,860.03 Lakhs** in FY 2021 to **₹1,55,094.14 Lakhs** in FY 2022, mainly due to increase in sales quantity of Caustic Lye and Hydrogen Peroxide and increase in ECU price.

### ii) OTHER INCOME :-

Other Income increased by **₹192.18 Lakhs** i.e. from **₹218.90 Lakhs** in FY 2021 to **₹411.08 Lakhs** in FY 2022.

The increase in other income mainly comprises of receipt of Business Interruption (Loss of Profit) Insurance Claim and Foreign Exchange Gain.

### iii) EARNING BEFORE INTEREST, TAX DEPRECIATION & AMORTIZATION (EBITDA):-

EBITDA has increased by **₹24,816.03 Lakhs** i.e. from **₹26,132.71 Lakhs** in FY 2021 to **₹50,948.74 Lakhs** in FY 2022.

### iv) PROFIT BEFORE TAX (PBT): -

Profit Before Tax (PBT) has increased by **₹22,256.48 Lakhs** i.e. from **₹16,085.76 Lakhs** in FY 2021 to **₹38,342.24 Lakhs** in FY 2022. The major reasons for increase in profit are:-

- Higher Sales Volume
- Higher Capacity Utilization
- Increase in ECU realization in Chloralkali
- Positive impact of Mark to Market provision.
- Increase in Sales realization of Chloralkali, Hydrogen Peroxide and Chloromethane
- Additional Sales Volume of Caustic and Hydrogen Peroxide

### V) CONSOLIDATED FINANCIAL STATMENT

In accordance with the provisions of Section 129 (3) of the Companies Act, 2013, read with Regulation 33 of SEBI Listing Regulation the Company has prepared Consolidated Financial statements of the Company and its subsidiary Meghmani Advanced Sciences Limited, which forms part of this report.

## 6. DIVIDEND :-

The Company in view of on-going expansion project has decided not to recommend final dividend to Equity Shareholders for FY 2021-22.

Further, as per the requirement of Regulation 43A of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 [SEBI LODR Regulations, 2015], Dividend Distribution Policy approved by Board is uploaded on the website of the Company.

## 7. AMOUNT TO BE TRANSFERRED TO RESERVES :-

The Company has transferred ₹ Nil to the General Reserve Account subject to approval of Annual Accounts by the Shareholders at this Annual General Meeting (hereinafter referred to as "AGM").

## 8. SHARE CAPITAL :-

Pursuant to the approval of Composite Scheme of Arrangement, the Authorised Equity Share Capital of the Company has increased by ₹2,550 Lakhs, i.e. From ₹9500 Lakhs to ₹12,050 Lakhs. The Company has issued 2,39,03,029 fully paid Equity Shares of ₹10/-each to the Shareholders of Meghmani Organics Limited on 20th May, 2021 in the ratio of 1000:94.

The present paid up Equity Share Capital of the Company as on 31st March, 2022 is 4,15,50,158 Equity Shares of ₹10 each.

## 9. FINANCE :-

To fund the project of Epichlorohydrin, CPVC and Caustic Phase - III, the Company has availed term loan of ₹40,000 Lakhs from State Bank of India (₹19,000 Lakhs) and HDFC Bank (₹21,000 Lakhs).

To finance operational requirement the Company has approached Consortium Bank for enhancement in Working Capital facilities from ₹18,000 Lakhs to ₹40,000 Lakhs. The Company is in the process of execution of documents.

## 10. FIXED DEPOSITS :-

The Company has not accepted the fixed deposits during the year under report.

## 11. ANNUAL RETURN WEB LINK :-

Pursuant to Section 92(3) read with Section 134(3) (a) of the Companies Act, the Annual Return as on March 31, 2022 of the Company is available on Company's website and can be accessed, at **www.meghmanifinechem.com**

## 12. CHANGE IN NATURE OF BUSINESS, IF ANY :-

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

## 13. MATERIAL CHANGES AFTER THE CLOSE OF FINANCIAL YEAR :-

There is no material change after the close of financial year 2021-22.

## 14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS :-

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 15. REAPPOINTMENT / CESSATION OF DIRECTORS :-

As recommended by the Nomination and Remuneration Committee, the Board of Directors, has approved the Re-appointment for a period of five (5) years and Terms of remuneration payable to the following directors subject to approval of the Shareholders at this Annual General Meeting:-

| | |
|---|---|
| (1) Mr. Maulik Patel | - Chairman & Managing Director |
| (2) Mr. Kaushal Soparkar | - Managing Director |
| (3) Mr. Ankit Patel | - Executive Director |
| (4) Mr. Karana Patel | - Executive Director and |
| (5) Mr. Darshan Patel | - Executive Director |

Mr. Balkrishna Thakkar ceased to be a director on completion of Second Term of five (5) years at the close of last Annual General Meeting held on 23rd September, 2021.

As per recommendation of Nomination and Remuneration Committee, Mr. Manubhai Patel will be reappointed as Independent Director for a Second Term of 5 years at this Annual General Meeting.

## 16. Declaration by Independent Directors:-

The Independent Directors confirming that:-

In accordance with Section 149 (7) of the Companies Act, 2013, the Company has received declarations from all Independent Director confirming that:-

(a) they meet the criteria of Independence as prescribed under Section 149 of the Act and Regulation 16 of the SEBI LODR Regulations;

(b) they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence; and

(c) they have registered their names in the Independent Directors' Databank, pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder

The Independent Directors fulfill the conditions prescribed under the SEBI LODR Regulations and are independent of the management of the Company

## 17. KEY MANAGERIAL PERSONNEL (KMP) :-

Pursuant to Section 2 (51) and Section 203 of the Companies Act, 2013 read with Rules framed there under the following persons have been designated as Key Managerial Personnel (KMP) of the Company.

1. Mr. Kaushal Soparkar – Chief Executive Officer
2. Mr. Kamlesh Mehta – Company Secretary
3. Mr. Sanjay Jain – Chief Finance Officer

## 18. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE :-

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

## 19. MEETINGS OF BOARD: -

During the year, Five Board meetings were convened and held respectively on 05/05/2021, 20/05/2021, 10/08/2021, 26/10/2021 and 24/01/2022, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

## 20. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES :-

The Company has only one Subsidiary viz., Meghmani Advanced Sciences Limited incorporated on 27th January, 2021. The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website. A separate statement containing the salient features of financial statement of subsidiaries, joint ventures and associates in Form AOC-1 which forms part of this Annual Report.

The Company has decided to enter in to Joint Venture with ReNew Green (GJS Three) Private Limited (CIN: U40108DL2021PTC387100), a private limited company incorporated under the Companies Act 2013, having its registered office at 138, Ansal Chamber-II, Bikaji Cama Place, New Delhi -110066 and corporate office at Commercial Block-1, Zone-6, Golf Course Road, DLF City Phase-V, Gurugram – 122009, Haryana to set up a grid connected 18.34 Wind- Solar Hybrid Project at Village Otha, Taluka Mahuva, District- Bhavanagar, Gujarat.

## 21. AUDITORS:-

### (A) STATUTORY AUDITORS:-

The First term of five years of appointment of Statutory Auditors, M/s. SRBC & Co LLP, Chartered Accountants (Firm Registration No. 324982E / E 300003) are expiring at the ensuing 15th Annual General Meeting of the Company. As recommended by Audit Committee, the Board has approved reappointment of SRBC & Co LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 324982E / E 300003) for Second term of Five (5) years period from Close of 15th Annual General Meeting to be held on 27th June, 2022 to 20th Annual General Meeting to be held in 2027, subject to ratification of approval of reappointment at the intervening Annual General Meeting.

### (B) SECRETARIAL AUDITOR: -

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Shahs & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the F.Y. 2022-23. The Secretarial Audit Report for the financial year 2021-22 is appended as **"Annexure - D"**.

### (C) COST-AUDITOR: -

Your Directors on the recommendation of Audit Committee, appointed M/s. K Melwani - Cost Accountants (Registration number 100497) for the financial year 2022-23. As per the Companies Act, 2013, the resolution seeking ratification and approval of remuneration payable to the Cost Auditor is placed before the Members for approval at this General Meeting.

### (D) INTERNAL AUDITOR

M/s. C N K Khandwala & Associates, Chartered Accountants has been appointed as Internal Auditor for the Financial Year 2022-23.

## 22. COMMENTS ON AUDITORS' REPORT :-

There is no qualification, reservation or adverse remarks or disclaimer made by the Auditors in their report on the financial statement of the Company for the Financial Year ended on **31st March, 2022.**

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

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

## 24. INTERNAL FINANCE CONTROL SYSTEM AND THEIR ADEQUACY :-

The Company has in its place adequate Internal Financial Controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weakness in the design or operation of Internal Finance Control System was observed.

For all amendments to Accounting Standards and the new standards notified, the Company carries out a detailed analysis and presents the impact on accounting policies, financial results including revised disclosures to the Audit Committee. The approach and changes in policies are also validated by the Statutory Auditors.

The Company gets its financial statements reviewed every quarter by its Statutory Auditors. The accounts of the Company are audited and certified by Statutory Auditors for consolidation.

The Auditors of the Company has not reported any fraud as specified under Second proviso of Section 143(12) of the Companies Act, 2013 including any statutory modifications or re-enactments thereof for the time being in force.

As per the relevant provisions of the Companies Act, 2013, the Statutory Auditors have expressed their views on the adequacy of Internal Financial Control in their Audit Report.

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

## 25. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE :-

As per the provision of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has constituted Corporate Social Responsibility (CSR) Committee and formulated Corporate Social Responsibility Policy (CSR Policy). The composition of CSR Committee is given in the Corporate Governance Report.

The Company has identified projects in the areas of Eradication of poverty, women empowerment women education, health care and such other projects which are in accordance with Schedule VII of the Companies Act, 2013. The Annual Report on CSR activities for the Financial Year 2021-22 is annexed herewith as **"Annexure - B"**

During the year the Company has spent **₹275.00** Lakhs towards Corporate Social Responsibility (CSR) leaving **₹85.00** Lakhs as unspent amount. The Company opened the current account under the name **Meghmani Finechem Limited – Unspent CSR amount** with **Kotak Mahindra Bank Limited** and transferred unspent amount of **₹85.00 Lakhs of FY 2021-22.** The Fund transferred will be spent over a period of three years plus the year on which account is opened for ongoing project.

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

All Related Party Transactions entered during the financial year were on an Arm's Length Basis and in the ordinary course of business. The Company has entered in to Material Related Party transactions i.e., exceeding 10% of the Annual Consolidated Turnover or ₹1000 Cr whichever is less as per the last audited financial statements. Hence, transactions entered are reported in **Form AOC-2** as **"Annexure - C"** . which form part of this Annual Report.

During the year, all related party transactions were placed before the Audit Committee and the Board for approval. The Company is to take Members approval to ratify the material Related Party Transactions entered with Meghmani Organics Limited at this General Meeting.

## 27. COST-AUDIT :-

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

## 28. SHARES ISSUED :-

Pursuant to the approval of Composite Scheme of Arrangement, the Authorised Equity Share Capital of the Company has increased by **₹2,550 Lakhs,** i.e. From **₹9,500 Lakhs** to **₹12,050 Lakhs**. The Company has issued **2,39,03,029 Equity Shares** to the Shareholders of Meghmani Organics Limited on **20th May, 2021 in the ratio on 1000:94.**

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013 (Act) in respect of voting rights not exercised directly by the employees of the

Company as the provisions of the said Section are not applicable.

## 29. SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE AUTHORITY :-

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

## 30. BOARD PERFORMANCE EVALUATION :-

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

## 31. REMUNERATION POLICY :-

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

All the Executive Directors (i.e. Chairman/MD/Whole-time Director) has been paid remuneration as may be mutually agreed between the Company and the appointee Executive Directors within the overall limits prescribed under the Companies Act, 2013.

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Nomination and Remuneration Committee shall ensure / consider the following:

- The remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance vis-à-vis Key Result Areas (KRAs) / Key performance Indicators (KPIs), industry benchmark and current compensation trends in the market.

## 32. DIRECTORS' RESPONSIBILITY STATEMENT :-

To the best of their knowledge and belief and according to the information and explanation obtained the Board hereby submits its responsibility Statement in accordance with the provisions of Section 134(5) of the Companies Act, 2013:—

a) In the preparation of the Annual Accounts for the year ended on **31st March, 2022,** the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at **31st March, 2022** and of the profit of the Company for the year ended on **31st March, 2022.**

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis;

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

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

## 33. CREDIT RATING :-

The Company has been assigned Long Term Rating CRISIL AA-/Stable (Reaffirmed) to its various bank facility of **₹85,000 Lakhs** by CRISIL Limited (Rating Agency) vide its letter no RL/GDS12080/283464/BLR/1221/22977 dated 22 December 2021.

## 34. AUDIT COMMITTEE MEETING :-

The Audit Committee comprises of four members. During the year four Audit Committee meetings were convened and held on **20/05/2021, 10/08/2021, 26/10/2021 and 24/01/2022.**

## 35. DETAILS OF NODAL OFFICER :-

In accordance with Rule 7(2A) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the detail of Nodal Officer of the Company, for the purpose of coordination with Investor Education and Protection Fund Authority is as under:

| | |
|---|---|
| Name: | Mr. Maulik Patel |
| Designation: | Chairman and Managing Director |
| Postal Address: | "Meghmani House", B/h Safal Profitaire, Corporate Road, Prahlad Nagar, Ahmedabad – 380 015, Gujarat, |
| Telephone No.: | +91 79 7176 1000 |
| E-mail ID: | ir@meghmanifinechem.com |

The Company has also displayed the above details of Nodal Officer at its Website at **www.meghmanifinechem.com**

## 36. PROJECTS :-

(A) STATUS OF EXPANSION

1. ECH - Project - The Company has incurred **₹23,566 Lakhs** and is expected to Commission by **Q1 FY 2023.**
2. CPVC – Project – The Company has incurred **₹11,957 Lakhs** and is expected to Commission by **Q2 FY 2023**
3. Caustic – III expansion with Captive Power Plant of 36 MW – The Company has incurred **₹20,781 Lakhs** and is expected to Commission by **Q2 FY 2023**

(B) CHLOROTOLUENE AND ITS VALUE CHAIN.

The Company has also planned its expansion to manufacture Chlorotoluene and its value chain. The facility to produce intermediates will be setup in existing Chlor-Alkali Complex of Dahej, The intermediates to manufacture is used in manufacturing pharmaceutical and agro-chemical active ingredients which are amongst the fastest growing segments. The cost of Chlorotoluene project is estimated to be ₹180 Cr which will be funded through internal accruals and is expected to be commissioned by Q4 FY 24. The Company expects annual revenue of ₹300 Cr and EBITDA margin in range of 28% from this project.

## 37. TO SETUP RESEARCH & DEVELOPMENT CENTRE AT AHMEDABAD :-

To continue to remain as Market Leader of Chloralkali Derivative business it is necessary to setup Research & Development (R & D) Center at a cost of ₹18 Cr. The Company has identified the Plot of 10,000 Square Meter in Changodar - Industrial Area, Near Ahmedabad.

## 38. PARTICULARS OF EMPLOYEES:-

The applicable information required pursuant to Section 197 of the Companies Act, 2013 read with Rule(5) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 in respect of the employees are as under.

i. Median Remuneration of employees for FY 2021-22 **₹33,433**

ii. Ratio of remuneration of each Director to the median employee's is **79**

iii. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any

| Sr. No. | Name | Designation | % increase |
|---|---|---|---|
| 1 | Mr. Maulik Patel | Chairman & Managing Director | 15.78 |
| 2 | Mr. Kaushal Soparkar | Managing Director | 15.78 |
| 3 | Mr. Ankit Patel | Executive Director | 15.78 |
| 4 | Mr. Karana Patel | Executive Director | 15.78 |
| 5 | Mr. Darshan Patel | Executive Director | 15.78 |
| 6 | Mr. Kamlesh Mehta | Company Secretary | Nil |
| 7 | Mr. Sanjay Jain | Chief Financial Officer | 10.00 |

iv. The number of permanent employees on the rolls of Company is **869.**

v. The remuneration paid to Working Directors is as per remuneration policy of the Company.

vi. No employee was employed throughout the financial year receiving remuneration in aggregate, of **₹102 Lakhs per annum** or more.

vii. No Employee was employed for a part of the financial year at an aggregate salary of **₹8.5 Lakhs per month** or more.

## 39. CORPORATE GOVERNANCE :-

The Report on Corporate Governance for FY 2022, as per Regulation 34(3) read with Schedule V of the SEBI (LODR), Regulations, 2015 forms a part of this Annual Report. The Certificate from Practicing Company Secretary confirming the compliance with the conditions of corporate governance is annexed to this Report.

## 40. MANAGEMENT DISCUSSION AND ANALYSIS :-

As per Clause 34(2) (e) of SEBI LODR Regulations, 2015, a detailed report on the Management discussion and Analysis is provided as a separate section is annexed to this Annual Report.

## 41. BUSINESS RESPONSIBILITY REPORT :-

As per the provisions of Regulation 34(f) SEBI LODR Regulations, the Business Responsibility Report (BRR) is annexed as **"Annexure - E"** to this Annual Report.

## 42. INSURANCE :-

The Company's Plant, Property, Equipment and Stocks are adequately insured under the Industrial All Risk (IAR) Policy. The Company has insurance coverage for Product Liability and Public Liability Policy and Commercial General Liability (CGL).

It also maintains various other types of insurance, such as Erection All Risk for its major capital expenditures projects, Directors' and Officers' liability, transit cover and employee benefit insurance policies. The Company covers the properties on full sum insured basis on replacement value. The scope of coverage, insurance premiums, policy limits and deductibles are in line with the size of the Company and its nature of business.

## 43. ENVIRONMENT :-

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

## 44. INDUSTRIAL RELATIONS :-

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

## 45. RISK MANAGEMENT COMMITTEE :-

The Company has constituted the Risk Management Committee of Directors and Members of the Risk Management Committee are:-

| | |
|---|---|
| 1. Shri Manubhai Patel | - Chairman |
| 2. Shri Sanjay Asher | - Member |
| 3. Shri Maulik Patel | - Member |

Pursuant to provisions of Regulations 17 & 21 of SEBI LODR Regulations and Sections 134 & 177 of the Companies Act, 2013 ("the Act") and other applicable provisions, if any, the Board of Directors of the Company is in the process of framing the "Risk Management Policy".

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

The Company has formulated a Vigil Mechanism-cum-Whistle Blower Policy ("Policy") as per the requirements of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations. The Policy is applicable to all Directors and Employees of the Company. The Policy is to deal with instance of unethical behaviour, actual or suspected fraud or violation of Company's code of conduct, if any. The **WHISTLE BLOWER POLICY** is posted on the website of the Company.

## 47. OTHER DISCLOSURES AND INFORMATION :-

### (A) SECRETARIAL STANDARDS

During the year under review, the Company is in Compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

### (B) ANNUAL LISTING FEE

The Company has paid Annual Listing Fees to National Stock Exchange of India Limited BSE Limited.

### (C) NO ONE TIME SETTLEMENT

There was no instance of one-time settlement with any Bank or Financial Institution.

## 48. ACKNOWLEDGMENT :-

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. Customers, Members, Dealers, Vendors, Banks and other business partners for the excellent support received from them during the year. The Directors place on record unstinted commitment and continued contribution of the Employee to the Company

**For and on behalf of the Board**

**Maulik Patel**
Chairman & Managing Director
(DIN–02006947)

Place: Ahmedabad
Date: 25 April, 2022

# ANNEXURE-A

## CONSERVATION OF ENERGY:

[A]

| | | |
|---|---|---|
| A | The steps taken / impact on conservation of energy: | Installed Load shading system Installed dust suppression system Cube replacement and Upgradation of DCS system |
| B | The steps taken by the Company for utilising Alternate Sources of Energy | NA |
| C | The capital investment on energy conservation equipment: | The Company has invested ~ ₹250 Lakhs and expect to have saving of ₹190 Lakhs |

## Technology Absorption:

### [B] Technology Absorption, Adoption and Innovation:

| | | |
|---|---|---|
| A | Efforts, in brief, made towards technology absorption, adoption and innovation. | Absorption of Technology from France for upcoming ECH plant |
| B | Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc. | The product manufactured will be 100% Import Substitution |
| C | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year: | |
| | The details of the technology imported :- | |
| | The year of import | FY 2021-22 |
| | Whether the technology been fully absorbed | Yes. |
| | If not fully absorbed, areas where absorption has not taken place, and the reasons thereof, | NA |
| D | **Research & Development** | |
| 1 | Specific areas in which R & D is carried out by the Company. | N.A |
| 2 | Benefits derived as a result of the above R & D. | N.A |
| 3 | Future Plan of Action | N.A |
| 4 | Expenditure on R & D | N.A |

## Foreign Exchange Earnings and Outgo: as on 31st March 2022.

### [C] The particulars with regards to: -

| | |
|---|---|
| Foreign exchange earnings | **₹845.79 Lakhs** |
| Foreign exchange outgo | **₹26648.54 Lakhs** |

# ANNEXURE – B

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

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

   Corporate Social Responsibility (CSR) is the contribution from the Corporate towards Social and Economic development of Society. CSR policy should ensure activities which may include sustainable development by skill enhancement, sustainable environment, promotion to gender equality, prevention of health care and sanitation, promoting education etc. The Company had proposed to undertake the activities relating to Social Welfare, which includes activities Eradicating Poverty and Malnutrition, providing Safe Drinking Water and other Social Welfare, Healthcare and Women Empowerment Education. The CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The Company on recommendation of its CSR Committee has laid down a "Corporate Social Responsibility (CSR) Policy", in concurrence with the provisions specified in the Companies Act, 2013 and Rules made thereunder.

2. **Composition of CSR Committee:**

| Sr. No. | Name of Director | Designation | No of Meetings of CSR Committee held during the year | No of Meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. Manubhai Patel | Chairman | 1 | 1 |
| 2 | Mr. Maulik Patel | Member | 1 | 1 |
| 3 | Mr. Kaushal Soparkar | Member | 1 | 1 |
| 4 | Mr. Ankit Patel | Member | 1 | 1 |

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:

   **https://www.meghmanifinechem.com/corporate-social-responsibility/**

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. :

   **Not applicable**

5. **Details of the amount for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

| Sr. No. | Financial Year | Amount available for set-off from preceding financial years (₹ in Lakhs) | Amount required to be setoff for the financial year, if any |
|---|---|---|---|
| | | Nil | |

6. Average net profit of the Company as per section 135(5): **₹17931.35 Lakhs**

7. (a) 2% of average net profit as per section 135(5): **₹358.63 Lakhs**

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

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

   (d) Total CSR obligation for the financial year (7a +7b+7c): **₹358.63 Lakhs**

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

| Total amount spent for FY 2021-22 | Total amount transferred to unspent CSR account as per Section-135(6) | | Amount transferred to any fund specified under Schedule VII as per second provision to Section 135(5) | | |
|---|---|---|---|---|---|
| | Amount | Date of transfer | Name of Fund | Amount | Date of transfer |
| ₹275 Lakhs | ₹85.00 Lakhs | 19.04.2022 | | Nil | |

(b) Details of CSR amount spent against ongoing projects for FY 2021-22:

| S No | Name of Project | Item from the list of activities in Schedule VII to the Act | Local are (Yes/ No) | Location of the Project | | Project duration | Amount allocated for the project (₹ Lakhs) | Amount spent in FY 2021-22 (₹ Lakhs) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Lakhs) | Mode of Implementation –Direct (Yes/No) | Mode of Implementation -Through Implementing Agency (Name) | CSR Registration number. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State | Dist. | | | | | | | |
| 1 | Contribution for Promoting healthcare including preventive health care | Promoting healthcare including preventive health care | Yes | Gujarat | Ahmedabad | Multiple years | 500.00 | 0.00 | 85.00 | No | Special purpose entity is in the process to be incorporated. | CSR Number will be submitted after Incorporation. |
| | Total | | | | | | 500.00 | 0.00 | 85.00 | | | |

The Company has identified the Project of Promoting Health Care including preventive Health Care, for which special purpose entity shall be incorporated to implement CSR activity of the Company. The Company has transferred the unspent CSR amount of ₹85.00 Lakhs on 19.04.2022 to Unspent CSR Account opened with Kotak Mahindra Bank Limited.

(c) Details of CSR amount spent against other than ongoing projects for FY 2021-22

| S No | Name of Project | Item from the list of activities in Schedule VII to the Act | Local are (Yes/ No) | Location of the Project | | Amount spent for the project in FY 2021-22 (₹ Lakhs) | Mode of Implementation –Direct (Yes/No) | Mode of Implementation -Through Implementing Agency (Name) | CSR Registration number.. |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | Dist. | | | | |
| 1 | Promoting health care including preventive health care | Promoting health care including preventive health care | Yes | Gujarat | Ahmedabad | 200.00 | No | The Gujarat Cancer Society | CSR00000688 |
| 2 | Promoting health care including preventive health care | Promoting health care including preventive health care | Yes | Gujarat | Ahmedabad | 50.00 | No | Prashanti Medical Services | CSR00007410 |
| 3 | Promoting Education including special education | Promoting Education including special education | Yes | Gujarat | Ahmedabad | 25.00 | No | Bharatbhai Mohanlal Kothari Foundation | CSR00007587 |
| | Total | | | | | 275.00 | | | |

(d) Amount spent in administrative overheads: **Nil**

(e) Amount spent in Impact Assessment, if applicable: **Nil**

(f) Total amount spent for FY 2021-22 (8b+8c+8d+8e) : **₹275 Lakhs**

(g) Excess amount for set off, if any

| Sr. No. | Particulars | Amount (₹ In Lakhs) |
|---|---|---|
| | Nil | |

**9.** (a) Details of unspent CSR amount for the preceding three financial year: **Nil**

(b) Details of CSR amount spent in FY 2021-22 for ongoing projects of the preceding financial year: **N.A.**

**10.** In case of creation or acquisition of capital assets, furnish the details relating to the assets so created or acquired through CSR spent in the financial year (asset-wise details) : **N.A.**

(a) Date of creation or acquisition of the Capital Assets

(b) Amountof CSR spent for creation or acquisition of Capital Assets

(c) Details of the entity or public authority or beneficial under whose name such Capital Asset is registered, their address etc

(d) Provide details of the Capital Assets created or acquired (including complete address and location of the Capital Assets)

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

**The Company has identified the Projects of Promoting heath care including preventive health care, for which special purpose entity shall be incorporated to implement the CSR activity of the Company has transferred the unspent CSR amount ₹85 Lakhs on 19.04.2022 into Unspent CSR Account opened with Kotak Mahindra Bank Limited.**

**Maulik Patel**
Chairman and Managing Director

Date: 25th April, 2022
Place: Ahmedabad

**Manubhai Patel**
Chairman of CSR Committee

# ANNEXURE –C

## FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis :- **Not Applicable**
2. Details of material contracts or arrangement or transactions at arm's length basis :-

| Sr. No | Particulars | Information |
|---|---|---|
| a) | Name(s) of the related party and nature of relationship | Meghmani Organics Limited<br><br>The Promoters of Meghmani Organics Limited are related to Meghmani Finechem Limited. |
| b) | Nature of transactions | Sale of Chemical Goods |
| c). | Transaction Values | ₹17000 Lakhs |
| d). | Duration of transactions | 01st April, 2021 to 31 March, 2022 |
| e). | Salient terms of the transactions including the value, if any: | The Related Party transactions (RPTs) entered during the year were in the Ordinary Course of Business and On Arm's Length basis. |
| f). | Date(s) of approval by the Board, if any: | These RPTs are in the Ordinary Course of business and On Arm's Length basis the approval of the Board is not required.<br><br>However, the transactions entered were placed before the Audit Committee and approved at the every quarterly meeting of Board during the FY 2021-22. |
| g). | Amount paid as advances, if any: | Nil |

For & on behalf of the Board

**Maulik Patel**
Chairman & Managing Director

Date :- 25th April, 2022

# ANNEXURE-D

# FORM NO. MR-3
# SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31.03.2022**

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

To,
The Members,
**Meghmani Finechem Limited**
**Meghmani House, 5th FL, 6th FL & 7th FL**
**B/h. Safal Profitaire, Prahladnagar,**
**Satellite, Ahmedabad GJ 380015**

Dear Sirs,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices **MEGHMANI FINECHEM LIMITED, CIN L24100GJ2007PLC051717** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon. It is further stated that we have also relied up on the scanned documents and other papers in digital/ electronic mode submitted to us by the official of the Company for the financial year ended on 31st March, 2022.

**We report that;**

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

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

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

d. The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided **in digital/ electronic mode** by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2022 ("Audit Period"),** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter

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

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

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; **(Applicable to the Company for the audit period from 18th August, 2021 to 31st March, 2022);**

3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;

4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); (**Applicable to the Company for the audit period from 18th August, 2021 to 31st March, 2022);**

    a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;

    b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time; 2009;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during the Audit period)**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the Audit period)**

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 2009;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the Audit period)** and

h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; **(Not applicable during the Audit period)**

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

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

i. The Listing Agreements entered into by the Company with Stock Exchanges **(Applicable to the Company for the audit period from 18th August, 2021 to 31st March, 2022);**

ii. Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (with effect from December, 2015) **(Applicable to the Company for the audit period from 18th August, 2021 to 31st March, 2022);**

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

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

**We further report that –**

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

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

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

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

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

(1) Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity; "**Except**"

The Company has issued **23,903,029 Nos. of Equity Shares to the eligible shareholders of Meghmani Organics Limited (MOL 1)** on 20/05/2021 pursuance to the Order dated 3rd May, 2021 issued by **National Company Law Tribunal, Ahmedabad Bench, U/s 230 to 232** and other relevant provisions of the Companies Act, 2013 and the Rules made there under

(2) Redemption/Buy Back of Securities.

(3) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.

(4) Foreign Technical Collaborations.

(5) Merger / Amalgamation / Reconstruction etc.

The Composite Scheme of Arrangement amongst Meghmani Organics Limited -"MOL 1" and Meghmani Organochem Limited -"MOL 2" and Meghmani Finechem Limited -"MFL" and their respective shareholders and Creditors -the 'Scheme' under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and the Rules made there under as per the order dated 3rd May, 2021 issued by **National Company Law Tribunal, Ahmedabad Bench, has been carried out during the period of audit.**

**For, SHAHS & ASSOCIATES**
Company Secretaries

**Kaushik Shah**
Partner
FCS No 2420 CP No 1414
UDIN:F002420D000134387
PEER REVIEW NO.833/2020

Place: Ahmedabad
Date:22nd April, 2022

# ANNEXURE – 1

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

**For, SHAHS & ASSOCIATES**
Company Secretaries

**Kaushik Shah**
Partner
FCS No 2420 CP No 1414
UDIN:F002420D000134387
PEER REVIEW NO.833/2020

Place: Ahmedabad
Date: 22nd April, 2022

ANNEXURE –E

# BUSINESS RESPONSIBILITY REPORT (BRR)

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|---|---|---|
| 1. | Corporate Identity Number (CIN): | L24100GJ2007PLC051717 |
| 2. | Name of the Company | **Meghmani Finechem Limited** |
| 3. | Registered office address | **"Meghmani House",<br>B/h Safal Profitaire,<br>Prahlad Nagar,<br>Ahmedabad – 380 015,<br>Gujarat,<br>Phone No 91-79-29709600/ 71761000** |
| 4. | Website | **www.meghmanifinechem.com** |
| 5. | E-mail id | **helpdesk@meghmanifinechem.com** |
| 6. | Financial Year reported | **FY 2021-22** |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | Chemicals-<br>**As per National Industrial Classification – 2008 (NIC-2008)**<br>Group - 201<br>NIC Code – 2411<br>Sub – Class - 20119 |
| 8. | List three key products/services that the Company manufactures / provides (as in balance sheet) | **Manufacturer of :-**<br>**(1) Caustic Soda,**<br>**(2) Caustic Potash**<br>**(3) Hydrogen Peroxide and**<br>**(4) Chloromethanes.** |
| 9. | Total number of locations where business activity is undertaken by the Company | Number of International Locations : **Nil**.<br>Number of National Locations : **One**<br>**The manufacturing facility is situated at -**<br>**CH/1, CH/2, GIDC Industrial Estate,**<br>**Dahej, Taluka Vagra,**<br>**Distcit Bharuch, Gujarat – 392 130** |
| 10. | Markets served by the Company | **National – Across India** |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| Sr. No. | Particulars | Financial Year 2021-22 Standalone |
|---|---|---|
| 1. | Paid up Capital | **₹4,155.01 Lakhs** |
| 2. | Total Turnover | **₹1,55,094.14 Lakhs (On a Standalone basis)** |
| 3. | Total Profit After Taxes | **₹25,278.68 Lakhs (On a Standalone basis)** |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as % of Profit After Tax (%): | **₹275 Lakhs** spent on CSR which is 1.09% of PAT of FY 2022 |
| 5 | List of activities in which expenditure in 4 above has been incurred:- | **Refer Report on CSR given as Annexure I to the Directors' Report, for detailed activities of CSR. The CSR activities, inter alia includes following;**<br>**a) Promote and Develop infrastructure for health care including preventive health care facilities.**<br>**b) Education and Skill Development**<br>**c) Promoting Girls education** |

## SECTION C: OTHER DETAILS

| | |
|---|---|
| 1. | Does the Company have any Subsidiary Company/ Companies?<br>**Yes, the Company has one Subsidiary Company Viz., Meghmani Advanced Scinces Limited as on March 31, 2022.** |
| 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):<br>**The Subsidiary Company has yet not started its Commercial Operations. Therefore, there is no direct participation by the Subsidiary in the BR initiatives of the Company, at present** |
| 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%].<br>**No** |

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

### 1. Details of Director/Directors responsible for BR

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

| No | Name of Director | DIN | Designation |
|---|---|---|---|
| 1. | Mr. Maulik Patel | 02006947 | Chairman & Managing Director |

(b) Details of the BR head:-

| No | Particulars | Details |
|---|---|---|
| 1. | Name | **Mr. Maulik Patel** |
| 2. | DIN | 02006947 |
| 3. | Designation | Chairman & Managing Director |
| 4. | Telephone Number | 91-79-29709600. |
| 5. | e-mail id | **helpdesk@meghmanifinechem.com** |

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

**The Company has in place a Business Responsibility Policy ("BR Policy") enlightening the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the SEBI Circular CIR/CFD/CMD/10/2015 dated 4th November, 2015, duly approved by the Board. The BR Policy is operationalised and supported by various other policies, codes, guidelines and manuals of the Company.**

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

Details of compliance (Reply in Y/N)

| No | Questions | 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 | Y | Y | Y |
| 2 | Have the policies been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words)* | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All relevant applicable laws and policies are complied. | | | | | | | | |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD /owner / CEO/ appropriate Board Director? | The policies are approved by the Board /Competent Authority who is attending matters and signed by Chairman and Managing Director. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | The Company has set-up various Committees of the Board of Directors or of Senior Executives to oversee implementation of these policies and Codes. | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | http://www.meghmanifinechem.com | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | *The policies are based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities | | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The Company' Vigil Mechanism / Whistle Blower Policy is a tool of grievance redressal mechanism. | | | | | | | | |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

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

| No | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The Company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The Company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

## 3. Governance related to BR

a) 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%].

**Yes. The Percentage of participation in BR initiatives by other entities (suppliers | customers) with whom the Company does business: 30-60%**

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

**The Company publish BRR as part of Annual Report and the same is made available at at the weblink: http://www.meghmanifinechem.com .**

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

   Yes. So far as Suppliers / Contractors / NGOs / Others are concerned, the policy of the Company is applicable to the extent of their dealings with the Company.

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.

   The Equity of the Company is listed on 18th August, 2021. During the Financial year 2021-22 the Company has not received any complaint from Stakeholder.

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

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

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

   I. Caustic Soda

   II. Hydrogen Peroxide

   III. Chloromethane

   The Company is in the business of chemicals manufacturing. The manufacturing processes of these products are sustainable and environmental friendly. The Company is committed to conduct its business in an Eco-Friendly manner this includes use of sustainable and natural resources.

   This step of selecting eco-friendly technology demonstrates incorporation of environmental concern in planning stage. We have used zero gap membrane technology and energy efficient equipments to save energy and resouces.

   The Company is carrying out environmental impact assessment during construction and operational stage of all new projects. Emission from all the operation is monitored and controlled as per the design and Environmental Guidelines of the CPCB/ SPCB.

   In operation of plant, company ensures thrust has been given of environment aspects. The Company ensure regular awareness programs covering EHS aspects. The Company has adopted Responsible Care management system, this system demands harmonious relation of the company with nearby society wherein it operates. RC also demands more thrust on Prevention of pollution rather than control. The Company is awarded the "Responsible Care" logo (the "Logo") by Indian Chemical Council (ICC), the apex body of the Chemical Industry in India. The Certification involved a comprehensive and detailed audit of environment i.e pollution prevention related practices.

   There is special coverage in audit that checks company's involvement in social well being of nearby society. Responsible care management system has seven different codes that are interlinked with each other and ensure compliance of EHS aspects inside and outside of factory. To be specific names of these codes are as follows,

   - Product Stewardship Code,
   - Process Safety Code,
   - Employee Health and Safety Code,
   - Pollution Prevention Code,

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?

   One of the major raw material is Salt which is a natural product being produced from either sea water or from subsoil water by natural evaporation process in sun light. No chemical which may harm environment is used during manufacturing process. It is transported in bulk in vehicle and no packaging material is used.

   We support MSME vendors, procure material from them, strive to release payment to them as per government directives and indirectly help to create employment

   For entire procurement of our Company, we follow the procurement policy formed by the Company which is based on sustainable sourcing.

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

   Reduced energy consumption by shifting to LED lighting as Energy policy,Installation of load shedding system ,Air pre heater tube replacement of boiler-3,DM water conservation saved 125 KL/Day,Process water conservation saved 100KL/Day.

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

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

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

   **Majority inputs (more than 90%) are sourced through Sustainability. The Company meets supplier of Salt while Power is captively produced. We had appealed Salt suppliers to adopt sustainable sourcing method also.**

   **In procurement of materials like Lime, Alumina Tri Hydrate we had changed packaging size from 50 kg to jumbo bag of 1 MT. Jumbo bags can be reused & further recycled.**

   **We have framed Procurement Policy which supports sustainable sourcing**

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

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

   **Our Company prefers to source goods and services from local and small producers and service providers in near by area.**

   **We are procuring entire Salt requirement from the local suppliers situated at Dahej, Jambusar, and Bhavnagar and Maliya-Morbi area. Many suppliers are small suppliers from whom we are procuring the Salt. We are encouraging Salt Suppliers to improve quality of Salt by installing Salt Washery System by them.**

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

   **The Company purchases consumable and engineering items fromSmall Suppliers at competitive price and we offer better payment term to them then provided under Micro Small and Medium Enterprises Development (MSMED) Act, 2006**

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

   **The Company has installed the RO Plant to recycle liquid effluent stream and also recycled catalyst for Hydrogen Peroxide Plant.**

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

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

1. Please indicate the Total number of employees: **869 as on March 31, 2022**
2. Please indicate the Total number of employees hired on temporary /contractual / casual basis: **Contractual 574 as on March 31, 2022**
3. Please indicate the Number of permanent women employees:**10 as on March 31, 2022**
4. Please indicate the Number of permanent employees with disabilities: **Nil**
5. Do you have an employee association that is recognized by management: **Nil**
6. What percentage of your permanent employees is members of this recognized employee association? **Nil**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year **Nil**
8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
   - Permanent Employees : **100% Safety and 46% skill upgradation**
   - Permanent Women Employees :**40%**
   - Casual/Temporary/Contractual Employees (FTC) **100%** Safety
   - Employees with Disabilities : **Nil**

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

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

   **Yes.**

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

   **Yes.**

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof.

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

4. **The Company focuses on key development parameters, which are:-**

1. Primary education,
2. Women empowerment and skill development
3. Health care development
4. Conservation of natural resources
5. Development of Surrounding Villages

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

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

   **Yes, The Policy on Human Rights is covering various stakeholder of the Company. The Company prohibits indulgence of business and the value chain with any kind of child labor in any of its operation supported and complied by Child Labor (Prohibition and Regulation) Act, 1996. The Company is committed to fair employment practices and freedom of expression. The Company does not have any Joint Ventures as on 31st March, 2022.**

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   **No stakeholder complaints were received during the last Financial year.**

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

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

   **The policy applies to the Suppliers, Contractors and Others. The Company expects them to implement this policy. The Company does not have any Joint ventures.**

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

   **No.**

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

   **Yes, the Company has carried out hazop studies, and the outcome is implemented to minimize and mitigate the environmental risk.**

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

   **The Company does not have any Clean Development Mechanism - CDM project. No environment compliance report is filed. The production of Carbon Tetrachloride (CTC) which comes under Ozone Depletion Substance (ODS) Rules, 2000 as per the guideliens of Montreal Protocol framed by Government of India, has been phased out while production of CTC only for feed stock application is continued.**

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

   **Yes The Company is to enter the Agreement to install the wind -solar hybrid project of 18.34 MW comprising of wind capacity of 17.60 MW AC and solar capacity of 18.34 MW AC (~DC Capacity = 25.67 MWp).**

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

   **Yes. The emissions / waste generated by the Company are within the limits prescribed by Gujarat Pollution Control Board (GPCB).**

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

   **No show cause / legal notices received from CPCB / GPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

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

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

   **1. Alkali Manufactures Association of India, New Delhi**
   **2. Indian Chemical Council, Mumbai**
   **3. Gujarat Chemical Association, Ahmedabad**
   **4. CHEMEXCIL, Mumbai**
   **5. Gujarat Chamber of Commerce and Industry**
   **6. Dahej Industries Association**

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

   **Yes. For Water, Governance and Administration.**

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

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

The Company has formulated and implemented a Corporate Social Responsibility Policy (CSR). The CSR activities are monitored by Board appointed CSR committee. The key focus areas of the CSR programs are promotion of Education, Women empowerment, Development of Surrounding villages, Healthcare, skill enhancement, Environment Protection and other areas as defined in Schedule VII of the Companies Act 2013.

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

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

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

   **Not Applicable**

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

   **The Company's contribution to CSR activities in the Financial Year 2021-22 is ₹275 Lakhs, the details thereof is given in Annexure – C to the Directors' Report.**

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

   **Yes, by regular visits to respective locations of the projects and follow ups are done over phone.**

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

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

   **No customer complaints/cases are pending on close of FY 2021-22.**

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).

   **Yes.**

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

   **No cases of unfair trade practices, irresponsible advertising and/or anti-competitive behavior are filed during the last five years or pending as on March 31, 2022.**

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

   **No.**

# CORPORATE GOVERNANCE

## 1. CORPORATE GOVERNANCE :-

The Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

## 2. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:-

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term period. The Directors and Management of the Company are committed to maintain high standards of Corporate Governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of our Stakeholders (Investors, Customers, Suppliers and Government).

As prescribed in Regulation 17 to 27 of Securities and Exchange Board of India (SEBI) and the requirements of the Corporate Governance in terms of Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015 (hereinafter referred to as "Listing Regulations") the Corporate Governance report as on 31st March, 2022 which sets out systems and processes of the Company, is submitted hereunder.

## 3. BOARD OF DIRECTORS:-

The Board of your Company has a good and diverse mix of Executive and Non-Executive Directors of the Board Members comprising Independent Directors and the same is also in line with the applicable provisions of Companies Act, 2013 ('the Act') and Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). In view of the scope and the nature of the Company's operations, the present size of the Board is appropriate for effective decision making. The Board of Director has ultimate responsibility for the management, general affairs, direction, performance and long-term success of business.

### (a) BOARD COMPOSITION:-

The Board comprises of 10 (Ten) Directors, of which one Chairman & Managing Director, One Managing Director, Three Executive Directors and Five Independent Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience which enables the Board to discharge its responsibilities. The Board presently, does not have any nominee director.

| Category | No. of Directors | % |
|---|---|---|
| Non Executive & Independent Directors | 5 | 50% |
| Executive Directors | 5 | 50% |
| **Total** | **10** | **100.0%** |

The Composition of Board is in compliance with the the Act and of the Regulation 17 of SEBI (LODR) Regulations, 2015.The profile of the Directors can be accessed on our website.

### (b) ATTENDANCE OF DIRECTORS AT BOARD & ANNUAL GENERAL MEETING:-

The Board meets at regular intervals meetings on a quarterly basis to discuss and decide on business policy and strategy apart from other Board businesses. An ad-hoc meeting is convened as and when circumstances require. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

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

The Board meetings are normally held at Registered Office of the Company situated at Meghmani House, B/h Safal Profitaire, Corporate Road, Prahlad Nagar, Ahmedabad – 380 015.The details of attendance of the Directors at the Board Meeting during the year and at Annual General Meeting are given below:

| Name of Director | Position | Board Meeting attended | AGM Attended |
|---|---|---|---|
| Mr. Maulik Patel | Chairman & Managing Director | 5 | Yes |
| Mr. Kaushal Soparkar | Managing Director | 5 | Yes |
| Mr. Ankit Patel | Executive Director | 5 | Yes |
| Mr. Karana Patel | Executive Director | 5 | Yes |
| Mr. Darshan Patel | Executive Director | 5 | Yes |
| Mr. Manubhai Patel | Independent Director | 5 | Yes |
| Ms. Nirali Parikh | Independent Director | 5 | Yes |
| Mr. Sanjay Asher | Independent Director | 1 | Yes |
| Mr. Kanubhai Patel | Independent Director | 3 | Yes |
| Mr. Raju Swamy | Independent Director | 3 | Yes |
| Mr. B. T. Thakkar* | Independent Director | 3 | Yes |

- Ceased on the close of AGM - 23rd September, 2021

### (c) DIRECTORSHIPS AND MEMBERSHIP OF COMMITTEES:-

The total number of Directorships held by the Directors and the position of Membership / Chairmanship of Committees is given below.

| Name of Director | Designation | Category | Directorship in other Public Limited Companies * | Committee Membership of other Companies ** |
|---|---|---|---|---|
| Mr. Maulik Patel | Chairman and Managing Director | Executive | 1 | 0 |
| Mr. Kaushal Soparkar | Managing Director | Executive | 1 | 0 |
| Mr. Ankit Patel | Executive Director | Executive | 3 | 0 |
| Mr. Karana Patel | Executive Director | Executive | 1 | 0 |
| Mr. Darshan Patel | Executive Director | Executive | 2 | 0 |
| Mr. Manubhai Patel | Independent Director | Non-Executive | 4 | 2 |
| Ms. Nirali Parikh | Independent Director | Non-Executive | 0 | 0 |
| Mr. Sanjay Asher | Independent Director | Non-Executive | 8 | 10 |
| Mr. Kanubhai Patel | Independent Director | Non-Executive | 2 | 1 |
| Mr. Raju Swamy | Independent Director | Non-Executive | 0 | 0 |

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

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

All the Directors are in compliance with the provisions of the Companies Act, 2013 and "SEBI Regulations" in this regard.

The details of the Directors with respect to directorships in other listed entities along with category are as under:

| No. | Name | Name of other listed entities in which the Director is a director | Category |
|---|---|---|---|
| 1 | Sanjay Khatau Asher | Deepak Nitrite Limited | Independent Director |
| | | Sudarshan Chemical Industries Limited | Independent Director |
| | | Sonata Software Limited | Independent Director |
| | | Indusind Bank Ltd. | Independent Director |
| | | Tribhovandas Bhimji Zaveri Limited | Independent Director |
| | | Ashok Leyland Limited | Independent Director |
| 2 | Kanubhai Shakarabhai Patel | Voltamp Transformers Limited | Managing Director |
| 3 | Manubhai Khodidas Patel | Meghmani Organics Limited | Independent Director |

**Appointment | Cessation**

» Appointed: Nil
» Ceased: Mr. B. T. Thakkar
» Resigned: Nil

### (d) NUMBER OF BOARD MEETINGS HELD:-

During the financial year ended on 31st March, 2022, Five (5) meetings of the Board of Directors were held and the gap between two meetings did not exceed 120 (One hundred and Twenty) days.

| No. | Day | Date | Venue |
|---|---|---|---|
| 1 | Wednesday | 05.05.2021 | Ahmedabad |
| 2 | Thursday | 20.05.2021 | Ahmedabad |
| 3 | Tuesday | 10.08.2021 | Ahmedabad |
| 4 | Tuesday | 26.10.2021 | Ahmedabad |
| 5 | Monday | 24.01.2022 | Ahmedabad |

The last Annual General Meeting of the Company was held on **Thursday, 23rd September, 2021.**

### (e) DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTOR INTER SE :-

The inter-se relationship is between Mr. Maulik Patel, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel as they are cousin brothers.

(f) NUMBER OF SHARES AND CONVERTIBLE INSRUMENTS HELD BY NON EXECUTIVE INDEPENDENT DIRECTORS:-

Particulars of Equity Shareholding of Independent Directors: - 31.03.2022

| Name of Independent Director | No. of Equity Shares of ₹10/- each |
|---|---|
| Mr. Manubhai Patel | Nil |
| Mr. Sanjay Asher | Nil |
| Ms. Nirali Parikh | Nil |
| Mr. Kanubhai Patel | 940 |
| Mr. Raju Swamy | 4324 |

(g) FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTOR:-

All new Independent Directors are taken through a detailed induction and familiarization Programme when they join the Board of your Company. As part of the induction sessions, the Chairman and Managing Director provide an overview of the organization, history, culture, values and purpose. The Business and Functional Heads take the Independent Directors through their respective businesses and functions.

The Company has formed the procedure to explain in detail the compliances required under the Companies Act, 2013, SEBI LODR Regulations, 2015, to independent director. The policy on familiarization programme of Independent Directors is available on the website of the Company at **https://www.meghmanifinechem.com** in the investor section.

The Company would also encourage existing directors to attend seminars and trainings to enable them to keep pace with changes of regulatory and financial reporting standards that have a material bearing on the Company and its industry. The policy on familiarization program for Independent Directors are available on the Company's website at https://www.meghmanifinechem.com in the investor section.

(h) SKILLS/EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTOR:-

The name of the Directors who has skills, expertise and competence required for its business are as under:-

| Name of the Director | Skill / Expertise/ Competence |
|---|---|
| Mr. Maulik Patel | Leadership, Strategic Planning, Technical expertise, Production, Corporate Affairs and Policy decision making |
| Mr. Kaushal Soparkar | Leadership Information Technology, Technical, Marketing |
| Mr. Ankit Patel | Leadership Finance and Corporate Affairs |
| Mr. Karana Patel | Leadership Purchases & Negotiations |
| Mr. Darshan Patel | Leadership, Human Resource & Administration |
| Mr. Manubhai Patel | Leadership, Industry Experience, Corporate Governance Finance, Taxation, Forex, Treasury & Credit Management |
| Ms. Nirali Parikh | Specialization in Finance and Marketing, Financial, Regulatory, Marketing, |
| Mr. Sanjay Asher | Leadership, Corporate Governance, Legal, Specialization in Merger & Acquisition, Cross Boarder M&A, Joint Ventures and Capital Markets. |
| Mr. Kanubhai Patel | Leadership, Finance-Accounts, Legal, Corporate Affairs, Marketing, General Management of the Company, including Strategic Planning. |
| Mr. Raju Swamy | Leadership, Management, Administration, Succession Planning |

In the opinion of the Board of Directors the Independent Directors fulfill the conditions specified in these Listing Regulations and are Independent of the management.

(i) INDEPENDENT DIRECTOR:-

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

The Independent Directors have been appointed for a fixed term of 5 (five) years from their respective dates of appointment with an option to resign from the office at any time during the term of appointment. Their appointment has been approved by the Members of the Company. The Independent Directors have confirmed that they meet with the criteria of independence laid down under the Act, the Code and SEBI Regulations, 2015.

During the year three independent directors were appointed viz., Mr. Sanjay Asher, Mr. Kanubhai Patel and Mr. Raju Swamy. Independent Directors are not liable to retire by rotation.

(j) RESIGNATION OF INDEPENDENT DIRECTORS:-

No Independent Director has resigned before the expiry of the term.

(k) LIMIT ON NUMBER OF DIRECTORSHIP:-

None of the Director of the Company is appointed in more than 10 Committees or is acting as Chairman in more than 5 (Five) Committees across all the Companies in which he/she is a Director. None of the Director of the Company is holding Directorship in more than 10 Public Limited Companies. None of an Independent Directors serve as an Independent Director in more than 7 (Seven) Listed Companies.

(l) SEPARATE MEETING OF INDEPENDENT DIRECTOR:-

In accordance with provisions of Regulation 25(3) of the SEBI Listing Regulation read with Schedule IV of the Companies Act, 2013 the Independent Directors meeting is held at least once in a year, without the presence of Executive Directors or Management representatives. The Separate Independent Director meeting was held on 24.01.2022.

They will also have a separate meeting with the Chairman of the Board, to discuss issues and concerns, if any.

(m) ISSUANCE OF LETTER OF APPOINTMENT:-

The Independent Directors on the Board of the Company are given a formal appointment letter inter alia containing the term of appointment, role, duties and responsibilities, time commitment, remuneration, insurance, code of conduct, training and development, performance evaluation process, disclosure, confidentiality, etc

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

(n) PERFORMANCE EVALUATION OF BOARD & INDIVIDUAL DIRECTORS:-

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including the Independent Directors. Pursuant to the provisions of the Act and the SEBI Regulations, the Board carries out the Annual performance evaluation of the Board as well as the evaluation of the working of its Committees.

A separate exercise will be carried out to evaluate the performance of individual Directors. The Chairman of the Board of Directors and the Chairman of Nomination and Remuneration Committee shall meet all the Directors individually to get an overview of functioning of the Board and its constituents inter alia on the following broad criteria :-

- attendance and acquaintance with business level of participation,
- independence of judgement exercised by Independent Directors,
- vision and strategy
- Interpersonal relationship etc.
- effective participation, domain knowledge,

Based on the valuable inputs received from the Directors, an action plan is drawn up to encourage greater engagement of the Independent Directors with the Company.

(o) BOARD'S ROLE:-

The Board's role is to:

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

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

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

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

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

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

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

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

To assist the Board in the execution of its responsibilities, the Board has constituted various

Board committees, viz., the Audit Committee, Nomination and Remuneration Committee Shareholders/ Investors Grievances Committee and Risk Management Committee etc.

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

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

## (p) CHAIRMAN'S RESPONSIBILITY:-

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

The Chairman is responsible to, among others:–

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

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

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

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

(e) To ensure effective communication with shareholders;

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

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

(h) To promote high standards of corporate governance.

## (q) AGENDA FOR BOARD MEETING:-

Agenda and Notes on Agenda are circulated to the Directors at least 7 days in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful discussion.

The Board business generally includes consideration of important corporate actions and events including:-

- Quarterly and Annual Financial results announcements;
- Oversight of the performance of the business;
- Declaration of Dividends, if any;
- Development and Approval of overall business strategy;
- Board succession planning;
- Review of the functioning of the Committees; and
- Other strategic, transactional and governance matters as required under the Act, Listing Regulations.

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

- Annual Operating Plans & Budgets.
- The information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including Appointment or Removal of Chief Financial Officer and the Company Secretary.
- Show Cause Notices, Demand Notices, Prosecution Notices and Penalty Notices, which are materially important.
- Fatal or Serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the entity.
- Details of any Joint Venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- The Board works with management to achieve this objective and the management remains accountable to the Board.

## (r) RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS:-

As per Secretarial Standard 1 (SS-1) issued by The Institute of Company Secretaries of India (ICSI), the Company Secretary records the minutes of the proceedings of each Board and Committee meeting.

(s) POST MEETING FOLLOW-UP MECHANISM:-

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

(t) COMPLIANCE REPORT:-

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

(u) ACCESS TO INFORMATION:-

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

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

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

(v) CHAIRMAN AND CEO:-

**Mr. Maulik Patel** – Chairman and Managing Director, leads the Board to ensure effectiveness of all aspects of its role. The Chairman sets the meeting agenda and ensures that the Directors are provided with complete, adequate and timely information. The Chairman ensures that discussions and deliberations are effective and promote a culture of openness and debate at Board meetings. The Chairman encourages constructive relations within the Board and between the Board and Management. The Chairman also facilitates the effective contribution of the Non-Executive Directors and promotes high standards of corporate governance.

**Mr. Kaushal Soparkar** - CEO, is responsible for executing the strategic plans set out by the Board and ensures that the Directors are regularly kept updated and informed of the business.

## 4. BOARD COMMITTEES:-

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview.

All decisions and recommendations of the Committees are placed before the Board for information or for approval, if required. To enable better and more focused attention on the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose.

## COMMITTEES OF THE BOARD OF DIRECTORS:-

The Board has following five statutory committees constituted as on 31st March 2022

(1) Audit Committee (AC).

(2) Nomination and Remuneration Committee (NRC).

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

(4) Corporate Social Responsibility Committee (CSR).

(5) Risk Management Committee (RM)(Constituted on 25th April, 2022)

The terms of reference of the Committees are determined by the Board from time to time. The respective Chairman of the Committee informs the summary of discussions held in the Committee Meetings to the Board.

The Minutes of the Committee Meetings are tabled at the respective Committee Meetings. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided hereunder.

### 4.1 AUDIT COMMITTEE -

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

### 4.2 COMPOSITION OF AUDIT COMMITTEE:-

Audit Committee, comprises of Four (4) Directors, out of which 3 (Three) Independent Non-Executive Directors and 1 (One) Executive. Mr. Manubhai Patel is the Chairman of the Audit Committee. All members of the Audit Committee are financially literate having expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

| Name of the Director | Category of Directorship | Qualification |
|---|---|---|
| Mr. Manubhai Patel | Chairman – Independent Director | ACA - Institute of Chartered Accountant of India (ICAI) |
| Ms. Nirali Parikh | Member – Independent Director | MBA (Finance & Accounts) |
| Mr. Kanubhai Patel | Member – Independent Director | ACA – Institute of Chartered Accountant of India (ICAI) , ACS- The Institute of Company Secretaries of India ICSI. |
| Mr. Kaushal Soparkar | Member - Managing Director | B.S. (Chemical), M.S. (Engineering Management) |

Mr. K. D. Mehta, Company Secretary, acts as the Secretary of the Audit Committee.

## 4.3 MEETING AND ATTENDANCE :-

The Committee met four times during the year on 20.05.2021, 10.08.2021, 26.10.2021, and 24.01.2022.

| Name of the Director | No. of meetings attended |
|---|---|
| Mr. Manubhai Patel | 4 |
| Mr. Kaushal Soparkar | 4 |
| Ms. Nirali Parikh | 4 |
| Mr. Kanubhai Patel | 3 |
| Mr. Maulik Patel | 3 |

*Mr. Maulik Patel resigned w.e.f. 10.11.2021 to comply with LODR Regulations.

The meetings of Audit Committee are also attended by the Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees.

The Audit Committee also meets the internal and external auditors separately, without the presence of Management representatives The Internal Auditors and Statutory Auditors of the Company discuss their audit findings, updates & submit their views directly to the Committee. The discussions are held with the Internal Auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company.

The minutes of each Audit Committee meeting are placed in the next meeting of the Board.

## 4.4 TERMS OF REFERENCE:-

The terms of reference of the Audit Committee are as set out in Part C of Schedule II of SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act 2013.

1. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   b. changes, if any, in accounting policies and practices and reasons for the same;
   c. major accounting entries involving estimates based on the exercise of judgment by management;
   d. significant adjustments made in the financial statements arising out of audit findings;
   e. compliance with listing and other legal requirements relating to financial statements;
   f. disclosure of any related party transactions;
   g. modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;

12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 Cr or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. The Audit Committee shall mandatorily review the following information:
    1) management discussion and analysis of financial condition and results of operations;
    2) statement of significant Related Party Transactions ("RPT") (as defined by the Audit Committee), submitted by management;
    3) management letters / letters of internal control weaknesses issued by the statutory auditors;
    4) internal audit reports relating to internal control weaknesses; and
    5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.
    6) statement of deviations:
        (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.
        (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (LODR) Regulations.

All the recommendations made by the Committee during the year under review were accepted by the Board.

Mr. Manubhai Patel, Chairman of the Committee, was present at the last AGM held on 23rd September, 2021.

## 4.5 INTERNAL AUDIT FUNCTION:-

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

- to approve or any subsequent modification of related parties transactions;
- to scrutinize inter-corporate loans and investments;
- to ascertain valuation of undertakings or assets, wherever it is necessary;
- to evaluate internal financial controls and risk management systems
- to discuss with internal auditors of any significant findings and follow up action thereon.
- to review the functioning of the whistle blower mechanism;
- to grant omnibus approval for Related Party Transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions.
- to carry out any other function as mentioned in the terms of reference of the audit committee.

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

(₹ In Lakhs)

| M/s. S R B C & Co. LLP | FY 2021-22 |
|---|---|
| Audit Fees | 19.00 |
| Other Services | 4.00 |
| Reimbursement of Expenses | 1.10 |
| **Total** | **24.10** |

## 4.7 Non Audit Services :-

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

### 4.8 MAINTENANCE OF FINANCIAL RECORD: -

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

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

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

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

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

### 4.9 REVIEW OF INFORMATION BY AUDIT COMMITTEE (AC):-

AC has reviewed and satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company. AC has also reviewed.-

(1) Management Discussion Analysis of financial condition and results of operation.

(2) Statement of significant Related Party Transactions submitted by management.

(3) Internal Audit Reports relating to internal control weaknesses.

### 4.10 ASSURANCE FROM CEO AND CFO:-

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

## 5. NOMINATION AND REMUNERATION COMMITTEE (NRC) :-

### 5.1 TERMS OF REFERENCE

The Nomination and Remuneration Committee (NRC) aims at establishing a formal and transparent process for the appointment/re-appointment of Directors. NRC is responsible to:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees; formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
2. Devising a policy on diversity of Board of Directors;
3. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
4. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Director.
5. To recommend the Board, all remuneration, in whatever form, payable to Senior management
6. Make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, Key Managerial Personnel and other employees;
7. Review the Board structure, size and composition, having regard to the principles of the Code;
8. Assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
9. Put in place plans for succession, in particular, for the Chairman of the Board and Chief Executive Officer of the Company;
10. Make recommendations to the Board for the continuation in services of any Executive Director who has reached the age of 70 (Seventy) years;
11. Recommend Directors who are retiring by rotation to be put forward for re-election;
12. Decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple Board representations;
13. Recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards;

14. Qualifications, positive attributes and independence of a Director; for evaluation of performance of Independent Directors and the Board of Directors;
15. Recommend to the Board a framework of remuneration and specific remuneration packages for all Directors of the Company, Key Managerial Personnel (KMP) and other Senior Management Personnel;
16. Review the service contracts of the Executive Directors;
17. Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the NRC by the Board of Directors from time to time;
18. Reviewing and enhancing on the compensation structure to incentive performance base for key executives;
19. Ensure that the remuneration packages are comparable within the industry and comparable Companies and include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Director's performance.
20. To facilitate the transparency, accountability and reasonableness of the remuneration of Director and Senior Management Personnel.
21. Nomination and Remuneration Committee will recommend to the Board a framework of remuneration for the Directors,
22. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Nomination and Remuneration Committee.

## 5.2 COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE:-

The Nomination and Remuneration Committee ("NRC") comprises of three Independent – Non Executive Directors. Mr. Manubhai Patel is the Chairman of the Committee. The Committee met on 20.05.2021. The information of meeting attended by members of the Committee is given below:

| Name of the Director | Status | No. of Meetings held |
|---|---|---|
| Mr. Manubhai Patel | Chairman - Independent Director | 1 |
| Ms. Nirali Parikh | Member – Independent Director | 1 |
| Mr. Sanjay Asher | Member – Independent Director | 1 |

Each member of the NRC shall abstain from voting any resolutions in respect of his remuneration package.

## 5.3 TO ASSESS THE INDEPENDENCE OF INDEPENDENT DIRECTOR :–

NRC has adopted a formal system of evaluating Board performance as a whole and the contribution of each individual Director. An evaluation of Board performance is conducted annually to identify areas of improvement and to form good Board management practice. Each member of NRC shall abstain from voting any resolutions in respect of the assessment of his/her performance or re-nomination as Director.

The results of the evaluation exercise were considered by NRC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively.

## 5.4 NOMINATION PROCESS FOR NEW DIRECTORS :–

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

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

## 5.5 PECUNIARY RELATIONSHIP OR TRANSACTION:-

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

## 5.6 PAYMENT TO EXECUTIVE DIRECTORS:-

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

## 5.7 PAYMENT TO NON EXECUTIVE DIRECTORS:-

The Non-Executive Directors were not paid any compensation except sitting fees. The Board has fixed the sitting fees payable to Non-Executive Directors within the limits prescribed under the Companies Act, 2013.

## 5.8 REMUNERATION TO DIRECTORS:-

The members at the Annual General Meeting held on 15th July, 2017 had approved the appointment and terms of remuneration payable to Mr. Maulik Patel Chairman and Managing Director, Mr. Kaushal Soparkar, Managing Director, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel – Executive Directors (collectively referred to as "Working Directors") for a period of 5 years from 1st April, 2017.

During the FY 2020-21, the Company has paid ₹201.6 Lakhs as Salary and perquisites and Performance Bonus of ₹1100 Lakhs collectively to Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel. The remuneration paid is within the limits approved by the Shareholders.

The term of appointment of working Directors has expired on 31 March, 2022 and the Special resolution for approval of reappointment and terms of remuneration for a period of five years from 1st April, 2022 is placed in the Notice to this annual report.The Company does not have any Employee Share Option Scheme or Employee Stock Option or any long-term incentive scheme in its place.

### 5.9 SITTING FEES PAID TO INDEPENDENT DIRECTORS :-

| Name of Independent Director | FY 2021-22: Sitting Fees ₹ in Lakhs |
|---|---|
| Mr. Manubhai Patel | 6.25 |
| Ms. Nirali Parikh | 5.75 |
| Mr. B T Thakkar | 1.75 |
| Mr. Sanjay Asher* | 1.00 |
| Mr. Kanubhai Patel* | 4.75 |
| Mr. Raju Swamy * | 2.50 |
| **Total** | **22.00** |

*Appointed on 20th May, 2021

Remuneration paid during the FY 2021-22 to Working Directors are:-

| Name of Director | Salary Perquisites (₹ In Lakhs) | Performance Bonus (₹ In Lakhs) |
|---|---|---|
| Mr. Maulik Patel | 40.32 | 275.00 |
| Mr. Kaushal Soparkar | 40.32 | 275.00 |
| Mr. Ankit Patel | 40.32 | 275.00 |
| Mr. Karana Patel | 40.32 | 165.00 |
| Mr. Darshan Patel | 40.32 | 110.00 |
| **Total** | **201.6** | **1100.00** |

## 6 SHAREHOLDERS'/INVESTORS' GRIEVANCES, SHARE ALLOTMENT, SHARE TRANSFER AND STAKE HOLDER RELATIONSHIP COMMITTEE ("SGC")

### 6.1 TERMS OF REFERENCE:-

1. To allot equity shares of the Company,
2. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
3. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc.;
4. Issue of duplicate / split / consolidated share certificates;
5. Allotment and listing of shares;
6. Review of cases for refusal of transfer / transmission of shares and debentures;
7. Reference to statutory and regulatory authorities regarding investor grievances;
8. And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

### 6.2 COMPOSITION OF SGS COMMITTEE:-

The Shareholders'/Investors' Grievances, Share Allotment, Share Transfer and Stake holder Relationship Committee (SGS) comprises of two Independent Non-Executive Directors and one Executive Director has been formed on 20th May, 2021. The Committee met four times during the year on 20.05.2021, 10.08.2021, 26.10.2021, and 24.01.2022.

| Name of the Director | Category | Meeting Attendance |
|---|---|---|
| Mr. Manubhai Patel | Chairman | 4 |
| Ms. Nirali Parikh | Member | 4 |
| Mr. Maulik Patel | Member | 4 |

Mr. Kamlesh Mehta acts as Company Secretary & Compliance officer.

## 7. RISK MANAGEMENT COMMITTEE

Regulation 21 of SEBI LODR Regulations, 2015 was amended which mandates top 1000 Listed Companies to constitute Risk Management Committee. Accordingly, the Board has constituted Risk Management Committee on 25th April, 2022 in compliance with regulation 21 of SEBI LODR Regulations, 2015.

**Composition, Meetings and its attendance*:**

| Member | Category |
|---|---|
| Mr. Manubhai Patel | Chairman |
| Mr. Maulik Patel | Member |
| Mr. Sanjay Asher | Member |

*Since Committee was constituted on 25th April, 2022, no details of meeting and its attendance were given hereinabove.

**Terms of Reference**

The broad terms of reference of the Risk Management Committee 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;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

## 8 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:-

The Company has always been mindful of its obligations vis-à-vis the communities it impacts and has been pursuing various CSR activities long before it became mandated by law. The terms of reference of the Corporate Social Responsibility Committee include the following:

1. To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as per Companies Act, 2013, as amended;
2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken;
3. To monitor the CSR Policy of the Company from time to time
4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed By the Board of Directors from time to time

The Composition of the CSR Committee as on 31st March, 2022 is as under:

| Name of Member | Category |
|---|---|
| Mr. Manubhai Patel | Chairman - Independent |
| Mr. Maulik Patel | Member |
| Mr. Kaushal Soparkar | Member |
| Mr. Ankit Patel | Member |

The Committee met once in a year on 20th May,2021. During the year the Company has spent **₹275.00 Lakhs** towards CSR activities.

The unspent amount of **₹85.00 Lakhs** has been transferred to **Special Bank account** under the head **Unspent CSR amount opened with Kotak Mahindra Bank Limited.** The amount will be spent within a period of three years plus current year period for ongoing project.

## 9 GENERAL BODY MEETINGS :-

The details of date, time and location of Annual General Meetings (AGM) held in last 3 years and Special resolutions passed are as under :-

| Financial Year | Category-Date & Time | Venue | Special – Resolutions passed |
|---|---|---|---|
| 2020-21 | 23rd September, 2021 | Through Video Conference from Meghmani House, B/H Safal Profitaire, Prahladnagar Garden, Ahmedabad – 380 015 | 1. Appointment of Mr. Sanjay Asher as Independent Director for a period of 5 years.<br>2. Appointment of Mr. Kanubhai Patel as Independent Director for a period of 5 years.<br>3. Appointment of Mr. Raju Swamy as Independent Director for a period of 5 years. |
| 2019-20 | 1st August, 2020 at 10:30 a.m. | Plot No.CH1/CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130, Gujarat, India. | 1. Re Appointment of Ms. Nirali Parikh as Independent Director for a Second Term of 5 (five) years. |
| 2018-19 | 8th July, 2019 at 10:30 a.m. | Plot No.CH1/CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130, Gujarat, India. | No |

The Special resolution for Shifting of Registered Office was passed last year through Postal Ballot.

**Person who conducted the foresaid postal ballot exercise:**
Mr. Mukesh Khandwala Chartered Accountants of CNK Khandwala Associates conducted the aforesaid postal ballot exercise in a fair and transparent manner.

**Whether any special resolution is proposed to be conducted through postal ballot:**

No Special Resolution is currently proposed to be conducted through postal ballot.

**Procedure followed for Postal Ballot:**

Pursuant to Sections 108, 110 and other applicable provisions, if any, of the Act, (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (the Rules), as amended from time to time, the General Circular No. 14/ 2020 dated 8th April 2020 and the General Circular No. 17/ 2020 dated 13th April 2020, in relation to "Clarification on passing of special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" issued by the MCA, Government of India (the "MCA Circulars") and pursuant to other applicable laws and regulations.

## 10 OTHER DISCLOSURES :-

### 10.1 Disclosure of Material Transactions:- Related Party Transaction :-

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

There were no materially significant transactions with related parties except with Meghmani Organics Limited during the financial year which were in conflict with the interest of the Company. The Company is seeking Members approval to ratify and approve the transaction exceeding 10% of the consolidated turn over of FY 2020-21. Suitable Disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements in this Annual Report. The Policy on Related Party Transaction has been placed on the Company's website.

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

The Company has a Whistle Blower Policy to deal with instance of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct, if any & affirmed that no personnel has been denied to access to the Audit Committee. The Whistle Blower Policy is posted on the website of the Company.

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

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Company has framed a policy on prevention of Sexual Harassment of women at workplace.

The Status of complaints during FY 2021-22 is as under:-

| Period | Complaints |
|---|---|
| Opening as on 01.04.2021 | Nil |
| Received during – 01.04.2021 to 31.03.2022 | Nil |
| Disposed of during – 01.04.2021 to 31.03.2022 | Nil |
| Pending as at 31.03.2022 | Nil |

### 10.4 Accounting Treatment:-

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

### 10.5 Corporate Governance of Subsidiaries :-

Meghmani Advanced Sciences Limited (MACL) is the Wholly Owned Subsidiary of the Company, which has not yet started business operation.

### 10.6 Certificate on Corporate Governance:-

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

### 10.7 Shareholder's Information:-

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

### 10.8 Code of Conduct :-

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

### 10.9 Management Discussion and Analysis Report:-

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

### 10.10 Insider Trading :-

The Company has on 20th May, 2021 adopted Insider Trading code applicable to all the Directors and Senior Management Personnel.

### 10.11 Disclosures regarding Re-appointment of Directors

As per the Articles of Association of the Company, one third of the Directors are liable to retire by rotation every year and if eligible, they offer themselves for re-election by the shareholders at the General Meeting. There is no Alternate Director being appointed to the Board. The independent Directors are not liable to retire by rotation.

### 10.12 Transfer of shares to Investor Education and Protection Fund (IEPF) :-

Pursuant to provision of Section 124(6) of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, is not applicable as No Dividends are outstanding. Pursuant to approval of Composite Scheme of Arrangement the Company has transferred Equity Shares to IEPF Suspense account, who has not claimed dividend in Meghmani Organics Limited for Seven consecutive years.

### 10.13 Status of Discretionary Disclosure:-

The table below summarises compliance status of discretionary requirements of Part E of Schedule II of SEBI (LODR) Regulations, 2015

| # | Particulars | Status |
|---|---|---|
| 1 | Non-Executive Chairman's office | The Company does not have a Non-executive Chairman |
| 2 | Shareholders Rights | As the quarterly, half yearly and yearly financial results are published in the newspapers and are also posted on the website of Stock Exchanges and website of the Company, the same are not being sent to the shareholders. |
| 3 | Audit Qualifications | The Company's Financial Statements for FY 2021-22 is unmodified /unqualified. |
| 4 | Separate posts of Chairman and MD or CEO | There is a separate post of Chairman & Managing Director and Managing Director & CEO. |

### 10.14 Immediate Family Member of Director:-

Mr. Maulik Patel, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel are not immediate family members of Directors but related as cousin brothers.

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

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

### 10.16 Reminders to Unpaid Dividend:-

Not applicable as no dividend is unpaid.

### 10.17 No Suspension of Securities :-

The Securities of the Company is not suspended.

**Payment of Listing Fees and Compliance with Listing Regulations :-**

The Company has paid listing fess for FY 2021-22 to both the exchanges National Stock Exchange of India (NSE) and BSE Limited.

During the year the Company has complied with all the mandatory requirements, except late filing of Share Capital Audit Report for the quarter ended on 31.12.2021. The Company has applied for waiver.

## 11 MEANS OF COMMUNICATION:-

### 11.1 Quarterly/Half Yearly Results:-

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

### 11.2 Announcement of Financial Result:-

The Audited Annual Financial Results were announced on 25th April, 2022. The aforesaid Audited Annual Results are taken on record by the Board of Directors. The Audited financial results form a part of the Annual Report which is sent to the Shareholders prior to the Annual General Meeting

### 11.3 News Paper:-

The Unaudited Quarterly/Half Yearly/Yearly financial statements are announced within statutory timeline. The aforesaid financial statements reviewed by the Audit Committee are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed.

Once the Stock Exchanges have been intimated, these results are released to news agency and published within 48 hours in two leading daily newspapers – one in English and one in Gujarati.

### 11.4 Disclosure to Stock Exchanges:-

The Company also timely disseminates on the website of Stock Exchanges, all price sensitive matters or such other

### 11.5 Website Display:-

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

### 11.6 Green Initiative For Paperless Communications:-

To support the "Green Initiative in the Corporate Governance", by the Ministry of Corporate Affairs (MCA), the Company has sent the soft copies of Annual Report 2021-22 to those members whose Email IDs were registered with the Depository Participants (DP) after informing them suitably.

## 12 GENERAL SHAREHOLDER INFORMATION:-

### I. Annual General Meeting:-

| Date | Monday June 27, 2022 |
|---|---|
| Venue | The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular, hence there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM |
| Time | 10.30 am. |
| Last date of receipt of Proxy | Not Applicable |
| Posting of Annual Report | **On or before 03 June, 2022** |

### II. Financial Year:-

The financial year of the Company is from 01 April to 31 March. The Board Meetings for approval of Quarterly financial results during the year ended 31 March, 2022 were held on the following dates:-

**Financial Calendar 2021 - 22:-**

| | |
|---|---|
| First Quarter Results | 10.08.2021 |
| Second Quarter and Half yearly results | 26.10.2021 |
| Third Quarter Results | 24.01.2022 |
| Fourth Quarter & Annual Results | **25.04.2022** |

**Financial Calendar 2022-23:-**

| | | |
|---|---|---|
| **First Quarter Results** | **30.06.2022** | Within 45 days from the close of quarter |
| **Second Quarter Result -** | **30.09.2022** | Within 45 days from the close of quarter |
| **Third Quarter Results** | **31.12.2022** | Within 45 days from the close of quarter |
| **Fourth Quarter** | **31.03.2023** | Within 60 days from the close of quarter |

**Date of Book Closure:-**

| | |
|---|---|
| Book Closure | 21st June, 2022 to 27th June, 2022 |

### III. Dividend payment :-

No dividend has been declared for the financial year 2021-2022.

### IV. The Stock Code :-

ISIN allotted to the Company's equity shares of ₹10/- each is INE071N01016.

### V. Share Market Price data:-

Share Market Price data are given hereunder.

### VI. Listing details of Equity shares:-

| Name of Stock Exchange | Address | Stock Code |
|---|---|---|
| National Stock Exchange of India Limited | Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 | MFL |
| BSE Limited | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | 543332 |

The listing fee for financial year 2022-23 has been paid to Stock Exchanges

### VII. Share Transfer System :-

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

### VIII. Shareholding Pattern - 31.03.2022-

| Category | Total shares | % |
|---|---|---|
| Promoters | 2,95,75,623 | 71.18 |
| Public | 1,19,74,535 | 28.82 |
| **Total** | **4,15,50,158** | **100.00** |

### IX. Dematerialization of Shares: 31.03.2022:-

| Share Capital | No. of shares | % |
|---|---|---|
| Listed Capital | 4,15,50,158 | 100.00 |
| Held in Dematerialized form :- | 4,15,50,158 | 100.00 |
| National Securities Depository Limited (NSDL) | 3,59,37,917 | 86.49 |
| Central Depository Services (India) Limited (CDSL) | 56,12,241 | 13.51 |
| Held in Physical Form | 0 | 0.00 |
| **Total** | **4,15,50,158** | **100.00** |

## X. Distribution of Shareholding: 31.03.2022:-

| Category | Shareholders | | Total Shares of ₹10/- each | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| 1-500 | 91,780 | 97.47 | 37,40,251 | 9.00 |
| 501-1000 | 1,211 | 1.29 | 8,98,110 | 2.17 |
| 1001-2000 | 561 | 0.60 | 8,00,421 | 1.93 |
| 2001-3000 | 183 | 0.19 | 4,46,141 | 1.07 |
| 3001- 4000 | 84 | 0.09 | 2,95,953 | 0.71 |
| 4001- 5000 | 64 | 0.07 | 2,90,469 | 0.70 |
| 5001-10000 | 107 | 0.10 | 7,46,040 | 1.80 |
| 10001- & ABOVE | 176 | 0.19 | 3,43,32,773 | 82.62 |
| **Total** | **94,166** | **100.00** | **4,15,50,158** | **100.00** |

## XI. Shareholding Pattern – 31.03.2022:-

| Sr. No | Category | No of Shares | Value | % |
|---|---|---|---|---|
| 1 | Alternate Investment Funds - III | 65000 | 6,50,000 | 0.16 |
| 2 | Body Corporate - Ltd Liability Partnership | 504870 | 50,48,700 | 1.22 |
| 3 | Clearing Members | 44547 | 4,45,470 | 0.11 |
| 4 | Foreign Portfolio Investors (Corporate) | 423602 | 42,36,020 | 1.02 |
| 5 | Government Companies | 10339 | 1,03,390 | 0.02 |
| 6 | Hindu Undivided Family | 553349 | 55,33,490 | 1.33 |
| 7 | Investor Education And Protection Fund | 12432 | 1,24,320 | 0.03 |
| 8 | Mutual Funds | 130121 | 1,301,210 | 0.31 |
| 9 | NBFCs registered with RBI | 64 | 640 | 0.00 |
| 10 | Non Resident (Non Repatriable) | 91415 | 9,14,150 | 0.22 |
| 11 | Non Resident Indians | 599525 | 59,95,250 | 1.44 |
| 12 | Other Bodies Corporate | 833204 | 83,32,040 | 2.01 |
| 13 | Promoters | 21849887 | 21,84,98,870 | 52.59 |
| 14 | Public | 8705496 | 8,70,54,960 | 20.95 |
| 15 | Relatives Of Director | 6324698 | 6,32,46,980 | 15.22 |
| 16 | Relatives Of Promoters | 1401038 | 1,40,10,380 | 3.37 |
| 17 | Trusts | 571 | 5,710 | 0.00 |
| | TOTAL : | **41550158** | **41,55,01,580** | **100.00** |

**National Stock Exchange of India Limited - 31.03.2022 – MFL Share Price**

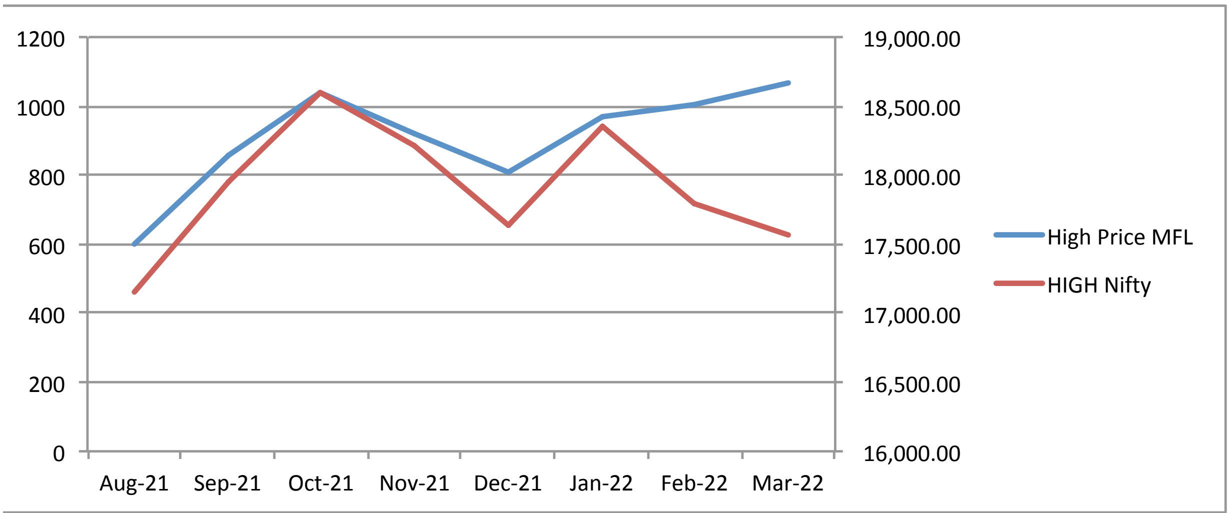
| Date | Open Price | High Price | Low Price | Close Price | No. of Shares | Turnover |
|---|---|---|---|---|---|---|
| Aug-21 | 387.10 | 600.25 | 387.10 | 600.25 | 8,14,000 | 42,52,77,000 |
| Sep-21 | 630.25 | 858.80 | 630.25 | 778.20 | 45,16,000 | 3,25,99,67,000 |
| Oct-21 | 780.00 | 1,038.05 | 765.40 | 886.70 | 30,00,000 | 2,80,25,30,000 |
| Nov-21 | 892.75 | 917.00 | 650.00 | 667.70 | 21,98,000 | 1,61,50,10,000 |
| Dec-21 | 680.00 | 811.50 | 680.00 | 757.10 | 12,84,000 | 97,47,57,000 |
| Jan-22 | 757.10 | 968.90 | 753.40 | 881.65 | 15,53,000 | 13,22,73,100 |
| Feb-22 | 877.25 | 1,004.05 | 740.05 | 759.95 | 14,16,000 | 1,24,06,24,000 |
| Mar-22 | 755.95 | 1,064.80 | 747.05 | 972.80 | 15,04,000 | 1,39,06,47,000 |

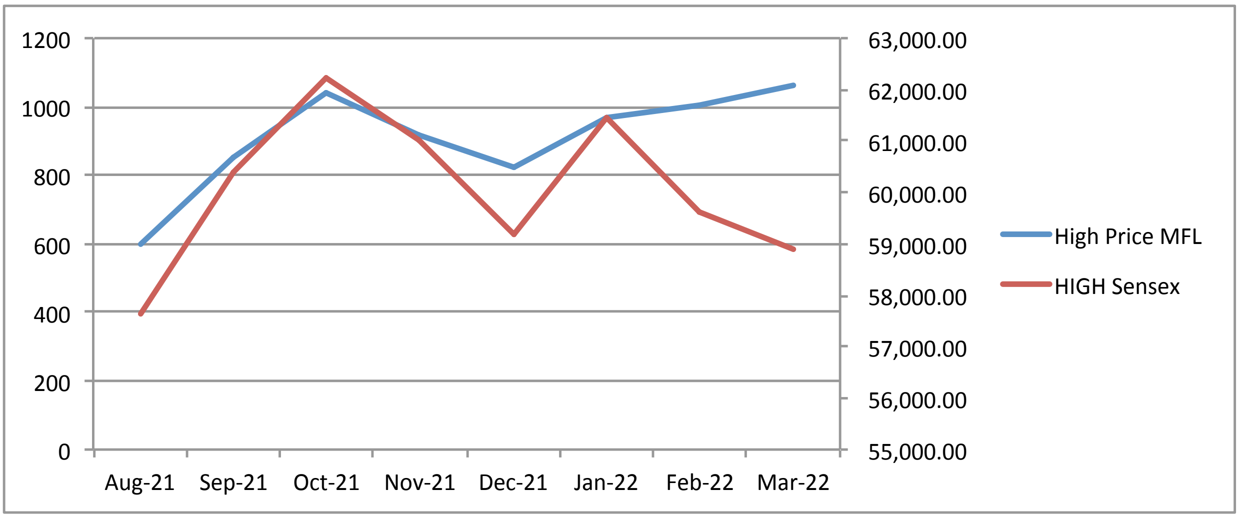
BSE Limited - 31.03.2022 – MFL Share Price

| Month | Open Price | High Price | Low Price | Close Price | No. of Shares | Total Turnover (₹) |
|---|---|---|---|---|---|---|
| Aug-21 | 386.35 | 599.05 | 386.35 | 599.05 | 1,16,795 | 6,17,73,730 |
| Sep-21 | 629.00 | 854.00 | 629.00 | 779.65 | 8,63,733 | 62,15,64,472 |
| Oct-21 | 784.00 | 1040 | 765.05 | 889.05 | 6,39,290 | 60,07,53,846 |
| Nov-21 | 881.00 | 919.95 | 651.05 | 668.25 | 3,08,383 | 23,11,19,044 |
| Dec-21 | 701.65 | 824.75 | 682.25 | 755.10 | 2,68,200 | 20,51,90,229 |
| Jan-22 | 755.00 | 970.00 | 741.70 | 882.35 | 3,64,709 | 31,23,57,971 |
| Feb-22 | 882.35 | 1,003.55 | 741.10 | 763.30 | 2,72,925 | 23,88,09,641 |
| Mar-22 | 773.00 | 1,064.00 | 751.25 | 973.75 | 2,88,169 | 26,34,85,248 |

Monthly High and Low Indices

| Month | NIFTY INDEX | | SENSEX INDEX | |
|---|---|---|---|---|
| | HIGH | LOW | HIGH | LOW |
| Aug-21 | 17,153.50 | 15,834.65 | 57,625.26 | 52,804.08 |
| Sep-21 | 17,947.65 | 17,055.05 | 60,412.32 | 57,263.90 |
| Oct-21 | 18,604.45 | 17,452.90 | 62,245.43 | 58,551.14 |
| Nov-21 | 18,210.15 | 16,782.40 | 61,036.56 | 56,382.93 |
| Dec-21 | 17,639.50 | 16,410.20 | 59,203.37 | 55,132.68 |
| Jan-22 | 18,350.95 | 16,836.80 | 61,475.15 | 56,409.63 |
| Feb-22 | 17,794.60 | 16,203.25 | 59,618.51 | 54,383.20 |
| Mar-22 | 17,559.80 | 15,671.45 | 58,890.92 | 52,260.82 |



### XII. Shares lying in Demat Suspense Account :-

Pursuant to the approval of the Composite Scheme of Arrangement approved by National Company Law Tribunal, Ahmedabad Bench vide order dated 3rd May, 2021, the Company allotted 23903029 Equity Shares of ₹10/ each on 20th May, 2021 to the shareholders whose name appeared in the register of the members of the Meghmani Organics Limited (Demerged Company) on Record Date i.e. 19th May, 2021.

During the process of allotment, there were total 80 cases aggregating 12732 equity shares parked in Demat escrow account of the Company due to various reasons i.e. BO closed etc. The Company is in the process of sending letters to the respective shareholders to claim their shares from Demat Escrow account of the Company.

The voting right of 12732 shares lying in the demat suspense account shall remain frozen till the rightful owner of such shares claims the shares.

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

### XIII. Registrar and Share Transfer Agent :-

In compliance with SEBI guidelines, the Company has appointed Link Intime India Private Limited, as a common Share Transfer agent for Physical and Electronic form of shareholding.

Link Intime India Private Limited
C 101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai - 400083.
Tel: +91 22 4918 6270, Fax: +91 22 4918 6060

### XIV. Location of Manufacturing Facility:-

Meghmani Finechem Limited
Plot No.CH1/CH2,
GIDC Industrial Estate, Dahej,
Tal. Vagara,
Dist. Bharuch 392 130,
Gujarat, India.

### XV. Investor Correspondence :-

All enquiries, clarification and correspondence should be addressed to the Company Secretary and Compliance Officer:-

**Mr. Kamlesh Mehta** – V P (Company Affairs) & Company Secretary

Meghmani House,
B/h Safal Profitaire, Corporate Road,
Prahaladnagar, Ahmedabad 380 015
Telephone No. 91-79-2970 9600/ 7176 1000
E-mail: **helpdesk@meghmanifinechem.com**

# Compliance with Code of Business Conduct and Ethics:

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2022.

**For Meghmani Finechem Limited**
**Maulik Patel**
Chairman & Managing Director

25th April, 2022
Ahmedabad

# SECRETARIAL AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
**Meghmani Finechem Limited**
**Meghmani House, 5th FL, 6th FL & 7th FL**
**B/h. Safal Profitaire, Prahladnagar,**
**Satellite, Ahmedabad GJ 380015**

Dear Sirs,

We have examined the compliance of conditions of Corporate Governance of **MEGHMANI FINECHEM LIMITED, CIN L24100GJ2007PLC051717**, for the year ended on **31st March 2022**, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchanges.

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

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

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

**For, SHAHS & ASSOCIATES**
Company Secretaries

**Kaushik Shah**
Partner
FCS No 2420 CP No-1414
UDIN: F002420D0001344244
PEER REVIEW: 833/2020

Place: Ahmedabad
Date:22nd April, 2022

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
**Meghmani Finechem Limited**
**Meghmani House, 5th FL, 6th FL & 7th FL**
**B/h. Safal Profitaire, Prahladnagar,**
**Satellite, Ahmedabad GJ 380015 IN**

Dear Sir,

We have examined the relevant registers, records, forms, returns and disclosures including thereon in **digital/ electronic** mode received from the Directors of **MEGHMANI FINECHEM LIMITED, CIN L24100GJ2007PLC051717** and having registered office at **Meghmani House, 5th FL+ 6th FL + 7th FL, B/h. Safal Profitaire, Prahladnagar, Satellite, Ahmedabad GJ 380015 IN** (hereinafter referred to as 'the Company'), as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2022** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, New Delhi or any such other Statutory Authority.

| Sr. No | Name of Director | DIN | Date of appointment |
|---|---|---|---|
| 1. | Maulik Jayantibhai Patel | 02006947 | 01/04/2017 |
| 2. | Kaushal Ashishbhai Soparkar | 01998162 | 10/05/2016 |
| 3. | Ankit Natwarlal Patel | 02180007 | 10/05/2016 |
| 4. | Karana Rameshbhai Patel | 01727321 | 10/05/2016 |
| 5. | Darshan Anandbhai Patel | 02047676 | 10/05/2016 |
| 6. | Manubhai Khodidas Patel | 00132045 | 18/05/2017 |
| 7. | Nirali Bhavinbhai Parikh | 05309425 | 30/03/2015 |
| 8. | Sanjay Khatau Asher | 00008221 | 20/05/2021 |
| 9. | Kanubhai Shakarabhai Patel | 00008395 | 20/05/2021 |
| 10. | Raju Swamy | 03032679 | 20/05/2021 |

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

**For, SHAHS & ASSOCIATES**
Company Secretaries

**Kaushik Shah**
Partner
FCS No 2420 CP No-1414
UDIN: F002420D000134301
PEER REVIEW: 833/2020

Place: Ahmedabad
Date:22nd April, 2022

# CEO AND CFO CERTIFICATION

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

To,
The Board of Directors
**Meghmani Finechem Limited**
"Meghmani House", B/h Safal Profitaire,
Corporate Road, Prahlad Nagar,
Ahmedabad – 380 015,
Gujarat,

Dear Sir/Madam,

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

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

A) We have reviewed the Financial Statements and the Cash flow Statement of the Company for the year ended **March 31, 2022** and to the best of our knowledge and belief:

   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

D) We have indicated to the auditors and the Audit Committee:

   i) Significant changes in internal control, if any, over financial reporting during the year;

   ii) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting wherever needed.

For, **Meghmani Finechem Limited**

Date: 25 April, 2022
Place: Ahmedabad

**Kaushal Soparkar**
CEO

**Sanjay Jain**
CFO

# FINANCIAL STATEMENTS

# Independent Auditor's Report

To the Members of
Meghmani Finechem Limited

## Report on the Audit of the Standalone Financial Statement

### Opinion

We have audited the accompanying Standalone Financial Statement of Meghmani Finechem Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statement , including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the standalone financial Statement).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statement give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statement for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Standalone Financial Statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition** *(as described in Note 2 of the Standalone Financial Statement )* | |
| The Company majorly generates revenue from sale of Choro Alkali and its Derivatives products. The Company recognises revenue from sales of goods in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, measured at fair value of the consideration received or receivable in the ordinary course of its activities. Revenue from sale of goods is recognised net of discounts, rebates and taxes.<br><br>Certain terms in sales arrangements relating to timing for transfer of control to the customer and delivery specifications including incoterms, involves significant judgment in determining whether the revenue is recognised in the correct period. | Our audit procedures included the following:<br><br>• Read and evaluated the Company's policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from Contracts with Customers'.<br><br>• Assessed the design and tested the operating effectiveness of internal controls related to revenue.<br><br>• Performed on test check basis sales transactions and inspected the underlying sales orders, invoice copies, terms of delivery, lorry receipts, bill of lading, and collection as per the terms of the contract with customers.<br><br>• Performed on test check basis of transactions near year end date as well as credit notes issued after the year end date.<br><br>• Assessed the relevant disclosures in Standalone Financial Statement for compliance with disclosure requirements. |

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statement and our auditor's report thereon.

Our opinion on the Standalone Financial Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

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

## Responsibilities of Management for the Standalone Financial Statement

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statement that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statement that give a true and fair view and are free from material misStatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Standalone Financial Statement

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

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

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

date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statement for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a Statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Standalone Financial Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 these Standalone Financial Statement and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statement – Refer Note 36 to the Standalone Financial Statement ;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term derivative contracts – Refer Note 40 to the standalone financial statements

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or Entities, ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge no funds have been received by the company from any person or entity, ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were 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 (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

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

______________________________

**per Sukrut Mehta**
Partner
Membership Number: 101974
UDIN: 22101974AHSRMD5174
Place of Signature: Ahmedabad
Date: April 25, 2022

# Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Meghmani Finechem Limited for the year ended March 31, 2022.

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a) (B) The Company has maintained proper records showing full particulars of Intangibles Assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year in accordance with a planned programme of verifying them over the period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or Intangible Assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are 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 has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. No material discrepancies in aggregate for each class of inventory were noted on physical verification of inventory.

(b) As disclosed in note 18 to the financial Statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly Statements filed by the Company with such banks and financial institutions are materially in agreement with the books of accounts of the Company.

iii. (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) ,(d) ,(e) and (f) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made have been complied with by the Company. Further, in our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable Accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to that extent to the Company.

v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of chemicals, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, professional tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of Goods and Service Tax, Income Tax, Duty of Custom, Service Tax and other statutory dues which have not been deposited on account of any dispute, are as follows:

| Name of the Statute | Nature of the dues | Amount involved (₹in Lakhs)* | Period to which the amount relates (FY) | Forum where the dispute is pending | Remarks, if any |
|---|---|---|---|---|---|
| Custom Act, 1962 | Custom Duty | 621.83 | 2012-13 | CESTAT | |
| Income Tax Act,1961 | Income Tax | 541.03 | 2017-18 | CIT (A) | |
| The Finance Act (Service Tax), 1994 | Service Tax | 51.13 | 2012-13 and 2014-15 | CESTAT,Departmental Authorities | |

* Net of amount paid under protest amounting to ₹25.40 Lakhs and reversal of credit amounting to ₹51.02 Lakhs.

viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial Statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its Subsidiary.

(f) The Company has not raised loans during the year on the pledge of securities held in its Subsidiary. Hence, the requirement to report on clause 3 (ix)(f) of the Order is not applicable to the Company.

x. (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us 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. (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) (b) and (c) of the Order is not applicable to the Company.

xiii. Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial Statements, as required by the applicable accounting standards.

xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

xvii. The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

xix. On the basis of the financial ratios disclosed in note 42 to the financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of Section 135 of the Act. This matter has been disclosed in note 30 (i) to the financial Statements.

(b) All amounts that are unspent under section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special bank account in compliance of with provisions of sub section (6) of Section 135 of the said Act. This matter has been disclosed in note 30 (i) to the financial Statements.

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

______________________________

**per Sukrut Mehta**
Partner
Membership Number: 101974
UDIN: 22101974AHSRMD5174
Place of Signature: Ahmedabad
Date: April 25, 2022

# Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statement of Meghmani Finechem Limited

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

We have audited the internal financial controls over financial reporting of Meghmani Finechem Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone Financial Statement of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

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

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

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

## Meaning of Internal Financial Controls System Over Financial Reporting with reference to these Standalone Financial Statement

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone Financial Statement

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

### Opinion

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

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

______________________________

**per Sukrut Mehta**
Partner
Membership Number: 101974
UDIN: 22101974AHSRMD5174
Place of Signature: Ahmedabad
Date: April 25, 2022

# Standalone Balance Sheet as at March 31, 2022

(₹in Lakhs)

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| I. Assets | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 3.1 | 1,03,940.33 | 1,07,065.16 |
| (b) Capital Work in Progress | 3.2 | 58,925.44 | 12,583.73 |
| (c) Intangible Assets | 3.3 | 2,842.67 | 3,165.90 |
| (d) Investment in Subsidiary | 4 | 5.00 | 5.00 |
| (e) Financial Assets | | | |
| (i) Other Financial Assets | 5 | 824.37 | 1,035.80 |
| (f) Income Tax Assets (net) | 6 | 255.24 | 245.07 |
| (g) Other Non-Current Assets | 7 | 884.15 | 2,645.36 |
| **Total Non-Current Assets** | | **1,67,677.20** | **1,26,746.02** |
| **Current Assets** | | | |
| (a) Inventories | 8 | 15,413.89 | 5,395.97 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 9 | 25,632.40 | 11,883.73 |
| (ii) Cash and Cash Equivalents | 10 | 2,503.54 | 68.00 |
| (iii) Loans | 11 | 22.69 | 11.42 |
| (iv) Other Financial Assets | 12 | 187.69 | 183.80 |
| (c) Other Current Assets | 13 | 929.21 | 586.26 |
| **Total Current Assets** | | **44,689.42** | **18,129.18** |
| **Total Assets** | | **2,12,366.62** | **1,44,875.20** |
| II Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity Share Capital | 14 | 4,155.02 | 4,155.27 |
| (b) Instruments entirely Equity in nature | 14 | - | 21,091.99 |
| (c) Other Equity | 15 | 68,441.93 | 43,166.13 |
| **Total Equity** | | **72,596.95** | **68,413.39** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 76,814.40 | 34,046.74 |
| (ii) Lease Liabilities | 38 | 261.84 | 306.00 |
| (b) Provisions | 17 | 289.31 | 162.85 |
| (c) Deferred Tax Liabilities (net) | 32 | 9,175.12 | 3,080.53 |
| **Total Non-Current Liabilities** | | **86,540.67** | **37,596.12** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 22,121.80 | 19,784.40 |
| (ii) Lease Liabilities | 38 | 114.38 | 69.55 |
| (iii) Trade Payables | 19 | | |
| Total outstanding dues of Micro and Small Enterprise | | 915.25 | 248.01 |
| Total outstanding dues of Creditors other than Micro and Small Enterprise | | 7,895.25 | 7,056.92 |
| (iv) Other Financial Liabilities | 20 | 18,615.89 | 10,961.38 |
| (b) Other Current Liabilities | 21 | 2,606.33 | 725.77 |
| (c) Provisions | 22 | 17.89 | 10.04 |
| (d) Current Tax Liabilities (net) | 23 | 942.21 | 9.62 |
| **Total Current Liabilities** | | **53,229.00** | **38,365.69** |
| **Total Liabilities** | | **1,39,769.67** | **76,461.81** |
| **Total Equity and Liabilities** | | **2,12,366.62** | **1,44,875.20** |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying Notes are an integral part of these Standalone Financial Statements

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

per **Sukrut Mehta**
Partner
Membership No. 101974

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

Place: Ahmedabad
Date: April 25, 2022

# Statement of Standalone Profit and Loss for the Year Ended March 31, 2022

(₹in Lakhs)

| Particulars | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from Operations | 24 | 1,55,094.14 | 82,860.03 |
| Other Income | 25 | 411.08 | 218.90 |
| **Total Income (A)** | | **1,55,505.22** | **83,078.93** |
| **Expenses** | | | |
| Cost of Materials Consumed | 26 | 75,941.09 | 38,609.98 |
| Purchase of Traded Goods | | - | 42.11 |
| Changes in Inventories of Finished Goods and Stock in Trade. | 27 | 167.66 | (120.48) |
| Employee Benefits Expense | 28 | 7,679.46 | 5,360.94 |
| Finance Costs | 29 | 4,427.02 | 2,911.37 |
| Depreciation and Amortization Expenses | 3 | 8,590.56 | 7,354.48 |
| Other Expenses | 30 | 20,357.19 | 12,834.77 |
| **Total Expense (B)** | | **1,17,162.98** | **66,993.17** |
| **Profit Before Tax (C) = (A-B)** | | **38,342.24** | **16,085.76** |
| **Tax Expense:** | | | |
| Current Tax | | 6,967.28 | 2,816.76 |
| Net Deferred Tax Expense /(Benefit) | | 4,259.01 | 3,185.10 |
| Utilisation of MAT Credit | | 1,837.27 | - |
| **Total Tax Expense (D)** | | **13,063.56** | **6,001.86** |
| **Profit for the Year (E) = (C-D)** | | **25,278.68** | **10,083.90** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to Profit or Loss in subsequent periods** | | | |
| Remeasurement Gain / (Loss) on Defined Benefit Plans | 33 | (4.85) | (27.00) |
| Income Tax effect on above | 32 | 1.69 | 9.43 |
| **Total Other Comprehensive Income / (Loss) for the Year, net of Tax (F)** | | **(3.16)** | **(17.57)** |
| **Total Comprehensive Income for the Year (G) = (E+F)** | | **25,275.52** | **10,066.33** |
| **Earnings per Equity Share (face value of ₹10 each) (in ₹)** | | | |
| Basic | 31 | 60.84 | 24.27 |
| Diluted | | 60.84 | 17.26 |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying Notes are an integral part of these Standalone Financial Statements.

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

per **Sukrut Mehta**
Partner
Membership No. 101974

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

Place: Ahmedabad
Date: April 25, 2022

# Standalone Cash Flow Statement for the Year Ended March 31, 2022

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **A. Cash Flow from Operating Activities** | | |
| **Profit Before Taxation** | **38,342.24** | **16,085.76** |
| **Adjustment for :** | | |
| Depreciation and Amortisation Expenses | 8,590.56 | 7,354.48 |
| Interest Income | (15.93) | (14.81) |
| Interest and Finance Charges | 4427.02 | 2,911.37 |
| Unrealised Foreign Exchange Loss/(Gain) | 28.72 | (14.44) |
| (Profit)/Loss on Sale/Discard of Property, Plant & Equipment | 7.16 | (0.28) |
| Sundry Balances Written off | - | 44.92 |
| Provision No Longer Required Written back | (12.20) | - |
| Sundry Balances Written back | - | (18.77) |
| **Operating Profit before Working Capital changes** | **51,367.56** | **26,348.23** |
| **Adjustment for:** | | |
| (Increase) in Inventories | (10,017.92) | (555.65) |
| (Increase) in Trade Receivables | (13,748.68) | (4,240.07) |
| (Increase) in Other Non Current Financial Assets | (35.64) | (411.76) |
| (Increase) in Other Non Current Assets | (23.33) | - |
| Decrease in Other Current Financial Assets | 24.19 | 55.47 |
| (Increase) in Other Current Assets | (342.96) | (6.45) |
| (Increase)/Decrease in Short Term Loans and Advances | (11.27) | 6.08 |
| Increase in Trade Payables | 1,476.86 | 2,596.76 |
| Increase/(Decrease) in Long Term Provision | 121.62 | (19.45) |
| Increase in Other Current Financial Liabilities | 3,727.69 | 1,627.50 |
| Increase in Other Current Liabilities | 1,880.56 | 381.38 |
| Increase in Short Term Provisions | 7.85 | 1.50 |
| **Working Capital Changes** | **(16,941.03)** | **(564.69)** |
| **Cash Generated from Operation** | **34,426.53** | **25,783.54** |
| Direct Taxes Paid (Net of Refund) | (6,044.86) | (2,861.97) |
| **Net Cash Generated from Operating Activities** | **28,381.67** | **22,921.57** |
| **B. Cash Flow from Investment Activities** | | |
| Purchase of Property, Plant & Equipment | (45,629.92) | (19,679.89) |
| Proceed from Sale of Property, Plant & Equipment | - | 4.55 |
| Investment in Subsidiary | (5.00) | - |
| (Investment in)/Redemption of Fixed Deposits | 137.90 | (6.04) |
| Interest Received | 29.39 | 8.09 |
| **Net Cash (Used in) Investing Activities** | **(45,467.63 )** | **(19,673.29)** |
| **C. Cash Flow from Financing Activities** | | |
| Interest and Finance Charges Paid | (4,803.91) | (3,972.33) |
| Proceeds from Long-Term Borrowing | 35,930.00 | 4,070.00 |
| Repayment of Long-Term Borrowing | (12,004.88) | (8,720.35) |
| Proceed from Short-Term Borrowing (Net) | 510.84 | 5,531.50 |
| Payment of Lease Liability | (110.55) | (98.80) |
| **Net Cash (Used in)/Generated from Financing Activities** | **19,521.50** | **(3,189.98)** |

# Standalone Cash Flow Statement for the Year Ended March 31, 2022

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)** | **2,435.54** | **58.30** |
| **Cash and Cash Equivalent at the beginning of the Year** | **68.00** | **9.70** |
| **Cash and Cash Equivalent at the end of the Year** | **2,503.54** | **68.00** |
| **Cash and Cash Equivalent comprises as under** | | |
| Cash on Hand | 0.94 | 1.33 |
| Balance with Banks in Current Accounts | 2,502.50 | 25.66 |
| Deposits with Banks | 0.10 | 0.10 |
| Cheques on Hand | - | 40.91 |
| **Cash & Cash Equivalent at the end of the Year (refer note 10)** | **2,503.54** | **68.00** |

**Notes to the Cash Flow Statement for the year ended on 31 March 2022**

1) The Cash Flow Statement has been prepared as per Indirect Method in accordance with the Indian Accounting Standard - 7 on "Statement of Cash Flow " issued by the Institute of Chartered Accountants of India.

2) **Changes in liabilities arising from Financing Activities**

(₹in Lakhs)

| Particulars | April 1, 2021 | Cash Flow | Other | March 31, 2022 |
|---|---|---|---|---|
| Current Borrowings (Note 18) | 7,503.49 | 510.84 | - | 8,014.33 |
| Non-Current Lease Liabilities (Note 38) | 306.00 | (110.55) | 66.38 | 261.84 |
| Non- Current Borrowings (Including current maturity of Long term debt) (Note 16 and 18) | 46,327.65 | 23,925.12 | 20,669.11 | 90,921.87 |
| Accrued Interest (Note 20) | 332.10 | (4,803.91) | 6,313.47 | 1,841.65 |
| **Total Liabilities from Financing Activities** | **54,469.24** | **19,521.50** | **27,048.96** | **1,01,039.69** |

(₹in Lakhs)

| Particulars | April 1, 2020 | Cash Flow | Other | March 31, 2021 |
|---|---|---|---|---|
| Current Borrowings (Note 18) | 1,971.99 | 5,531.50 | - | 7,503.49 |
| Non-Current Lease Liabilities (Note 38) | 375.55 | (98.80) | 29.25 | 306.00 |
| Non- Current Borrowings (Including current maturity of Long Term debt) (Note 16 and 18) | 50,648.60 | (4,650.35) | 329.40 | 46,327.65 |
| Accrued Interest (Note 20) | 405.50 | (3,972.33) | 3,898.93 | 332.10 |
| **Total Liabilities from Financing Activities** | **53,401.64** | **(3,189.98)** | **4,257.58** | **54,469.24** |

Others includes the effects of reclassification of Non Current portion of Borrowings including Lease Liabilities to Current due to passage of time ,reclassification of RPS to Debt from Equity instrument and effect of unrealised foreign currency amount on External Commercial Borrowings

The accompanying Notes are an integral part of these Standalone Financial Statements

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

per **Sukrut Mehta**
Partner
Membership No. 101974

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

Place: Ahmedabad
Date: April 25, 2022

# Standalone Statement of Changes in Equity (SOCIE) for the Year Ended March 31, 2022

(A) Equity Share Capital

(₹in Lakhs)

| Particulars | No. of Shares | Amount |
|---|---|---|
| Equity Share of ₹10 each Issued, Subscribed and Fully Paid up | | |
| **Balance as at 1st April 2020** | **4,15,52,665** | **4,155.27** |
| Changes in Equity Share Capital due to Prior Period Errors | - | - |
| Balance as at 1st April 2020 | 4,15,52,665 | 4,155.27 |
| **Balance as at 31st March 2021** | **4,15,52,665** | **4,155.27** |
| **Balance as at 1st April 2021** | **4,15,52,665** | **4,155.27** |
| Changes in Equity Share Capital due to Prior Period Errors | - | - |
| Balance as at 1st April 2021 | 4,15,52,665 | 4,155.27 |
| Changes in Equity Share Capital during the Year (refer note 14) | (2,507) | (0.25) |
| **Balance as at 31st March 2022** | **4,15,50,158** | **4,155.02** |

(B) Instrument entirely Equity in nature

(₹in Lakhs)

| Particulars | No. of Shares | Amount |
|---|---|---|
| 8% Optionally Convertible Preference Share (OCRPS) of ₹10/- Issued , Subscribed and Fully Paid up | | |
| **Balance as at 1st April 2020** | **21,09,19,871** | **21,091.99** |
| **Balance as at 31st March 2021** | **21,09,19,871** | **21,091.99** |
| **Balance as at 1st April 2021** | **21,09,19,871** | **21,091.99** |
| Conversion of 8% OCRPS to RPS pursuant to scheme of Arrangement during the Year* | (21,09,19,871) | (21,091.99) |
| **Balance as at 31st March 2022** | **-** | **-** |

*As per the Order dated 03 May 2021 of The NCLT Ahmedabad Bench , OCRPS have been converted into equal number of RPS with same terms and conditions and tenure from May 3, 2021 i.e. the date of the Order and effective date. Accordingly, OCRPS is classified as debt instrument from the date of order.

# Standalone Statement of Changes in Equity (SOCIE) for the Year Ended March 31, 2022

## (C) Other Equity

(₹in Lakhs)

| Particulars | Reserves & Surplus | | |
|---|---|---|---|
| | Capital Reserve | Retained Earnings | Total Other Equity |
| **Balance at 1st April 2020** | **(24,668.28)** | **57,768.08** | **33,099.80** |
| Changes in Accounting Policy / Prior Period Errors | - | - | - |
| Balance as at 1st April 2020 | (24,668.28) | 57,768.08 | 33,099.80 |
| Profit for the Year | - | 10,083.90 | 10,083.90 |
| Other Comprehensive Income for the Year (net of Taxes) | - | (17.57) | (17.57) |
| **Total Comprehensive Income for the Year** | **-** | **10,066.33** | **10,066.33** |
| **Balance at 31st March 2021** | **(24,668.28)** | **67,834.41** | **43,166.13** |
| **Balance as at 1st April 2021** | **(24,668.28)** | **67,834.41** | **43,166.13** |
| Changes in Accounting Policy/ Prior Period Errors | - | - | - |
| Balance as at 1st April 2021 | (24,668.28) | 67,834.41 | 43,166.13 |
| Profit for the Year | - | 25,278.68 | 25,278.68 |
| Other Comprehensive Income for the Year (net of Taxes) | - | (3.16) | (3.16) |
| **Total Comprehensive Income for the Year** | **-** | **25,275.52** | **25,275.52** |
| Adjustment on cancellation of equity shares pursuant to Scheme of Arrangement | 0.28 | - | 0.28 |
| **Balance as at 31st March 2022** | **(24,668.00)** | **93,109.93** | **68,441.93** |

The accompanying Notes are an integral part of these Standalone Financial Statements

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

per **Sukrut Mehta**
Partner
Membership No. 101974

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

Place: Ahmedabad
Date: April 25, 2022

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 1. CORPORATE INFORMATION

Meghmani Finechem Limited (the Company) is a Public Company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange in India. The registered office at Meghmani House, B/h Safal Profitaire, Corporate Road, Prahladnagar, Ahmedabad – 380 015, India. The company is primarily engaged in manufacturing and selling of Chlor Alkali & its Derivatives. The Company is also engaged in trading of Agrochemical Products.

The Financial Statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 25th April 2022.

## 2. SIGNIFICANT ACCOUNTIG POLICIES

### 2.1 Basis for Preparation of Accounts

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

The Financial Statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

i.e Derivative financial instruments

In addition, the Financial Statements are presented in ₹which is also the Company's functional currency and all values are rounded to the nearest Lakh (₹00,000), except when otherwise indicated.

### 2.2 Significant Accounting Estimates, Assumptions and Judgements

The preparation of the Company's Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Taxes:

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

#### Defined Benefit Plans (Gratuity Benefits)

A liability in respect of defined benefit plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 33 for details of the key assumptions used in determining the accounting for these plans.

#### Useful economic lives of Property, Plant and Equipment

Property, Plant and Equipment as disclosed in note 3 are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

### Intangible Assets

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable. The costs which can be capitalised are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer note 2.3 (f) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in note 3.

### Impairment of Non- Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

## 2.3 Summary of Significant Accounting Policies

### a. BUSINESS COMBINATION

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method based on the predecessor values retrospectively for all periods presented.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonious accounting policies and tax adjustments if any.

(iii) The components of other equity of the acquired companies are added to the same components within other equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings.

(iv) The financial information in the financial Statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial Statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

### b. CURRENT VS. NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Statement of Assets and Liabilities based on Current/ Non-Current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of Trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of Trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as Non-Current Assets and Liabilities. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

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

## c. REVENUE RECOGNITION

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

### 1) Sale of Goods

Revenue from Sale of Goods is recognised at the point in time when control of the goods is transferred to the Customer, generally on dispatch/ delivery of the goods or terms as agreed with the Customer. The normal credit term is 30 to 90 days from the date of dispatch. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### (i) Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the Customer. The variable consideration is estimated at the time of completion of performance obligation and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide Customers with cash discount in accordance with the company policy. The cash discount component gives rise to variable consideration.

**Volume Rebates**

The Company provides retrospective volume rebates to certain Customers once the quantity of product purchases during the period exceeds a threshold specified in the contract.

#### (ii) Contract Assets

A contract asset is the right to consideration in exchange for goods transferred to the Customer. If the Company performs its obligation by transferring goods to a Customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### (iii) Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in (Financial Instruments – initial recognition and subsequent measurement.)

#### (iv) Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

2) **Interest Income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment,extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit or Loss.

3) **Export Incentives**

Export incentives under various schemes notified by Government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in Revenue in the Statement of Profit and Loss due to its operating nature.

4) **Dividend**

Dividend income is recognised when the right to receive the same is established, which is generally when shareholders approve the dividend.

5) **Insurance Claims**

Claims receivable on account of insurance are accounted for to the extent the Company is virtually certain of their ultimate collection.

## d. FOREIGN CURRENCIES

The Company's financial Statements are presented in ₹, which is also the Company's functional currency.

**Transactions and Balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses anaverage rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit or Loss are also recognised in OCI or Statement of Profit or Loss, respectively).

## e. FAIR VALUE MEASUREMEMT

The Company measures certain financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the Board of Directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company’s external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Refer note 40.

- Disclosures for valuation methods, significant estimates and assumptions.
- Quantitative disclosures of fair value measurement hierarchy.
- Investment in Equity Shares.
- Financial Instruments (including those carried at amortised cost).

### f. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment (PPE) and Capital Work in Progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in Statement of Profit and Loss as incurred.

Capital Work-in-Progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the Balance Sheet date.

Items of Stores and Spares that meet the definition of Property, Plant and Equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as Inventories.

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income Statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for assets where management believes and based on independent technical evaluation, assets estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Leasehold land is amortized over the lease period on a straight line basis.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.The depreciation rates charged over following estimated useful lives.

| Asset | Estimated Useful life |
|---|---|
| Leasehold Land | 99 Years |
| Building | 30 Years |
| Carpeted Roads – RCC | 10 Years |
| Plant & Machinery | 12-20 Years |
| Electrical Installation | 10 Years |
| Captive Power Plant and Equipments | 20-40 Years |
| Furniture and Fixtures | 10 Years |
| Vehicles | 8 Years |
| Computers | 3 Years |
| Other Equipments | 5 Years |

## g. INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost include acquisition and other incidental cost related to acquiring the intangible asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable.

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an Intangible Asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on Intangible Assets with finite lives is recognised in the Statement of Profit and loss.

Gains or losses arising from de-recognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**Intangible Assets**

| Assets | Amortization Method | Amortization Period |
|---|---|---|
| Usage Rights | On Straight-line basis | 10 years |
| Technical Know How | On Straight-line basis | 10 years |

## h. IMPAIRMENT OF NON- FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

## i. FINANCIAL INSTRUMENT

A Financial Instrument is any contract that gives rise to a Financial Asset of one Entity and a Financial Liability or Equity Instrument of another Entity.

### (A) Financial Asset

#### Initial Recognition and Measurement

At initial recognition, the Company measures a Financial Asset or Financial Liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Debt Instruments at Amortised Cost

A debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the Statement of Profit and loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

#### Debt Instrument at Fair Value through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the Equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt Instrument at Fair Value through Profit & Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Equity Investments

All Equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTOCI. For all other Equity instruments, the Company may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an Equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within Equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when, the rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., Loans, Debt Securities, Deposits, Trade Receivables and Bank Balance

b) Trade Receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'Contractual Revenue Receivables' in these Financial Statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an Entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

## (B) Financial Liabilities

### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Loans and Borrowings, Payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of Loans and Borrowings and Payables, net of directly attributable transaction costs.

The Company's financial liabilities include Trade and Other Payables, Loans and Borrowings.

### Subsequent measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below:

### Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement Profit and  Loss.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

### Loan and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### Trade and Other Payables

These amounts represent liability for good and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and Other Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Derivatives and Hedging Activities

The Company uses derivative financial instruments, such as forward currency contracts and currency swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Off-setting Financial Instrument

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

## j. INVENTORIES

Stores and Spares, Packing Materials and Raw Materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-Finished Products, Finished Products and By-Products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded Goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

## k. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an Entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Company has a Defined Benefit Gratuity Plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company . The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The Scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an Insurance Company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

m. ACCOUNTING FOR TAXES ON INCOME

Tax Expense comprises of Current Income Tax and Deferred Tax

### Current Income Taxes

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current Income Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Taxes

Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred Tax Assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred Tax Assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the Deferred Tax Asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of Deferred Tax Asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Deferred Tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred Tax Assets and Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable Entity and the same taxable Authority.

#### Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred Tax Assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period.

### n. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a Finance Cost.

### o. CONTINGENT LIABILITIES

Provisions are not recognised for future operating losses.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a Contingent Liability but discloses its existence in the Financial Statements.

A Contingent Assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, Contingent Assets are disclosed in the Financial Statements.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### p. LEASES

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

### Where the Company is the Lessee

The Company recognises a Right-Of-Use Asset and a Lease Liability at the lease commencement date. The Right-Of-Use Asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The Right-Of-Use Assets and Lease Liabilities include these options when it is reasonably certain that the option will be exercised.

The Right-Of-Use Assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-Of-Use Assets or the end of the lease term. In addition, the Right-Of-Use Assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the Lease Liability.

The Lease Liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company 's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Lease Liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company 's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the Lease Liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the Right-Of-Use Asset or is recorded in profit or loss if the carrying amount of the Right-Of-Use asset has been reduced to zero.

Lease payments have been classified as financing activities in Statement of Cash Flow.

The Company has elected not to recognise Right-Of-Use Assets and Lease Liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss over the lease term. The related cash flows are classified as operating activities.

## q. EARNING PER SHARE

### Basic Earnings Per Share

Basic Earnings Per Share are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

### Diluted Earnings per Share

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

## r. CAS₹AND CAS₹EQUIVALENTS

Cash and Cash Equivalent in the Financial Statements comprise Cash at Banks and on Hand and Short-Term Deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents consist of Cash and Short-Term Deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company 's cash management. .

## s. SEGMENT REPORTING

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company 's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general Corporate income and expense items which are not allocated to any business segment.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

### Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

t. **Dividend to Equity and Redeemable Preference Shareholders of the Company**

The Company recognises a liability for dividends to Equity Holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company . As per the Corporate laws in India, a dividend is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in Equity.

The Company recognises a liability for dividends to Redeemable Preference Holders of the Company on accrual basis. Dividend is paid based on authorisation by the Board of Directors. Dividend to Redeemable Preference Shareholders is cumulative and recognised in Finance Cost as Interest Expense.

u. **New Standards, Interpretations and Amendments adopted by the Company**

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's Annual Financial Statements for the year ended March 31, 2021, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2021 and do not have material impact on the Financial Statements of the Company.

a) Amendments to Ind AS 109,Ind AS 107, Ind AS 104 and Ind AS 116

b) Amendment conceptual framework for financial reporting under Ind AS issued by ICAI

c) Amendments to Ind AS 103 : Business Combination

d) Amendments to Ind AS 116: Covid-19-Related Rent Concessions;

e) Amendments to Ind AS 105, Ind AS 16 and Ind AS 28

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

3 Property, Plant and Equipment, Capital Work in Progress and Intangible Assets as at March 31,2022

(₹in Lakhs)

| | Description | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1st April,2021 | Additions | Deduction / Adjustments | 31st March,2022 | 1st April,2021 | For the Year | Deduction / Adjustments | 31st March,2022 | 31st March,20222 | 31st March,2021 |
| 3.1 | TANGIBLE ASSET | | | | | | | | | | |
| | Right of Use Asset - Lease Hold Land | 1,136.93 | 2,084.90 | - | 3,221.83 | 26.13 | 30.64 | - | 56.77 | 3,165.06 | 1,110.80 |
| | Building | 15,485.30 | 92.00 | 0.14 | 15,577.16 | 2,898.84 | 651.15 | 0.15 | 3,549.84 | 12,027.30 | 12,586.46 |
| | Right of Use Asset - Building | 500.61 | 82.42 | - | 582.03 | 164.58 | 93.74 | - | 258.32 | 324.71 | 336.01 |
| | Plant & Machineries | 92,483.71 | 2,817.06 | 73.27 | 95,227.50 | 24,468.24 | 6,220.16 | - | 30,688.40 | 64,539.10 | 68,015.48 |
| | Captive Power Plant & Equipments | 28,516.59 | 59.29 | - | 28,575.88 | 4,070.87 | 1,127.57 | - | 5,198.44 | 23,377.44 | 24,445.72 |
| | Furnitures & Fixtures | 454.92 | 24.12 | 35.08 | 443.96 | 133.61 | 41.34 | 31.88 | 143.07 | 300.89 | 321.31 |
| | Office Equipment | 110.03 | 39.92 | 18.02 | 131.93 | 36.41 | 20.02 | 14.80 | 41.63 | 90.32 | 73.62 |
| | Vehicles | 200.82 | 4.90 | 11.29 | 194.43 | 49.48 | 69.90 | 10.55 | 108.83 | 85.60 | 151.35 |
| | Computers | 56.30 | 18.30 | - | 74.60 | 31.89 | 12.80 | - | 44.69 | 29.91 | 24.41 |
| | **TOTAL (A)** | **1,38,945.21** | **5,222.91** | **137.80** | **1,44,030.32** | **31,880.05** | **8,267.32** | **57.38** | **40,089.99** | **1,03,940.33** | **1,07,065.16** |
| 3.3 | INTANGIBLE ASSET | | | | | | | | | | |
| | Usage Rights | 2,621.23 | - | - | 2,621.23 | 206.65 | 247.00 | - | 453.65 | 2,167.58 | 2,414.58 |
| | Technical Know-How | 802.50 | - | - | 802.50 | 51.17 | 76.24 | - | 127.41 | 675.09 | 751.32 |
| | **TOTAL (B)** | **3,423.73** | **-** | **-** | **3,423.73** | **257.82** | **323.24** | **-** | **581.06** | **2,842.67** | **3,165.90** |
| | **TOTAL (A+B)** | **1,42,368.94** | **5,222.91** | **137.80** | **1,47,454.05** | **32,137.87** | **8,590.56** | **57.38** | **40,671.05** | **1,06,783.00** | **1,10,231.06** |

**Notes:**

During the Current Year exchange gain of ₹. Nil (31 March 2021: exchange gain of ₹Nil) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of tangible asset as at the year end aggregate to ₹. 375.41 Lakhs (31st March 2021: ₹. 404.35 Lakhs), in view of option given in para D13AA of IND-AS 101 on first time adoption of IND-AS.

3.2 Capital Work-in-Progress

(₹in Lakhs)

| Particulars | Amount |
|---|---|
| Cost | |
| As at 31st March 2021 | 12,583.73 |
| Addition during the year | 49,237.84 |
| Capitalisation | (2,896.13) |
| **As at 31st March 2022** | **58,925.44** |

Ageing Schedule of Capital Work in Progress as at March 31,2022

(₹in Lakhs)

| Particulars | Less than 1 Year | 1-2 Years | 2- 3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Project in Progress | 47,239.57 | 10,739.57 | 922.68 | 23.62 | 58,925.44 |
| **As at 31st March 2022** | **47,239.57** | **10,739.57** | **922.68** | **23.62** | **58,925.44** |

Extract of above Capital Work in Progress which is overdue for completion

(₹in Lakhs)

| Particulars | Less than 1 Year | 1-2 Years | 2- 3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Caustic III & 36 MW B | 21,207.61 | - | - | - | 21,207.61 |
| **As at 31st March 2022** | **21,207.61** | **-** | **-** | **-** | **21,207.61** |

Capital Work in Progress as at 31st March 2022 comprises expenditure for Expansion Project of Epichlorhydrin , Chloro Polyvinyl Chloride and Caustic Soda (including Captive Power Plant) which are in the course of construction.

The amount of borrowing costs added to cost of Capital Work-in-Progress during the year ended 31st March 2022 is ₹1645.65 Lakhs (31st March 2021: ₹823.38 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.

For Property Plant & Equipment existing as on 1 April 2015 i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed cost as permitted by Ind AS 101 "First Time Adoption of Indian Accounting Standard". Accordingly, the net WDV as per Indian GAAP as on 1 April 2015 has been considered as Gross block under Ind AS. The accumulated depreciation so netted off as on 1 April 2015."

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

3 Property, Plant and Equipment, Capital Work in Progress and Intangible Assets as at March 31,2021

(₹in Lakhs)

| | Description | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1st April,2020 | Additions | Deduction / Adjustments | 31st March,2021 | 1st April,2020 | For the Year | Deduction / Adjustments | 31st March,2021 | 31st March,2021 | 31st March,2020 |
| 3.1 | TANGIBLE ASSET | | | | | | | | | | |
| | Right of Use Asset - Lease Hold Land | 1,136.93 | - | - | 1,136.93 | 13.07 | 13.06 | - | 26.13 | 1,110.80 | 1,123.86 |
| | Building | 12,064.44 | 3,420.86 | - | 15,485.30 | 2,314.28 | 584.56 | - | 2,898.84 | 12,586.46 | 9,750.16 |
| | Right of Use Asset - Building | 500.61 | - | - | 500.61 | 82.29 | 82.29 | - | 164.58 | 336.01 | 418.32 |
| | Plant & Machineries | 42,274.04 | 50,209.67 | - | 92,483.71 | 19,133.81 | 5,334.43 | - | 24,468.24 | 68,015.48 | 23,140.23 |
| | Captive Power Plant & Equipments | 12,254.28 | 16,262.31 | - | 28,516.59 | 3,045.27 | 1,025.60 | - | 4,070.87 | 24,445.72 | 9,209.01 |
| | Furnitures & Fixtures | 281.41 | 173.51 | - | 454.92 | 105.34 | 28.27 | - | 133.61 | 321.31 | 176.07 |
| | Office Equipment | 75.72 | 34.31 | - | 110.03 | 20.28 | 16.13 | - | 36.41 | 73.62 | 55.44 |
| | Vehicles | 178.29 | 56.85 | 34.32 | 200.82 | 55.73 | 23.83 | 30.08 | 49.48 | 151.35 | 122.56 |
| | Computers | 43.83 | 12.47 | - | 56.30 | 22.17 | 9.72 | - | 31.89 | 24.41 | 21.66 |
| | **TOTAL (A)** | **68,809.55** | **70,169.98** | **34.32** | **1,38,945.21** | **24,792.24** | **7,117.89** | **30.08** | **31,880.05** | **1,07,065.16** | **44,017.31** |
| 3.3 | INTANGIBLE ASSET | | | | | | | | | | |
| | Usage Rights | 21.23 | 2,600.00 | - | 2,621.23 | 21.23 | 185.42 | - | 206.65 | 2,414.58 | - |
| | Technical Know-How | - | 802.50 | - | 802.50 | - | 51.17 | - | 51.17 | 751.32 | - |
| | **TOTAL (B)** | **21.23** | **3,402.50** | **-** | **3,423.73** | **21.23** | **236.59** | **-** | **257.82** | **3,165.90** | **-** |
| | **TOTAL (A+B)** | **68,830.78** | **73,572.48** | **34.32** | **1,42,368.94** | **24,813.47** | **7,354.48** | **30.08** | **32,137.87** | **1,10,231.06** | **44,017.31** |

**Notes:**

During the Current Year exchange gain of ₹. Nil (31 March 2020: exchange gain of ₹Nil) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of tangible asset as at the year end aggregate to ₹. 404.35 Lakhs (31st March 2020: ₹. 434.49 Lakhs), in view of option given in para D13AA of IND-AS 101 on first time adoption of IND-AS.

3.2 Capital Work-in-Progress

(₹in Lakhs)

| Particulars | Amount |
|---|---|
| Cost | |
| As at 31st March 2020 | 69,115.68 |
| Addition during the year | 6,976.09 |
| Capitalisation | (63,508.04) |
| **As at 31st March 2021** | **12,583.73** |

**Ageing Schedule of Capital Work in Progress as at March 31, 2021**

(₹in Lakhs)

| Particulars | Less than 1 Year | 1-2 Years | 2- 3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Project in Progress | 11,464.43 | 1,094.46 | 17.36 | 7.48 | 12,583.73 |
| **As at 31st March 2021** | **11,464.43** | **1,094.46** | **17.36** | **7.48** | **12,583.73** |

Capital Work in Progress as at 31st March 2021 comprises expenditure for Expansion Projects of Epichlorhydrin , Chloro Polyvinyl Chloride and Caustic Soda (including Captive Power Plant) which are in the course of construction.

The amount of borrowing costs added to cost of Capital Work-in-Progress during the year ended 31 March 2021 was ₹823.38 Lakhs (31st March 2020: ₹2,657.81 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 4 Investments in Subsidiary

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Investment at Cost** | | |
| **Investment in Equity Shares of Subsidiary** | | |
| 50,000 (31st March 2021: 50,000) Equity Shares of Meghmani Advanced Sciences Limited | 5.00 | 5.00 |
| **Aggregate book value of Unquoted Investment** | **5.00** | **5.00** |
| Aggregate value of Impairment of Investment in Subsidiary | - | - |

## 5 Other Financial Assets (Non-Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security Deposits | 645.48 | 611.87 |
| Bank deposits with original maturity of more than 12 months (including interest accrued) (refer note below) | 26.34 | 176.80 |
| Mark to Market Derivative Assets | 152.55 | 247.13 |
| **Total** | **824.37** | **1,035.80** |

Margin Money Deposits amounting ₹. 26.34 Lakhs (31 March 2021: ₹176.80 Lakhs) are given as Security Deposit against Bank Guarantee with bank. These deposits are made for varying periods of between 1 year to 10 years and earn interest ranging between 6.52% to 7.25%.

## 6 Income Tax Assets (Net)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| | | |
| Advance payment of Income Tax (Net of Provision) | 255.24 | 245.07 |
| **Total** | **255.24** | **245.07** |

## 7 Other Non-Current Assets

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unsecured, Considered Good | | |
| | | |
| Capital Advances | 799.62 | 2,584.16 |
| Balance with Government Authorities (Amount paid under Protest) | 84.53 | 61.20 |
| **Total** | **884.15** | **2,645.36** |

## 8 Inventories (valued at lower of cost or net realisable value)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Raw Materials (including in Transit ₹NIL (31st March 2021: ₹126.03 Lakhs) | 11,379.71 | 1,982.40 |
| Finished Goods | 755.54 | 907.80 |
| Finished Goods In Transit | - | 6.51 |
| Stock-in-Trade | - | 8.89 |
| Consumable Stores and Spares | 3,184.11 | 2,413.75 |
| Others (Packing Materials) | 94.53 | 76.62 |
| **Total** | **15,413.89** | **5,395.97** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 9 Trade Receivables

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Trade Receivables** | | |
| Secured, Considered Good | 626.95 | 560.56 |
| Unsecured, Considered Good | 25,005.45 | 11,323.17 |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables - Credit Impaired | - | 18.38 |
| **Total** | **25,632.40** | **11,902.11** |
| **Impairment allowance (allowance for Bad and Doubtful Debts)** | | |
| Unsecured, Considered Good | - | - |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables - Credit Impaired | - | (18.38) |
| **Total** | **25,632.40** | **11,883.73** |

Trade Receivable are secured to the extent of deposit received from the Customers.

Trade Receivables are non interest bearing and generally have credit period of 30-90 days.

For amount due and terms and conditions relating to related party, please refer note no 34

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.

For information about Credit Risk and Market Risk related to Trade Receivables, please refer note no 40.

**Trade Receivables Ageing Schedule as at March 31,2022** (₹in Lakhs)

| Particulars | Current but Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 Months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Undisputed Trade Receivables - Considered Good | 19,104.87 | 6,491.16 | 5.05 | 28.78 | - | 2.54 | **25,632.40** |
| Undisputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | **-** |
| Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | **-** |
| Disputed Trade Receivables - Considered Good | - | - | - | - | - | - | **-** |
| Disputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | **-** |
| Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | **-** |
| **Total** | **19,104.87** | **6,491.16** | **5.05** | **28.78** | **-** | **2.54** | **25,632.40** |

**Trade Receivables Ageing Schedule as at March 31,2021** (₹in Lakhs)

| Particulars | Current but Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 Months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Undisputed Trade Receivables - Considered Good | 9,343.51 | 2,363.32 | 152.37 | 2.01 | - | 1.13 | **11,862.34** |
| Undisputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | **-** |
| Undisputed Trade Receivables - Credit Impaired | - | 18.38 | - | - | - | - | **18.38** |
| Disputed Trade Receivables - Considered Good | - | - | - | - | - | 21.39 | **21.39** |
| Disputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | **-** |
| Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | **-** |
| **Total** | **9,343.51** | **2,381.70** | **152.37** | **2.01** | **-** | **22.52** | **11,902.11** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 10 Cash and Cash Equivalents

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance with Banks | | |
| - In Current Accounts | 2,502.50 | 25.66 |
| - Deposits with original maturity of less than three months (refer note below) | 0.10 | 0.10 |
| - Cash on Hand | 0.94 | 1.33 |
| - Cheques on Hand | - | 40.91 |
| **Total** | **2,503.54** | **68.00** |

Deposits are made for varying periods of ranging 60 days to 90 days and earn interest rate approximately 5.10%

## 11 Loans

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Loans to Employees (refer note below) | 22.69 | 11.42 |
| **Total** | **22.69** | **11.42** |

Loans to Employees are interest free and generally given for tenure of 6 to 12 months

Since all the above loans given by the Company are unsecured and considered good, the bifurcation of loan in other categories as required by Schedule III of Companies Act 2013 via: a) Secured, b) Loans which have significant increase in credit risk and c) Credit Impaired is not applicable.

## 12 Other Financial Assets (Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Export Benefits Receivables | 35.14 | 0.21 |
| Balances with Government Authorities (refer note below) | - | 33.12 |
| Security Deposits | - | 26.00 |
| Interest Accrued on Deposits with original maturity of less than three months | - | 0.90 |
| Mark to Market Derivative Assets | 152.55 | 123.57 |
| **Total** | **187.69** | **183.80** |

Balance with Government Authorities pertains to Refund Receivable from Goods and Service Tax Authorities.

## 13 Other Current Assets

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Prepaid Expenses | 100.14 | 127.00 |
| Export Benefits Receivables | 98.85 | 64.47 |
| Balances with Government Authorities (refer note below) | 169.46 | 120.09 |
| Advance to Employees | 4.36 | 0.97 |
| Advances to Suppliers | 556.40 | 273.73 |
| **Total** | **929.21** | **586.26** |

Balance with Government Authorities include VAT / Cenvat / Goods and Service Tax Credit Receivable.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 14 Share Capital

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Authorised Share Capital** | | |
| **Equity Shares of ₹10 each** | | |
| 12,05,00,000 Equity Shares (31st March 2021: 12,05,00,000) each Share of ₹10/- | 12,050.00 | 12,050.00 |
| **12,05,00,000 Equity Shares (31st March 2021: 12,05,00,000) each Share of ₹10/-** | **12,050.00** | **12,050.00** |
| **Preference Shares of ₹100 each** | | |
| 20,00,000 Preference Shares (31st March 2021: 20,00,000) each Share of ₹100 /- | **2,000.00** | **2,000.00** |
| **Preference Shares of ₹10 each** | | |
| 43,26,28,796 Preference Shares (31st March 2021: 43,26,28,796) each Share of ₹10 /- | **43,262.88** | **43,262.88** |
| **Total Authorised Capital** | **57,312.88** | **57,312.88** |

(₹in Lakhs)

| Particulars | No. of Shares | Amount |
|---|---|---|
| **ISSUED, SUBSCRIBED & PAID UP** | | |
| **Equity Share Capital** | | |
| 4,15,50,158 Equity Shares (31st March 2021: 4,15,52,665) each of ₹10 /- Fully Paid Up | 4,155.02 | 4,155.27 |
| **Total** | **4,155.02** | **4,155.27** |
| **Instrument entirely Equity in Nature (Preference Share Capital)** | | |
| NIL Optionally Convertible Redeemable Preference Share (OCRPS) (31st March 2021: 21,09,19,871) each of ₹10 /- Fully Paid Up | - | 21,091.99 |
| **Total** | **-** | **21,091.99** |

**Reconciliation Shares outstanding at the beginning and at the end of the reporting Year** (₹in Lakhs)

| Equity Share Capital | No. of Shares | Amount |
|---|---|---|
| **As at 1st April 2020** | **4,15,52,665** | **4,155.27** |
| Change during the Year | - | - |
| **As at 31st March 2021** | **4,15,52,665** | **4,155.27** |
| Less: Shares Cancelled pursuant to The Scheme of Arrangement (refer note below) | (2,507) | (0.25) |
| **As at 31st March 2022** | **4,15,50,158** | **4,155.02** |

**Instrument entirely Equity in Nature (Optionally Convertible Redeemable Preference Share Capital)** (₹in Lakhs)

| | No. of Shares | Amount |
|---|---|---|
| **As at 1st April 2020** | **21,09,19,871** | **21,091.99** |
| **As at 31st March 2021** | **21,09,19,871** | **21,091.99** |
| Change during the Year | (21,09,19,871) | (21,091.99) |
| **As at 31st March 2022** | **-** | **-** |

**Equity Share:**

The Company has one class of Equity Shares par value of ₹10 per share. Each Equity Shareholder is entitled to one vote per share. All Equity Shareholders have equal dividend rights. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 14 Share Capital (contd.)

**Optionally Convertible Redeemable Preference Share ('OCRPS')**

Each Optionally Convertible Redeemable Preference Share has par value of ₹10 per share and is convertible at the option of the Company. In case, redemption does not happen within 20 years, it will be compulsorily converted into 10 Equity Shares for every 125 OCRPS. The Preference Shares carry a dividend of 8% per annum, payable subject to approval of Board of Directors of the Company. The dividend rights are non-cumulative.Considering all the rights of conversion / redemption and dividend declaration are in the hands of Company, same is classified as Equity in nature and disclosed as 'Instrument entirely Equity in nature' as at March 31,2021. The Preference Shares rank ahead of the Equity Shares in the event of a liquidation.

**Conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) to Compulsory Redeemable Preference Shares (RPS):**

As per the Order, NCLT OCRPS issued by the Company is transferred to Meghmani Organics Limited (Formerly known as Meghmani Organochem Limited) as per the Scheme. Further, the OCRPS have been converted into equal number of RPS with same terms and conditions and tenure from May 3, 2021 i.e. the date of the Order and effective date. Accordingly, OCRPS is classified as debt instrument from the date of Order.

**Shares cancelled pursuant to Scheme of Arrangement:**

Pursuant to the Scheme, Shareholders of MOL were allotted 94 Equity Shares of ₹10 each of the Company for every 1,000 Equity Shares of Re. 1 of MOL. Accordingly, 2,507 Equity Shares of the Company were cancelled on account of rounding off adjustment basis share swap ratio.

**Details of Shareholding (more than 5% Equity Shares)**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Number of Shares held by** | | |
| (a) Natwarlal Patel | 41,76,851 | 22,27,305 |
| % of Share held | 10.05% | 5.41% |
| (b) Ashish Soparkar | 46,14,657 | 21,98,563 |
| % of Share held | 11.11% | 5.34% |
| (c) Jayantibhai Patel | 35,76,707 | 18,82,414 |
| % of Share held | 8.61% | 4.57% |
| (d) Rameshbhai Patel | 29,14,769 | 13,82,414 |
| % of Share held | 7.01% | 3.36% |
| (e) Maulikbhai Patel | 20,94,591 | 18,97,011 |
| % of Share held | 5.04% | 4.61% |
| **Optionally Convertible Redeemable Preference Share (OCRPS)** | | |
| (a) Meghmani Organics Limited ('MOL') | - | 21,09,19,871 |
| % of Share held | - | 100.00% |

As per records of the Company, including its register of shareholder / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

No dividend has been proposed / declared on Equity shares.

**Promoters' Shareholding**

| Promoter (31 March 2022) | No of Share at the beginning of the Year | Change during the Year * | No of Share at the end of the Year | % of Total share | % Change during the Year |
|---|---|---|---|---|---|
| Ashish Natawarlal Soparkar | 21,98,563 | 24,16,094 | 46,14,657 | 11.11% | 109.89% |
| Natwarlal Meghjibhai Patel | 22,27,305 | 19,49,546 | 41,76,851 | 10.05% | 87.53% |
| Jayantibhai Meghjibhai Patel | 18,82,414 | 16,94,293 | 35,76,707 | 8.61% | 90.01% |
| Rameshbhai Meghjibhai Patel | 13,82,414 | 15,32,355 | 29,14,769 | 7.01% | 110.85% |
| Anandbhai Ishwarbhai Patel | 10,69,983 | 7,46,661 | 18,16,644 | 4.37% | 69.78% |
| Maulik Jayantibhai Patel | 18,97,011 | 1,97,580 | 20,94,591 | 5.04% | 10.42% |
| Kaushal Ashishbhai Soparkar | 15,80,747 | 1,40,632 | 17,21,379 | 4.14% | 8.90% |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 14 Share Capital (contd.)

* Change during the year includes shares issued to shareholders of Meghmani Organics Limited as per the share swap ratio approved by NCLT in its Order, the Company has allotted Equity Shares in the ratio of 94 Equity Shares of ₹10 each for every 1,000 Equity Shares of Re. 1 each held by the shareholders of MOL."

| Promoter (31 March 2021) | No of Share at the beginning of the Year | Change during the Year | No of Share at the end of the Year | % of Total Share | % Change during the Year |
|---|---|---|---|---|---|
| Ashish Natawarlal Soparkar | 21,98,563 | - | 21,98,563 | 5.34% | - |
| Natwarlal Meghjibhai Patel | 22,27,305 | - | 22,27,305 | 5.41% | 0.00% |
| Jayantibhai Meghjibhai Patel | 18,82,414 | - | 18,82,414 | 4.57% | 0.00% |
| Rameshbhai Meghjibhai Patel | 13,82,414 | - | 13,82,414 | 3.36% | 0.00% |
| Anandbhai Ishwarbhai Patel | 10,69,983 | - | 10,69,983 | 2.60% | 0.00% |
| Maulik Jayantibhai Patel | 18,97,011 | - | 18,97,011 | 4.61% | 0.00% |
| Kaushal Ashishbhai Soparkar | 15,80,747 | - | 15,80,747 | 3.84% | 0.00% |
| Meghmani Organics Limited (MOL)* | 2,35,45,985 | (2,35,45,985) | - | - | (100.00)% |

* Shares held by Meghmani Organics Limited have been cancelled pursuant to Scheme of Arrangement.

## 15 Other Equity

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Capital Reserve** | | |
| Balance as at the beginning of the Year | (24,668.28) | (24,668.28) |
| Adjustment on cancellation of Equity Share pursuant to Scheme of Arrangement. | 0.28 | - |
| **Equity Share Balance as at the end of the Year** | **(24,668.00)** | **(24,668.28)** |
| **Retained Earnings** | | |
| Balance as at the beginning of the Year | 67,834.41 | 57,768.08 |
| Profit for the Year | 25,278.68 | 10,083.90 |
| Other Comprehensive Income for the Year | (3.16) | (17.57) |
| **Balance as at the end of the Year** | **93,109.93** | **67,834.41** |
| **Total** | **68,441.93** | **43,166.13** |

**Capital Reserve**

The balance in Capital Reserve represents difference between consideration paid and net asset acquired under common control business combination transactions and cancellation of shares pursuant to scheme of arrangement.

## 16 Borrowings (Non Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Term Loan Facilities from Banks :** | | |
| Indian Rupee Loan (Secured) (refer note below) | 51,679.85 | 25,814.74 |
| **From Financial Institutions** | | |
| Foreign currency Loan (Secured) (refer note below) | 4,042.56 | 8,232.00 |
| **Redeemable Preference Share** | | |
| 8% Redeemable Preference Share (refer note below) | 21,091.99 | - |
| **Total Non-Current Borrowing** | **76,814.40** | **34,046.74** |
| [refer note 18 for Current Maturities of Term Loan from Banks and Financial Institutions ₹14,107.47 Lakhs (31st March 2021 : ₹12,280.91 Lakhs)] | | |
| The above amounts includes: | | |
| Secured borrowing | 76,814.40 | 34,046.74 |
| Unsecured borrowing | - | - |

refer note - 40 For Interest Rate Risk and Liquidity Risk.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 16 Borrowings (contd.)

**Details of Security and Repayment Terms :**

**(i)** The Company has taken External Commercial Borrowing of Euro 180.00 Lakhs equivalent to ₹14,400.00 Lakhs from Standard Chartered Bank to finance its capital expenditure plans. Outstanding balance for this borrowing is Euro 96.00 Lakhs equivalent to ₹8,085.12 Lakhs (31st Mach 2021: ₹.12,348.00 Lakhs). The borrowing is secured by first pari passu mortgage charge on all immovable properties, first pari passu hypothecation charge over all the moveable assets. The borrowing carries interest @ Euribor + 1.6% p.a. payable on quarterly rests. The Company has entered into Interest Rate Swap ('IRS') agreement with the bank for a fixed interest @ 1.85% p.a. and hedging of the foreign exchange rate whereby the Company will pay additional interest @ 4.95% p.a. The effective interest rate after considering basic interest rate and interest for hedging is 6.80%. The borrowing is repayable in 15 quarterly instalments of Euro 12 Lakhs each, starting from July 3, 2020.

**ii) The Company has availed following Rupee Term Loan facilities:**

1) Term loan amounting ₹11,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of Chloromethane Plant. Outstanding balance for this facility is ₹3,850 Lakhs (31st March 2021: ₹6,050 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The interest rate for the current year remained @ 7.20%. (31st March 2021: 7.65%). The Term Loan is repayable in 20 quarterly instalments of ₹550.00 Lakhs each and repayment started from 9th March 2019.

2) Term loan amounting ₹15,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of Caustic Soda Lye Plant with new 36 MW Power Plant. Outstanding balance for this facility is ₹10,000 Lakhs (31st March 2021: ₹13,333 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The effective interest rate is 7.25%. (31st March 2021: 7.25%) The term loan is repayable in 18 quarterly instalments of ₹833.33 Lakhs each starting from 1st November, 2020.

3) Term loan amounting ₹12,500 Lakhs from Federal Bank Limited for capital expenditure toward setting up of Hydrogen Peroxide Plant. Outstanding balance for this facility is ₹7,895 Lakhs (31st March 2021: ₹.10,526 Lakhs). The borrowing carries interest @ 12 month T-bill rate (benchmark as published by RBI - to be reset every year) plus spread (fixed @ 0.94%) payable on monthly rest. The effective interest rate is 6.64% (31st March 2021: 6.64%). The Term Loan is repayable in 19 quarterly instalments of ₹657.89 Lakhs each starting from 29th September, 2020.

4) Term loan amounting ₹19,000 Lakhs from State Bank of India for capital expenditure toward setting up of new Epichlorhydrin Plant. The Company has drawn down ₹19,000 Lakhs as at the Balance Sheet date (31st March 2021: ₹4,070 Lakhs) . The borrowing carries interest at 6 month MCLR (Benchmark rate) plus spread of 0.10% (to be reset every half year) payable on monthly rest. The effective interest rate is 7.05 % (31st March 2021 : 7.05%). The Term Loan is repayable in 20 quarterly instalments of ₹950.00 Lakhs each starting from 31st December. 2022.

5) Term loan amounting ₹28,475 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of new Chloro Polyvinyl Chloride Plant and expansion of Caustic capacity with 36 MW Captive Power Plant. The Company has drawn down ₹21,000 Lakhs as at the Balance Sheet date (31st March 2021: ₹NIL Lakhs) . The borrowing carries interest at 6 month MCLR (Benchmark rate) plus NIL spread (to be reset every half year) payable on monthly rest. The effective interest rate is 7.05% (31st March 2021 : Nil). The Term Loan is repayable in 20 quarterly instalments of ₹1,423.75 Lakhs each starting from September 2023.

6) The Term Loan facilities are secured by first pari passu mortgage charge of all immovable properties of the Company,first pari passu hypothecation charge over all the movable assets of the Company.

iii) The Company has executed an Indenture of Mortgage with Lenders of these term loans (Secured Parties) by creating mortgages on Immovable Properties of the Company by creating a charge by way of registered mortgage. According to the indenture, all the Secured Parties will share pari passu charge with first ranking and priority over the immovable properties of the Company, both present and future.

iv) Bank loans availed by the Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Company has complied with the covenants as per the terms of the loan agreements.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 16 Borrowings (contd.)

v) 21,09,19,871 Redeemable Preference Shares of ₹10 each which were earlier classified as OCRPS (refer note 14) is cumulative and carry coupon/dividend rate of 8.00% p.a. with redeemable tenure of 20 years from the date of allotment, The Company have the right to exercise the option of early redemption. Redemption will be at face value. Dividend is accrued for the year from the effective date of conversion of OCRPS to RPS i.e 3rd May 2021.

## 17 Long Term Provisions

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Gratuity (refer note 33) | 197.78 | 103.81 |
| Compensated Absences | 91.53 | 59.04 |
| **Total** | **289.31** | **162.85** |

## 18 Borrowings (Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Secured Loans** | | |
| Rupee Loans repayable on Demand | | |
| Cash Credit / Overdraft / WCDL Facility from Banks (refer note below) | 8,014.33 | 7,503.49 |
| Current Maturities of Long-Term Debt (refer note 16) | 14,107.47 | 12,280.91 |
| **Total** | **22,121.80** | **19,784.40** |

**Note:**

The Company has availed Working Capital Facility of ₹25,000 Lakhs (31st March 2021: ₹18,000 Lakhs) as sanctioned limit from consortium comprising of ICICI Bank Limited ₹9,000 Lakhs, Standard Chartered Bank ₹8,000 Lakhs and HDFC Bank Ltd. ₹8,000 Lakhs.

Rate of interest stipulated by ICICI Bank Limited is 6 Month MCLR +Nil spread on the principal amount remains outstanding each day.Interest rate for the year ranges between 4.90% - 7.25% (31st March 2021: 7.25% - 8.70%).

Rate of interest stipulated by Standard Chartered Bank is monthly MCLR . Interest rate for the year ranges between 5.00% - 6.75% (31st March 2021: 6.60% - 8.85%).

Rate of interest stipulated by HDFC Bank Limited is as per prevailing 1 year MCLR + applicable margin. Interest rate for this ranges between @ 4.90% -7.20% (31st March 2021: 7.20% - 8.00%).

The Company has availed Working Capital Facility of ₹5,000 Lakhs (31st March 2021: ₹NIL Lakhs) from Kotak Mahindra Bank. The rate of interest stipulated by Kotak Mahindra Bankis 6 month MCLR +NIL Spread Interest rate for this ranges between 4.65% - 5.00%.

The Company is in process of filing the requisite from with Ministry of Corporate Affairs for creating of first pari passu hypothecation charge over all the Current Assets for additional faciliites sanctioned during the year

Bank loans availed by the Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Company has complied with the covenants as per the terms of the loan agreements.

## 19 Trade Payables

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Outstanding dues of Micro and Small Enterprises (refer note 37) | 915.25 | 248.01 |
| Outstanding dues of Creditors other than Micro and Small Enterprises | 7,895.25 | 7,056.92 |
| **Total** | **8,810.50** | **7,304.93** |

Terms and conditions of the above outstanding dues :

Trade Payables are non-interest bearing and are normally settled in 45 - 360 days terms.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 19 Trade Payables (contd.)

For amounts due to related parties and terms and conditions with Related Parties, refer note 34.

For Company's Credit Risk management processes refer note 40.

**Trade Payables Ageing Schedule as at March 31, 2022** (₹in Lakhs)

| Particulars | Unbilled Dues | Current but Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Total outstanding dues of Micro and Small Enterprise | - | 512.82 | 402.43 | - | - | - | 915.25 |
| Total outstanding dues of Creditors other than Micro and Small Enterprise | 54.66 | 4,877.85 | 2,857.21 | 53.81 | 51.55 | 0.17 | 7,895.25 |
| Disputed outstanding dues of Micro and Small Enterprise | - | - | - | - | - | - | - |
| Disputed outstanding dues of Creditors other than Micro and Small Enterprise | - | - | - | - | - | - | - |
| **Total** | **54.66** | **5,390.67** | **3,259.64** | **53.81** | **51.55** | **0.17** | **8,810.50** |

**Trade Payable Ageing Schedule as at march 31,2021** (₹in Lakhs)

| Particulars | Unbilled Dues | Current but Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Total outstanding dues of Micro and Small Enterprise | - | 118.43 | 127.13 | 2.45 | - | - | 248.01 |
| Total outstanding dues of Creditors other than Micro and Small Enterprise | 68.40 | 5,180.39 | 1,768.12 | 35.69 | 3.82 | 0.50 | 7,056.92 |
| Disputed outstanding dues of Micro and Small Enterprise | - | - | - | - | - | - | - |
| Disputed outstanding dues of Creditors other than Micro and Small Enterprise | - | - | - | - | - | - | - |
| **Total** | **68.40** | **5,298.82** | **1,895.25** | **38.14** | **3.82** | **0.50** | **7,304.93** |

## 20 Other Current Financial Liabilities

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial Liabilities carried at Amortised Cost** | | |
| Interest Accrued but not due on Borrowing | 1,841.65 | 332.10 |
| Capital Creditors | 6,497.86 | 4,148.40 |
| Security Deposits | 1,049.00 | 950.00 |
| Employee Benefits Payable | 2,951.74 | 1,581.59 |
| Book Overdraft | - | 48.33 |
| Payable for investment in Subsidiary | - | 5.00 |
| Expenses Payable | 6,275.64 | 3,895.96 |
| **Total** | **18,615.89** | **10,961.38** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 21 Other Current Liabilities

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advances from Customers | 80.88 | 85.51 |
| Statutory Dues Payables | 2,525.45 | 640.26 |
| **Total** | **2,606.33** | **725.77** |

## 22 Short Term Provisions

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Compensated Absences | 17.89 | 10.04 |
| **Total** | **17.89** | **10.04** |

## 23 Current Tax Liabilities (Net)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current Tax Payable (net) | 942.21 | 9.62 |
| **Total** | **942.21** | **9.62** |

## 24 Revenue from Operations

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Sales of Products** | | |
| Sale of products | 1,54,712.61 | 82,493.37 |
| Sale of By-product | 260.71 | 100.36 |
| **Sales of Products** | **1,54,973.32** | **82,593.73** |
| **Other Operating Revenue** | | |
| Export Benefits and Other Incentives | 1.77 | 9.74 |
| Scrap Sales | 119.05 | 256.56 |
| **Total Other Operating Revenue** | **120.82** | **266.30** |
| **Total** | **1,55,094.14** | **82,860.03** |

### 24.1 Disaggregated Revenue Information

(₹in Lakhs)

Set out below is the disaggregation of the Company's Revenue from Contracts with Customers:

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Type of Goods or Service** | | |
| Chlor Alklai & its Derivatives | 1,54,973.32 | 82,464.66 |
| Traded Goods | - | 129.07 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |
| **Geographical location of Customer** | | |
| India | 1,54,861.21 | 82,017.51 |
| Outside India | 112.11 | 576.22 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |
| **Timing of Revenue Recognition** | | |
| Goods transferred at a point in time | 1,54,973.32 | 82,593.73 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 24 Revenue from Operations(contd.)

### 24.2 Contract balances

(₹in Lakhs)

The Company has recognised the following Revenue-related Contract Asset and Liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade Receivables (refer note 9) | 25,632.40 | 11,883.73 |
| Advance from Customers (refer note 21) | 80.88 | 85.51 |

Contract Liabilities includes Short Term Advance received from Customers towards Sale of Products. There is no significant movement for the year.

### 24.3 Reconciling the amount of Revenue recognised in the Statement of Profit and Loss with the Contracted price

(₹in Lakhs)

The Company has recognised the following Revenue-related Contract Asset and Liabilities

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Revenue as per contracted price | 1,61,322.77 | 86,356.00 |
| **Adjustments** | | |
| Sale Returns | (75.11) | (40.87) |
| Trade Discount & Quantity Rebate | (4,929.90) | (2,446.38) |
| Cash Discount | (439.93) | (335.56) |
| Sales Commission | (904.51) | (939.47) |
| **Revenue from Contract with Customers** | **1,54,973.32** | **82,593.73** |

### 24.4 Performance Obligation

The performance obligation is satisfied upon dispatch of Goods from the Company's premises / delivery of Goods to the Customer in accordance with the terms of contract with Customer and payment is generally due within 30 to 90 days from date of dispatch of Goods.

### 24.5 Information about Major Customers

No single Customer represents 10% or more of the Company's total Revenue during the year ended 31st March 2022 and 31st March 2021

## 25 Other Income

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest Income on** | | |
| - Bank Deposit | 12.28 | 13.76 |
| - Other | 3.65 | 1.04 |
| Net gain on Foreign Currency Transactions and Translations (net) | 111.86 | 38.36 |
| Profit On Sale of Property, Plant and Equipment (net) | - | 0.28 |
| Miscellaneous Income | 98.94 | 58.88 |
| Insurance Claims | 172.11 | 106.58 |
| Provision No Longer Required written back | 12.24 | - |
| **Total** | **411.08** | **218.90** |

## 26 Cost of Materials Consumed

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Chlor Alkali & its Derivatives | 75,941.09 | 38,609.98 |
| **Total** | **75,941.09** | **38,609.98** |

**Note:**

The above amount comprises of Raw Material consumption generated from the accounting system and related adjustment there to

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 27 Change In Inventories Of Finished Goods and Stock in Trade

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Inventories at the beginning of the Year | | |
| (i) Finished Goods | 914.31 | 766.53 |
| (ii) Stock in Trade | 8.89 | 36.15 |
| **Total (A)** | **923.20** | **802.68** |
| Inventories at the end of the Year | | |
| (i) Finished Goods | 755.54 | 914.31 |
| (ii) Stock in Trade | - | 8.89 |
| **Total (B)** | **755.54** | **923.20** |
| **Changes in Inventories (A-B)** | **167.66** | **(120.48)** |

## 28 Employee Benefit Expenses

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and Wages | 4,567.53 | 3,584.58 |
| Director Remuneration | 2,480.00 | 1,235.00 |
| Contribution to Provident and Other Funds (refer note 33) | 256.81 | 209.79 |
| Staff Welfare Expenses | 375.12 | 331.57 |
| **Total** | **7,679.46** | **5,360.94** |

## 29 Finance Costs

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Interest Expense on : | | |
| - Term Loan | 2,473.01 | 2,665.15 |
| - Cash Credit and Working Capital Demand Loan | 469.06 | 310.88 |
| - Lease Liability (refer note 38) | 31.48 | 34.90 |
| - Others | 216.99 | 79.18 |
| Dividend on Non Convertible Redeemable Preference Shares | 1,539.43 | - |
| Loss/(Gain) on Derivative Instruments | 65.60 | (528.50) |
| Exchange Loss/(Gain) on restatement of External Commercial Borrowing (ECB) | (422.88) | 329.40 |
| Other Borrowing Costs (includes Bank Charges, etc.) | 54.33 | 20.36 |
| **Total** | **4,427.02** | **2,911.37** |

## 30 Other Expenses

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Consumption of Stores and Spares | 1,873.45 | 1,426.66 |
| Consumption of Packing Materials | 2,151.10 | 1,291.42 |
| Repairs and Maintenance: | | |
| - Buildings | 114.48 | 117.12 |
| - Plant and Machinery | 940.87 | 479.70 |
| Rent (refer note 38) | 3.50 | 2.99 |
| Rates and Taxes | 128.85 | 62.78 |
| Insurance | 447.05 | 366.83 |
| Power and Fuel | 4,112.59 | 441.85 |
| Electricity Duty on Power Generation | 2,302.59 | 2,350.93 |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 30 Other Expenses

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Renewal Purchase Obligation | 937.89 | 845.70 |
| Contract Labour Charges | 1,200.53 | 1,043.55 |
| Selling and Promotion Expenses | 1,701.90 | 449.76 |
| Loss on Sale of Property, Plant and Equipment | 7.16 | - |
| Water Charges | 2,669.54 | 2,167.28 |
| Expenditure towards Corporate Social Responsibility (refer not i below) | 360.00 | 966.93 |
| Payments to the Auditors (refer note ii below) | 24.10 | 17.87 |
| Miscellaneous Expenses | 1,381.59 | 803.40 |
| **Total** | **20,357.19** | **12,834.77** |

Notes:

(i) **Corporate Social Responsibility Expenditure**

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Amount required to be spent during the Year | 360.00 | 383.37 |
| Amount of opening unspent CSR expenses spent during the year pursuant to representation made by the Company with ROC & NCLT | - | 579.29 |
| Amount approved by the Board to be spent during the year | 360.00 | 962.66 |
| Amount Spend during the year in Cash | 275.00 | 966.93 |
| i. Construction / Acquisition of an Assets | - | - |
| ii. On purpose other than (i) above | 275.00 | 966.93 |
| **Details related to spent/unspent obligation** | | |
| i) Contribution to Public Trust | | |
| ii) Contribution to Charitable Trust | 275.00 | 966.93 |
| iii) Unspent amount | 85.00 | - |

Details of Ongoing Projects:

| Particulars | March 31,2022 |
|---|---|
| **In case of S. 135(6) (Ongoing Project)** | |
| **Opening Balance** | |
| With Company | - |
| In Separate CSR Unspent Account | - |
| Amount Required to be spent during the Year | 360.00 |
| **Amount spent during the Year** | |
| From Company's Bank account | 275.00 |
| From Separate CSR unspent account | - |
| **Closing Balance** | |
| With Company | - |
| In Separate CSR Unspent account | 85.00 |

(ii) **Payment to Auditors (excluding Tax)**

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| (a) Statutory Audit Fees | 23.00 | 17.35 |
| (b) Reimbursement of Expenses | 1.10 | 0.52 |
| Total | **24.10** | **17.87** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 31 DISCLOSURE OF EARNING PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year, including effect of shares issued pursuant to Scheme of Arrangement.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year after adjusting effects of OCRPS which are Dilutive Potential Equity Shares.

The following reflects the Income and Share used in the Basic and Diluted EPS computation:

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Profit attributable to Shareholders (Figure in ₹) | 25,278.68 | 10,083.90 |
| Total number of Equity Shares at the end of the Year (Nos) | 4,15,50,158 | 4,15,52,665 |
| Weighted Average number of Equity Shares outstanding (Nos) | | |
| - For basic EPS calculation | 4,15,50,158 | 4,15,52,665 |
| - For diluted EPS calculation | 4,15,50,158 | 5,84,26,255 |
| Nominal value per Equity Share (₹.) | 10 | 10 |
| Basic Earnings Per Share (₹.) | 60.84 | 24.27 |
| Diluted Earnings Per Share (₹.) | 60.84 | 17.26 |
| **Weighted Average number of Equity Shares** | | |
| Weighted Average number of Equity Shares for basic EPS | 4,15,50,158 | 4,15,52,665 |
| Effect of dilution: | | |
| Optionally Convertible Redeemable Preference Shares (OCRPS) | - | 1,68,73,590 |
| Weighted average number of Equity Shares adjusted for the effect of dilution | 4,15,50,158 | 5,84,26,255 |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 32 Tax Expense

(a) Amounts recognised in Profit and Loss (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Current Income Tax | 6,967.28 | 2,816.76 |
| Deferred Tax Expenses | 4,259.01 | 3,185.10 |
| Utilisation of MAT Credit | 1,837.27 | - |
| **Tax Expense for the Year** | **13,063.56** | **6,001.86** |

(b) Amounts recognised in Other Comprehensive Income (₹in Lakhs)

| Particulars | 31st March 2022 | | | 31st March 2021 | | |
|---|---|---|---|---|---|---|
| | Before Tax | Tax (expense)/ benefit | Net of Tax | Before Tax | Tax (expense) /benefit | Net of Tax |
| **Items that will not be reclassified to Profit or Loss** | | | | | | |
| Remeasurements of the Defined Benefit Plans | (4.85) | 1.69 | (3.16) | (27.00) | 9.43 | (17.57) |
| **Total** | **(4.85)** | **1.69** | **(3.16)** | **(27.00)** | **9.43** | **(17.57)** |

(c) Reconciliation of Effective Tax Rate (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Profit Before Tax** | **38,342.24** | **16,085.76** |
| Tax using the Company's domestic tax rate | 13,398.31 | 5,621.01 |
| (Current Year 34.944% and 31st March 2021 34.944%) | | |
| **Tax effect on Non Deductible Expenses/ Income not subject to Tax/ Other adjustments** | | |
| Dividend on Preference Share | 537.94 | - |
| Corporate Social Responsibility Expense | 28.13 | 337.95 |
| Others | 5.20 | 42.88 |
| **Others** | | |
| Income exempt under Section 80 IA | (754.95) | - |
| True Up Tax Adjustments | (151.10) | - |
| **Total** | **13,063.56** | **6,001.87** |
| **Effective Tax Rate** | **34.07%** | **37.31%** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 32 Tax Expense (contd.)

(d) Movement in Deferred Tax balances for the Year ended 31st March 2022

(₹in Lakhs)

| Particulars | Net balance 1st April 2021 | Recognised in Profit and Loss | Recognised in OCI | Other Adjustments | 31st March 2022 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Net | Deferred Tax Asset | Deferred Tax Liability |
| Property, Plant and Equipment | (12,709.61) | (1,663.04) | - | - | (14,372.65) | - | (14,372.65) |
| Gain on Derivative - Mark to market | 159.80 | (159.80) | - | - | - | - | - |
| Employee Benefits | 60.41 | 51.27 | 1.69 | - | 113.38 | 113.38 | - |
| Lease Liabilities | 6.43 | 12.51 | - | - | 18.94 | 18.94 | - |
| Carried Forward Loss | 2,798.58 | (2,798.58) | - | - | - | - | - |
| Tax Credit (MAT) | 6,388.61 | (1,837.27) | - | 339.33 | 4,890.66 | 4,890.66 | - |
| Others | 215.25 | (40.69) | - | - | 174.56 | 174.56 | - |
| **Tax Assets/ (Liabilities)** | **(3,080.53)** | **(6,435.61)** | **1.69** | **339.33** | **(9,175.12)** | **5,197.54** | **(14,372.65)** |
| Set off Tax | | | | | | | 5,197.54 |
| **Net Tax Assets / (Liabilities)** | | | | | | | **(9,175.12)** |

(e) Movement in Deferred Tax balances for the Year ended 31st March 2021

(₹in Lakhs)

| Particulars | Net balance 1st April 2021 | Recognised in Profit and Loss | Recognised in OCI | Other | 31st March 2021 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Net | Deferred Tax Asset | Deferred Tax Liability |
| Property, Plant and Equipment | (4,029.19) | (8,680.42) | - | - | (12,709.61) | - | (12,709.61) |
| Gain on Derivative - Mark to market | 129.64 | 30.16 | - | - | 159.80 | 159.80 | - |
| Employee Benefits | 57.25 | (6.27) | 9.43 | - | 60.41 | 60.41 | - |
| Lease Liabilities | 7.38 | (0.95) | - | - | 6.43 | 6.43 | - |
| Carried Forward Loss | - | 2,798.58 | - | - | 2,798.58 | 2,798.58 | - |
| Tax Credit (MAT) | 3,571.85 | 2,816.76 | - | - | 6,388.61 | 6,388.61 | - |
| Others | 358.20 | (142.95) | - | - | 215.25 | 215.25 | - |
| **Tax Assets/ (Liabilities)** | **95.13** | **(3,185.10)** | **9.43** | **-** | **(3,080.53)** | **9,629.08** | **(12,709.61)** |
| Set off Tax | | | | | | | 9,629.08 |
| **Net Tax Assets / (Liabilities)** | | | | | | | **(3,080.53)** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 33 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS

### (a) Retirement Benefits

The Gratuity Plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

**Table 1: Reconciliation of Defined Benefit Obligation (DBO)** (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Opening balance of Defined Benefit Obligation** | **441.71** | **332.34** |
| Service Cost | | |
| a. Current Service Cost | 95.58 | 76.37 |
| Interest Cost | 25.62 | 20.27 |
| Benefits Paid | (14.11) | (10.58) |
| Re-measurements | | |
| a. Actuarial Loss/(Gain) from changes in financial assumptions | (15.53) | 9.25 |
| b. Actuarial Loss/(Gain) from experience over the past period | 20.67 | 14.06 |
| c. Actuarial (Loss)/Gain from change in demographic assumptions | - | - |
| **Closing balance of the Defined Benefit Obligation** | **553.94** | **441.71** |

**Table 2: Reconciliation of Fair Value of Plan Assets** (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Opening balance of Fair Value of Plan Assets** | **337.90** | **230.02** |
| Contributions by Employer | 12.48 | 105.16 |
| Benefits Paid | (14.11) | (10.58) |
| Interest Income on Plan Assets | 19.60 | 16.99 |
| Re-measurements | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | - | - |
| b. Return on plan assets excluding amount included in net interest on the net Defined Benefit Liability/(Asset) | 0.29 | (3.69) |
| **Closing balance of Fair Value of Plan Assets** | **356.16** | **337.90** |
| Actual Return on Plan Assets | 19.89 | 13.30 |
| Expected Employer Contributions for the coming period | 100.00 | 100.00 |

**Table 3: Expenses Recognised in the Profit and Loss Account** (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Service Cost** | | |
| a. Current Service Cost | 95.58 | 76.37 |
| b. Past Service Cost | - | - |
| c. Loss/(Gain) from Settlement | - | - |
| Net Interest on net Defined Benefit Liability/ (Asset) | 6.02 | 3.28 |
| **Employer Expenses** | **101.60** | **79.65** |

**Table 4: Net Liability/ (Asset) recognised in the Balance Sheet** (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Present Value of DBO | 553.94 | 441.71 |
| Fair Value of Plan Assets | 356.16 | 337.90 |
| Liability/ (Asset) recognised in the Balance Sheet | 197.78 | 103.81 |
| Funded Status [Surplus/(Deficit)] | (197.78) | (103.81) |
| Of Which, Short term Liability | - | - |
| Experience Adjustment on Plan Liabilities: (Gain)/Loss | 20.67 | 14.06 |
| Experience Adjustment on Plan Assets: Gain/(Loss) | 0.29 | (3.69) |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 33 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS (contd.)

**Table 5: Percentage Break-down of Total Plan Assets**

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Investment Funds with Insurance Company | 100% | 100% |
| Of which, Traditional/ Non-Unit Linked | 100% | 100% |
| **Total** | **100%** | **100%** |

**Note:** None of the assets carry a quoted market price in an active market or represent the Company's own transferable financial instruments or are property occupied by the Company.

**Table 6: Actuarial Assumptions**

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Salary Growth Rate | 10% p.a. | 10% p.a. |
| Discount Rate | 6.2%p.a | 5.8% p.a. |
| **Withdrawal Rate** | | |
| Up to age 35 years: | 12% p.a. | 12% p.a. |
| Above age 35 years: | 12% p.a. | 12% p.a. |
| Mortality | IALM 2012-14 Ult. | IALM 2012-14 Ult. |
| Expected Return on Plan Assets | 5.8%p.a | 6.1% p.a. |
| Expected weighted average remaining working life | 5 years | 5 years |

**Table 7: Movement in Other Comprehensive Income**

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Opening Balance (Loss)/Gain | (144.21) | (117.21) |
| Re-measurements on DBO | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | 15.53 | (9.25) |
| b. Actuarial (Loss)/Gain from experience over the past period | (20.67) | (14.06) |
| c. Actuarial (Loss)/Gain from change in demographic assumptions | - | - |
| Re-measurements on Plan Assets | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | - | - |
| b. Return on Plan assets, excluding amount included in net interest on the net Defined Benefit Liability/(Asset) | 0.29 | (3.69) |
| **Remeasurement (Loss) on Defined Benefit Plans** | **(4.85)** | **(27.00)** |
| **Closing Balance (Loss)/Gain** | **(149.06)** | **(144.21)** |

**Table 8: Sensitivity Analysis**

| Financial Year ended 31st March 2022 | Increases 1% | Decreases 1% |
|---|---|---|
| Salary Growth Rate | DBO increases by ₹38.53 Lakhs | DBO decreases by ₹34.76 Lakhs |
| Discount Rate | DBO decreases by ₹35.62 Lakhs | DBO increases by ₹40.39 Lakhs |
| Withdrawal Rate | DBO decreases by ₹9.02 Lakhs | DBO increases by ₹9.92 Lakhs |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by ₹0.14 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by ₹0.40 Lakhs | |

| Financial Year ended 31st March 2021 | Increases 1% | Decreases 1% |
|---|---|---|
| Salary Growth Rate | DBO increases by ₹31.92 Lakhs | DBO decreases by ₹28.71 Lakhs |
| Discount Rate | DBO decreases by ₹29.53 Lakhs | DBO increases by ₹33.60 Lakhs |
| Withdrawal Rate | DBO decreases by ₹8.44 Lakhs | DBO increases by ₹9.29 Lakhs |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by ₹0.20 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by ₹0.41 Lakhs | |

**Note:**The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 33 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS (contd.)

Table 9: Movement in Surplus/ (Deficit)

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Surplus/ (Deficit) at beginning of Year** | **(103.81)** | **(102.32)** |
| Current Service Cost | (95.58) | (76.37) |
| Past Service Cost | - | - |
| Net Interest on net DBO | (6.02) | (3.28) |
| Actuarial Gain/ (Loss) | (4.85) | (27.00) |
| Contributions | 12.48 | 105.16 |
| **Surplus/ (Deficit) at end of Year** | **(197.78)** | **(103.81)** |

### (b) Defined Contribution Plans

The Company makes Provident Fund contributions to Defined Contribution Plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognised Provident Fund contribution of ₹. 155.21 Lakhs (31st March 2021: ₹129.97 Lakhs) as expense in Note 28 under the head 'Contributions to Provident and Other Funds.

## 34 RELATED PARTIES DISCLOSURES

| | |
|---|---|
| **Wholly Owned Subsidiary Company** | Meghmani Advanced Sciences Limited (MASL) |
| **Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence :** | Meghmani Organics Limited (MOL) (Formerly Meghmani Organochem Limited) |
| | Meghmani Dyes & Intermediates LLP (MDIL) |
| | Meghmani Industries Limited (MIL) |
| | Meghmani Pigments (MP) |
| | Trent Chemical Industries (Trent Chemicals) |
| | Arjan Owners LLP (Arjan)(Formerly Panchratna Corporation) |
| | Meghmani Novotech Pvt Ltd (Meghmani Novotech) |
| | Meghmani LLP (formerly Meghmani Unichem LLP) (MLLP) |
| **Key Managerial Personnel** | Mr. Maulik Patel (Chairman and Managing Director) |
| | Mr. Kaushal Soparkar (Managing Director) |
| | Mr. Ankit Patel (Executive Director) |
| | Mr. Karana Patel, (Executive Director) |
| | Mr. Darshan Patel (Executive Director) |
| | Mr. Kamlesh Mehta (Company Secretary) |
| | Mr. Sanjay Jain (Chief Financial Officer) |
| **Relatives of Key Managerial Personnel** | Mr. Jayanti Patel |
| | Mr. Ashish Soparkar |
| | Mr. Natwarlal Patel |
| | Mr. Ramesh Patel |
| | Mr. Anand Patel |
| **Non Executive Directors** | Mr.Manubhai Patel |
| | Mr.Balkrishna Thakkar (Ceased to be Director from 23rd Sep 2021) |
| | Ms.Nirali Parikh |
| | Mr Kanubhai Patel (Appointed on 20th May 2021) |
| | Mr Sanjay Asher (Appointed on 20th May 2021) |
| | Mr Raju Swamy (Appointed on 20th May 2021) |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 34 RELATED PARTIES DISCLOSURES (contd.)

Transaction with Related Parties :

(₹in Lakhs)

| Particulars | Subsidiary | | Enterprises in which Key Managerial Personnel (KMP)and its Relatives have significant influence | | Key Managerial Personnel and its Relatives(KMP) | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 |
| Investment in MASL | - | 5.00 | - | - | - | - | - | 5.00 |
| Sale of Goods to MOL | - | - | 16,730.24 | 6,265.17 | - | - | 16,730.24 | 6,265.17 |
| Sale of Goods to MDIL | - | - | 1,256.87 | 551.33 | - | - | 1,256.87 | 551.33 |
| Sale of Goods to MIL | - | - | 1,616.66 | 829.19 | - | - | 1,616.66 | 829.19 |
| Sale of Goods to MP | - | - | 210.69 | 104.51 | - | - | 210.69 | 104.51 |
| Sale of Goods to MLLP | - | - | 7,761.17 | 2,331.23 | - | - | 7,761.17 | 2,331.23 |
| Sale of Goods to Trent Chemicals | - | - | 1,670.99 | 793.10 | - | - | 1,670.99 | 793.10 |
| Sale of Goods to Meghmani Novotech | - | - | 36.66 | 8.23 | - | - | 36.66 | 8.23 |
| Availing of Services (Rent) Arjan | - | - | 127.29 | 123.11 | - | - | 127.29 | 123.11 |
| Purchase of Services from MOL | - | - | - | 13.82 | - | - | - | 13.82 |
| Purchase of MEIS Licence from MOL | - | - | 232.25 | 352.49 | - | - | 232.25 | 352.49 |
| Sitting fees | - | - | - | - | 22.00 | 5.50 | 22.00 | 5.50 |
| Maulik Patel- Remuneration | - | - | - | - | 615.33 | 305.78 | 615.33 | 305.78 |
| Kaushal Soparkar- Remuneration | - | - | - | - | 615.33 | 305.78 | 615.33 | 305.78 |
| Ankit Patel- Remuneration | - | - | - | - | 615.33 | 305.49 | 615.33 | 305.49 |
| Karana Patel- Remuneration | - | - | - | - | 385.33 | 195.49 | 385.33 | 195.49 |
| Darshan Patel- Remuneration | - | - | - | - | 270.33 | 140.49 | 270.33 | 140.49 |
| Sanjay Jain - Remuneration | - | - | - | - | 47.22 | 40.63 | 47.22 | 40.63 |
| Dividend on RPS to MOL | - | - | 1,539.43 | - | - | - | 1,539.43 | - |

## 34 RELATED PARTIES DISCLOSURES (contd.)

**Outstanding Balance with Related Parties:**

(₹in Lakhs)

| Particulars | Subsidiary | | Enterprises in which Key Managerial Personnel (KMP)and its Relatives have significant influence | | Key Managerial Personnel and its Relatives(KMP) | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 |
| Receivable from MOL | - | - | 3,864.46 | 1,644.24 | - | - | 3,864.46 | 1,644.24 |
| Receivables from MDI | - | - | 310.73 | 102.47 | - | - | 310.73 | 102.47 |
| Receivables from MIL | - | - | 440.87 | 202.34 | - | - | 440.87 | 202.34 |
| Receivables from MP | - | - | 24.39 | 12.94 | - | - | 24.39 | 12.94 |
| Receivables from MLLP | - | - | 1,784.19 | 519.11 | - | - | 1,784.19 | 519.11 |
| Receivables from Trent Chemical | - | - | 458.41 | 159.91 | - | - | 458.41 | 159.91 |
| Receivables from Meghmani Novotech | - | - | 31.38 | 5.06 | - | - | 31.38 | 5.06 |
| Payable to MASL | - | 5.00 | - | - | - | - | - | 5.00 |
| Payable to MOL | - | - | - | 13.82 | - | - | - | 13.82 |
| Payable for MEIS Licence | - | - | - | 29.12 | - | - | - | 29.12 |
| Remuneration Payable to Maulik Patel Maulik Patel | - | - | - | - | 576.92 | 275.04 | 576.92 | 275.04 |
| Remuneration Payable to Kaushal Soparkar | - | - | - | - | 576.92 | 275.04 | 576.92 | 275.04 |
| Remuneration Payable to Ankit Patel | - | - | - | - | 576.92 | 275.15 | 576.92 | 275.15 |
| Remuneration Payable to Karana Patel | - | - | - | - | 346.92 | 166.98 | 346.92 | 166.98 |
| Remuneration Payable to Darshan Patel | - | - | - | - | 231.92 | 111.98 | 231.92 | 111.98 |
| Remuneration Payable to Sanjay Jain | - | - | - | - | 2.98 | 2.31 | 2.98 | 2.31 |
| Dividend payable on RPS to MOL | - | - | 1,385.49 | - | - | - | 1,385.49 | - |

(i) Transaction entered into with Related Parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

(ii) The Company's transactions with Related Parties are at arm's length. Management believes that the Company's domestic transactions with related parties post 31st March 2022 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the Standalone Financial Statement particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 35 Segment Reporting

The Company's Chief Operating Decision Maker (CODM) examines the Company's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Company, which primarily relate to manufacturing of Chloro Alkali & its Derivatives, the Company does not operate in more than one business segment.

**Analysis By Geographical Segment**

Segment Revenue is analysed based on the location of Customers regardless of where the goods are produced. The following provides an analysis of the Sales by Geographical Markets.

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Revenue :** | | |
| Within India | 1,54,861.21 | 82,017.51 |
| Outside India | 112.11 | 576.22 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |

The following is analysis of the carrying amount of Non Current Assets, which do not include Deferred Tax Assets, Tax Assets, Investment in Subsidiary and Financial Assets analysed by the geographical area in which the assets are located:

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Carrying amount of Segment Assets** | | |
| Within India | 1,66,592.58 | 1,25,460.16 |
| Outside India | - | - |

## 36 Contingent Liabilities & Commitments

(₹in Lakhs)

**A.** Claim against the Company not acknowledged as Debts (excluding Interest and Penalty)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Disputed Income Tax Liability* | 892.09 | - |
| Disputed Service Tax Liability** | 53.69 | 108.37 |
| Disputed Custom Duty Liability*** | 621.83 | 621.83 |
| (In respect of the above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements pending at various Forums / Authorities. The Company has assessed that it is only possible but not probable, the outflow of economic resources will be required) | | |
| In respect of Letter of Credit | 6,345.89 | 565.12 |

*Income Tax demand comprise demand from the Indian Income Tax authorities for payment of additional tax of ₹892.09 (31 March 2021: Nil), upon completion of their tax review for the assessment year 2016-17 and 2018-19.The tax demands are mainly on account of adjustment pertaining to 80 IA benefits claimed for captive power plant against sale of steam and power. The matter is pending before CIT (A).

**Service Tax demand comprise demand from Service tax Authorities for payment of additional tax of ₹52.69 Lakhs (31 March 2021: ₹108.37 Lakhs), upon completion of their tax review for the financial year 2012-13 and 2014-15. The tax demands are on account of service tax on sales commission and classification of coal. The matter is pending before Commissioner of Excise Service Tax Appellate Tribunal (CESTAT).

***Customs Duty demand comprise demand from Custom Authorities for payment of additional tax of ₹621.83 Lakhs (31 March 2021: ₹621.83 Lakhs), upon completion of their tax review for the financial year 2012-13. The tax demands are on account of classification of coal. The matter is pending before Commissioner of Excise Service Tax Appellate Tribunal (CESTAT).

## 36 Contingent Liabilities & Commitments (contd.)

The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be in favour of Company in the appellate process and no tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

### B. Capital Commitment

The Estimated amount of Contract to be executed on Capital Account of ₹4,795.40 Lakhs ( 31st March 2021 ₹36,282.83 Lakhs) and not provided for (Net of Advances).

### C. Other Commitment

The Company has imported capital good for the various expansion projects under the EPCG Scheme at NIL rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is ₹8,164.49 Lakhs (31st March 2021: ₹. 3,070.20 Lakhs) which is equivalent to 6 times of duty saved of ₹1,767.53 Lakhs (31st March 2021: ₹. 696.28 Lakhs ).The export obligation against respective EPCG licences has to be completed between 2023-24 to 2027-28.

## 37 DISCLOSURES AS PER MSMED ACT, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26th August, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its Customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act').

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at 31st March, 2022 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any,that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at the Balance-Sheet date.

The details as required by MSMED Act are given below:

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any Supplier as at the end of each accounting year; | | |
| Principal and Interest | | |
| Trade Payables | 915.25 | 248.01 |
| Capital Payables | 593.31 | 576.80 |
| The amount of interest paid by the Buyer in terms of Section 18 of MSMED Act, along with the amounts of the payment made to the Supplier beyond the appointed day during each accounting year | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act; | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; | 49.19 | 19.26 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act. | - | - |

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due to the Micro, Small and Medium Enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 38 Leases

The Company has lease contracts for office premises. Leases of office premises is having lease terms of 3 to 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain premises in good state. The lease contract include extension and termination options. The Company also has a Sales Office with lease terms of 12 months or less. The Company applies the 'short-term lease'recognition exemptions for this lease.

**Terms of Cancellation and Escalation**

The Leases are cancellable by giving one month notice by either parties and these does not carries any escalation.

### (A) Leases as lessee

(₹in Lakhs)

| (i) The movement in Lease Liabilities during the Year | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening Balance** | **375.55** | **439.45** |
| Additions during the Year | 79.74 | - |
| Finance costs incurred during the Year | 31.48 | 34.90 |
| Payments of Lease Liabilities | (110.55) | (98.80) |
| **Balance at the end of the Year** | **376.22** | **375.55** |

(₹in Lakhs)

| (ii) The carrying value of the Rights-of-Use and depreciation charged during the Year | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening Balance** | **1,446.83** | **1,542.17** |
| Additions during the Year | 2,167.32 | - |
| Depreciation charged during the Year | (124.38) | (95.35) |
| **Balance at the end of the Year** | **3,489.77** | **1,446.82** |

(₹in Lakhs)

| (iii) Amount Recognised in Statement of Profit & Loss Account during the Year | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Depreciation expense of Right-of-Use Assets | 124.38 | 95.35 |
| Interest expense on Lease Liabilities | 31.48 | 34.90 |
| Expense relating to Short-Term Leases (included in other expenses) | 3.50 | 2.99 |
| **Total Expenses** | **159.36** | **133.24** |

(₹in Lakhs)

| (iv) Amounts recognised in Statement of Cash Flows | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Total Cash outflow for Leases | (110.55) | (98.80) |

(₹in Lakhs)

| (v) Maturity analysis of Lease Liabilities | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Maturity Analysis of contractual undiscounted cash flows** | | |
| Less than one year | 141.17 | 98.80 |
| One to five years | 285.07 | 349.09 |
| More than five years | - | - |
| **Total undiscounted Lease Liability** | **426.24** | **447.89** |

(₹in Lakhs)

| Balances of Lease Liabilities | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Non Current Lease Liability | 261.84 | 306.00 |
| Current Lease Liability | 114.38 | 69.55 |
| **Total Lease Liability** | **376.22** | **375.55** |

## 39. Capital Management

Capital as on 31st March 2021 includes Equity and OCRPS attributable to the Equity and OCRPS holders and only Equity as on 31st March 2022 attributable to the Equity Shareholders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the Capital Structure, the Company may adjust the dividend payment to Shareholders, Return on Capital to Shareholders or issue new Shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2022 and 31 March 2021.

The Company monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, adjusted net Debt is defined as Total Liabilities, comprising Interest-Bearing Loans and Borrowings, less Cash and Cash Equivalents. Adjusted Equity comprises all components of Equity.

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Total Interest bearing Liabilities | 99,312.42 | 54,206.69 |
| Less : Cash and Cash Equivalent | 2,503.54 | 68.00 |
| **Adjusted Net Debt** | **96,808.88** | **54,138.69** |
| Total Equity | 72,596.95 | 68,413.39 |
| **Total Equity** | **72,596.95** | **68,413.39** |
| Adjusted Net Debt to Total Equity Ratio | 1.33 | 0.79 |

## 40 Financial Instruments – Fair Values and Risk Management

The Significant Accounting Policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note 2 to the Financial Statements.

### A. Category-wise classification of Financial Instrument

The carrying value of Financial Instruments by categories as of 31st March, 2022 and 31st March, 2021 is as follows:

(₹in Lakhs)

| As at 31 March 2022 | Carrying Amount | | | |
|---|---|---|---|---|
| | Fair Value Through Profit and Loss | Fair Value Through Other Comprehensive Income | Amortised Cost | Total |
| **Financial Assets** | | | | |
| Other Non-Current Financial Asset (refer note 5) | 152.55 | - | 671.82 | 824.37 |
| Trade Receivables (refer note 9) | - | - | 25,632.40 | 25,632.40 |
| Cash and Cash Equivalents (refer note 10) | - | - | 2,503.54 | 2,503.54 |
| Loans (refer note 11) | - | - | 22.69 | 22.69 |
| Other Current Financial Assets (refer note 12) | 152.55 | - | 35.14 | 187.69 |
| **Total Financial Assets** | **305.10** | **-** | **28,865.59** | **29,170.69** |
| **Financial Liabilities** | | | | |
| Non-Current Borrowings (refer note 16) | - | - | 76,814.40 | 76,814.40 |
| Non-Current Lease Liabilities (refer note 38) | - | - | 261.84 | 261.84 |
| Current Borrowings (refer note 18) | - | - | 22,121.80 | 22,121.80 |
| Current Lease Liabilities (refer note 38) | - | - | 114.38 | 114.38 |
| Trade Payable (refer note 19) | - | - | 8,810.50 | 8,810.50 |
| Other Current-Financials Liabilities (refer note 20) | - | - | 18,615.89 | 18,615.89 |
| **Total Financial Liabilities** | **-** | **-** | **1,26,738.81** | **1,26,738.81** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 40 Financial Instruments – Fair Values and Risk Management (contd.)

(₹in Lakhs)

| As at 31 March 2021 | Carrying Amount | | | |
|---|---|---|---|---|
| | Fair Value Through Profit and Loss | Fair Value Through Other Comprehensive Income | Amortised Cost | Total |
| **Financial Assets** | | | | |
| Other Non-Current Financial Asset (refer note 5) | 247.13 | - | 788.67 | 1,035.80 |
| Trade Receivables (refer note 9) | - | - | 11,883.73 | 11,883.73 |
| Cash and Cash Equivalents (refer note 10) | - | - | 68.00 | 68.00 |
| Loans (refer note 11) | - | - | 11.42 | 11.42 |
| Other Current Financial Assets (refer note 12) | 123.57 | - | 60.23 | 183.80 |
| **Total Financial Assets** | **370.70** | **-** | **12,812.05** | **13,182.75** |
| **Financial Liabilities** | | | | |
| Non-Current Borrowings (refer note 16) | - | - | 34,046.74 | 34,046.74 |
| Non-Current Lease Liabilities (refer note 38) | - | - | 306.00 | 306.00 |
| Current Borrowings (refer note 18) | - | - | 19,784.40 | 19,784.40 |
| Current Lease Liabilities (refer note 38) | - | - | 69.55 | 69.55 |
| Trade Payable (refer note 19) | - | - | 7,304.93 | 7,304.93 |
| Other Current-Financials Liabilities (refer note 20) | - | - | 10,961.38 | 10,961.38 |
| **Total Financial Liabilities** | **-** | **-** | **72,473.00** | **72,473.00** |

### B. Measurement of Fair values and Sensitivity analysis

#### Fair Value Hierarchy:

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical Assets or Liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the Asset or Liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the Asset or Liability that are not based on observable market data (unobservable inputs).

**Financial Instrument measured at Fair Value** (₹in Lakhs)

| Financial Assets / Financial Liabilities | Fair value as at | | Fair value hierarchy | Significant observable inputs |
|---|---|---|---|---|
| | 31st March 2022 | 31st March 2021 | | |
| Mark to market Derivative Assets on interest Rate Swap and Cross Currency Swap valued at FVTPL. (refer note 5 & 12) | 305.10 | 370.70 | Level 2 | Fair value as ascertained and provided by Bank |

**Financial Instrument measured at Amortised Cost**

The carrying amount of Financial Assets and Financial Liabilities measured at amortised cost in the Financial Statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 40 Financial Instruments – Fair Values and Risk Management (contd.)

### Reconciliation of level 1 Fair Values

There have been no transfers between level 1, level 2 and level 3 during the year ended March 31, 2022.

### Financial Risk Management Framework

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends risk management objectives and policies. The activities of this operations include management of cash resources, hedging of foreign currency exposure, credit control and ensuring compliance with market risk limits and policies. The Company's principal Financial Liabilities, other than Derivatives, comprises of Long Term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Company's operations. The Company's principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Other Bank Balances and Other Financial Assets that derive directly from its Operations. The Company has an effective risk management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Company takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. The Company has exposure to the following risks arising from Financial Instruments

- Credit Risk
- Liquidity Risk ;and
- Market Risk

### i. Credit Risk

Credit Risk is the risk that counter party will not meet its obligation leading to a financial loss. The Company is exposed to credit risk arising from its operating activities primarily from Trade Receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Company considers probability of default upon initial recognition of Assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

#### Financial Instruments and Cash Deposit:

Credit Risk from Balances with Banks and Financial Institutions is managed by the Company's Treasury Department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### Trade Receivables

The Sales Department has established a Credit Policy under which each new Customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each Customer and reviewed periodically. Any sales exceeding those limits requires further approval.

Trade Receivables of the Company are typically unsecured ,except to the extent of the security deposits received from the Customers or Financial Guarantees provided by the market organizers in the business.Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of Customers to which Company grants credit terms in the normal course of business. The Company performs ongoing credit evaluations of its Customers' financial condition and monitors the creditworthiness of its Customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade Receivables is created to the extent and as and when required, based upon the expected collectability of Accounts Receivables.The Company evaluates the concentration of risk with respect to Trade Receivables as low, as its Customers are located in several jurisdictions and industries and operate in largely independent markets.

The Company measures the expected credit loss of Trade Receivables and Loan from individual Customers based on historical trend, industry practices and the business environment in which the Entity operates.Loss rates are based on actual credit loss experience and past trends.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 40 Financial Instruments – Fair Values and Risk Management (contd.)

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Domestic | 25,632.40 | 11,883.73 |
| Other Regions | - | - |
| **Total** | **25,632.40** | **11,883.73** |

### Age of Receivables

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Neither due nor Impaired | 19,104.87 | 9,343.51 |
| Past due 1–90 days | 6,485.73 | 2,309.45 |
| Past due 91–180 days | 5.43 | 53.86 |
| More than 180 days | 36.37 | 176.91 |
| **Total** | **25,632.40** | **11,883.73** |

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of Customer Credit Risk, including underlying Customers' Credit Ratings if they are available.

Management estimates that the amount of provision of ₹Nil (31st March 2021 : 18.38 Lakhs) is appropriate

## ii. Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to Liquidity Risk**

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the Financial Assets and Liabilities. The table below summarises the remaining contractual maturities of Financial Liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹in Lakhs)

| 31st March 2022 | Carrying amount | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | 1 Year or Less | 1-2 Years | 2-5 Years | More than 5 Years |
| India Rupee Loan | 61,744.77 | 61,744.77 | 10,064.91 | 11,414.90 | 40,264.96 | - |
| Foreign Currency Loan | 8,085.12 | 8,085.12 | 4,042.56 | 4,042.56 | - | - |
| Redeemable Preference Share | 21,091.99 | 21,091.99 | - | - | - | 21,091.99 |
| Working Capital Loans from Banks | 8,014.33 | 8,014.33 | 8,014.33 | - | - | - |
| Trade Payables | 8,810.50 | 8,810.50 | 8,810.50 | - | - | - |
| Other Payables | 18,992.11 | 18,992.11 | 18,730.27 | 126.88 | 134.96 | - |
| **Total** | **1,26,738.82** | **1,26,738.82** | **49,662.57** | **15,584.34** | **40,399.92** | **21,091.99** |

(₹in Lakhs)

| 31st March 2021 | Carrying amount | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | 1 Year or Less | 1-2 years | 2-5 years | More than 5 years |
| Indian Rupee Loan | 33,979.65 | 33,979.65 | 8,164.91 | 8,164.91 | 17,649.82 | |
| Foreign Currency Loan | 12,348.00 | 12,348.00 | 4,116.00 | 4,116.00 | 4,116.00 | - |
| Working Capital Loans from Banks | 7,503.49 | 7,503.49 | 7,503.49 | - | | - |
| Trade Payables | 7,304.93 | 7,304.93 | 7,304.93 | - | - | - |
| Other Payables | 11,336.93 | 11,336.93 | 11,030.92 | 89.77 | 216.23 | - |
| **Total** | **72,473.00** | **72,473.00** | **38,120.25** | **12,370.68** | **21,982.06** | **-** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 40 Financial Instruments – Fair Values and Risk Management (contd.)

### Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular Industry

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels

## iii. Market Risk

Market Risk is the risk that the fair value of future Cash Flows of a Financial Instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Currency Risk, Interest Rate Risk, and Other Price Risk such as Equity Price Risk. Financial Instruments affected by market risk include Loans and Borrowings, Deposits, FVTOCI and Amortised Cost Investments and Derivative Financial Instruments.

### Foreign Currency Risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

### Exposure to Currency Risk

The Currency profile of Current Financial Assets and Current Financial Liabilities as at 31st March, 2022, 31st March , 2021 are as below:

The Company's exposure to Foreign Currency Risk at the end of the reporting period expressed in ₹, are as follows

(₹in Lakhs)

| 31st March 2022 | Total | INR Equivalent to USD | INR Equivalent to Euro | INR Equivalent to CNY | INR |
|---|---|---|---|---|---|
| Financial Assets | | | | | |
| Trade and Other Receivables (refer note 9) | 25,632.40 | 475.93 | - | - | 25,156.47 |
| Other Non-Current Financial Assets (refer note 5) | 824.37 | - | 152.55 | - | 671.82 |
| Other Current Financial Assets (refer note 12) | 187.69 | - | 152.55 | - | 35.14 |
| **Total** | **26,644.47** | **475.93** | **305.10** | **-** | **25,863.44** |
| Financial Liabilities | | | | | |
| Non Current Borrowings (refer note 16) | 76,814.40 | - | 4,042.56 | - | 72,771.84 |
| Current Borrowings (refer note 18) | 22,121.80 | - | 4,042.56 | | 18,079.24 |
| Trade Payables (refer note 19) | 8,810.50 | 811.02 | - | - | 7,999.48 |
| Other Current Financial Liabilities (refer note 20) | 18,615.89 | 128.52 | 84.76 | 328.66 | 18073.95 |
| Less : Foreign Currency Hedged | 8,085.12 | - | 8,085.12 | - | - |
| **Total** | **1,18,277.48** | **939.54** | **84.75** | **328.66** | **1,16,924.51** |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 40 Financial Instruments – Fair Values and Risk Management (contd.)

(₹in Lakhs)

| 31st March 2021 | Total | INR Equivalent to USD | INR Equivalent to Euro | INR Equivalent to CNY | INR |
|---|---|---|---|---|---|
| Financial Assets | | | | | |
| Trade and Other Receivables (refer note 9) | 11,883.73 | 154.62 | - | - | 11,729.11 |
| Other Non-Current Financial Assets (refer note 5) | 1,035.80 | - | 247.13 | - | 788.67 |
| Other Current Financial Assets (refer note 12) | 183.80 | - | 123.57 | - | 60.23 |
| **Total** | **13,103.33** | **154.62** | **370.70** | **-** | **12,578.01** |
| Financial Liabilities | | | | | |
| Non Current Borrowings (refer note 16) | 34,046.74 | - | 8,232.00 | - | 25,814.74 |
| Current Borrowings (refer note 18) | 19,784.40 | - | 4,116.00 | - | 15,668.40 |
| Trade Payables (refer note 19) | 7,304.93 | - | 6.86 | - | 7,298.07 |
| Other Current Financial Liabilities (refer note 20) | 10,961.38 | 1,319.98 | 4.15 | 117.88 | 9,519.36 |
| Less : Foreign Currency Hedged | 12,348.00 | - | 12,348.00 | - | - |
| **Total** | **59,749.45** | **1,319.98** | **11.02** | **117.88** | **58,300.57** |

### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against Foreign Currency at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹in Lakhs)

| 31st March 2022 | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **5% movement** | | | | |
| USD | (23.18) | 23.18 | (15.08) | 15.08 |
| EUR | 11.02 | (11.02) | 7.17 | (7.17) |
| CNY | (16.43) | 16.43 | (10.69) | 10.69 |

(₹in Lakhs)

| 31st March 2021 | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **5% movement** | | | | |
| USD | (58.27) | 58.27 | (37.91) | 37.91 |
| EUR | 17.98 | (17.98) | 11.70 | (11.70) |
| CNY | (5.89) | 5.89 | (3.83) | 3.83 |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 40 Financial Instruments – Fair Values and Risk Management (contd.)

### Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future Cash Flows of a Financial Instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's Long-Term Debt obligations with floating interest rates. The Company manages its Interest Rate Risk by having balanced portfolio of fixed and variable rate Loans and Borrowings.

### Exposure to Interest Rate Risk

The Company's Interest Rate Risk arises from Borrowings obligations. Borrowings is exposed to fair value Interest Rate Risk. The interest rate profile of the Company's interest-bearing Financial Instruments as reported to the management of the Company is as follows.

(₹in Lakhs)

| Variable-Rate Instruments | As at March 31, 2022 | As at March31, 2021 |
|---|---|---|
| Non Current - Borrowings | 76,814.40 | 34,046.74 |
| Current - Borrowings | 22,121.80 | 19,784.40 |
| **Total** | **98,936.20** | **53,831.14** |

### Cash Flow Sensitivity Analysis for Variable-Rate Instruments

A reasonably possible change of 100 basis points in Interest rates at the reporting date would have increased / (decreased) Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular Foreign Currency Exchange Rates, remain constant.

(₹in Lakhs)

| Particulars | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | 100 bps Increase | 100 bps Decrease | 100 bps Increase | 100 bps Decrease |
| **As at March 31, 2022** | | | | |
| Non Current - Borrowings | (768.14) | 768.14 | (499.72) | 499.72 |
| Current - Borrowings | (221.22) | 221.22 | (143.92) | 143.92 |
| **Total** | **(989.35)** | **989.35** | **(643.64)** | **643.64** |
| **As at March 31, 2021** | | | | |
| Non Current - Borrowings | (340.47) | 340.47 | (221.49) | 221.49 |
| Current - Borrowings | (197.84) | 197.84 | (128.71) | 128.71 |
| **Total** | **(538.31)** | **538.31** | **(350.20)** | **350.20** |

## 41 Composite Scheme of Arrangement

The NCLT Ahmedabad Bench vide its Order dated 03 May 2021 (the "Order"), approved the Composite Scheme of Arrangement ("the Scheme") to merge Meghmani Organics Limited (MOL) with the Company along with its Trading Division and Equity Investment in the Company. Pursuant to the Scheme, the Company filed Information Memorandum with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) and further filed the same with SEBI for the approval. The company has received final approval on August 16, 2021, pursuant to which the Company was listed with NSE and BSE on August 18,2021.

Further, as per the Order, Optionally Convertible Redeemable Preference Shares (OCRPS) issued by the Company to Meghmani Organics Limited is converted into equal number of Redeemable Preference Shares (RPS) with same terms and conditions and tenure. Accordingly, the RPS has been reclassified from Instruments entirely Equity in nature to Non Current Borrowings.

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 42 DISCLOSURE OF RATIOS

| RATIO | Numerator | Denominator | Year ended March 31, 2022 | Year ended March 31, 2021 | % Change | Reason for variance above 25% YoY |
|---|---|---|---|---|---|---|
| Current Ratio | Current Assets | Current Liabilities | 0.84 | 0.47 | 80% | There is improvement in Current Ratio on account of increase in current assets on account of increase in assets like Inventories and Receivables in line with increase in revenue and production. |
| Debt-Equity Ratio | Current Borrowings + Non Current Borrowings + Lease Payments | Shareholder's Equity | 1.37 | 0.79 | 73% | Increase in borrowings is mainly on account of reclassification of OCRPS (termed as Equity) to RPS (Termed as Debt) Pursuant to Scheme of Arrangement. |
| Debt Service Coverage Ratio | "Earnings for Debt Service = Net Profit after Taxes + Non-Cash Operating expenses + Interest & Lease payment + Other adjustment like Loss on Sale of Assets" | Debt service = Interest & Lease Payments + Principal Repayments | 1.58 | 0.92 | 72% | There is improvement in Debt Service Coverage Ratio on account of better profitability and growth after considering increase in finance cost for the year. |
| Return on Equity Ratio | Net Profits after Taxes – Preference Dividend | Average Shareholder's Equity | 35.85% | 15.91% | 125% | There is a improvement in Return on Equity Ratio on account of better profitability. Additionally, on account of conversion of OCRPS to RPS the average equity for the period is lower than previous year. |
| Inventory Turnover Ratio | Revenue from Operation | Average Inventory | 14.91 | 16.19 | -8% | No major variance |
| Trade Receivables Turnover Ratio | Revenue from Operation | Average Trade Receivable | 8.27 | 8.48 | -2% | No major variance |
| Trade Payables Turnover Ratio | Total Purchase | Average Trade Payables | 11.19 | 6.98 | 60% | There is increase in Trade Payable Turnover Ratio on account of increase in purchases in line with increase in operations. |
| Net Capital Turnover Ratio | Revenue from Operation | Working capital = Current Assets – Current Liabilities | -18.16 | -4.00 | 355% | There is improvement in the Net Capital Turnover Ratio in on account of increase in revenue. However, the ratio is negative as the Current Ratio of the company is below 1. |
| Net Profit Ratio | Net Profit | Revenue from Operation | 16.30% | 12.17% | 34% | There is improvement in Net Profit Ratio on account of increase in profitability |
| Return on Capital Employed | Earnings before Interest and Taxes | "Capital Employed = Tangible Net Worth + Total Debt + Lease Liability + Deferred Tax Liability" | 28.11% | 16.22% | 73% | There is improvement in the Return on Capital Employed on account of increase in profitability |
| Return on Investment | Interest (Finance Income) | Average of Investment in Subsidiary & Bank Deposit | 7.26% | 7.96% | -9% | No major variance |

# Notes to the Standalone Financial Statement for the Year Ended March 31, 2022

## 43 Covid 19 Impact :

The Company has evaluated the impact Covid 19 pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions there is no material impact and adjustments required on its financial results. However, the impact assessment of COVlD-19 is a continuous process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor for material changes to future economic conditions and its impact, if any.

## 44 Events occurred after the Balance Sheet date

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to approval of Financial Statement to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 25th April 2022 there were no material subsequent events to be recognized or reported that are not already disclosed.

45 Previous years figures have been regrouped, restated and reclassified wherever necessary to make them comparable with those of the current year.

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

per **Sukrut Mehta**
Partner
Membership No. 101974

Place: Ahmedabad
Date: April 25, 2022

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162
Place: Ahmedabad
Date: April 25, 2022

# Independent Auditor's Report

To the Members of
Meghmani Finechem Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of Meghmani Finechem Limited (hereinafter referred to as "the Holding Company"), its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group") comprising of the Consolidated Balance sheet as at March 31 2022, the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated State of Affairs of the Group, as at March 31, 2022, their Consolidated Profit including Other Comprehensive Income, their Consolidated Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Revenue recognition (as described in Note 2 of the Consolidated Financial Statements)</td></tr>
<tr><td>The group majorly generates revenue from sale of Choro Alkali and its Derivatives products. The Group recognises revenue from sales of goods in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, measured at fair value of the consideration received or receivable in the ordinary course of its activities. Revenue from sale of goods is recognised net of discounts, rebates and taxes.<br><br>Certain terms in sales arrangements relating to timing for transfer of control to the customer and delivery specifications including incoterms, involves significant judgment in determining whether the revenue is recognised in the correct period.</td><td>Our audit procedures included the following:<br>• Read and evaluated the Group's policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from Contracts with Customers'.<br>• Assessed the design and tested the operating effectiveness of internal controls related to revenue.<br>• Performed on test check basis sales transactions and inspected the underlying sales orders, invoice copies, terms of delivery, lorry receipts, bill of lading, and collection as per the terms of the contract with customers.<br>• Performed on test check basis transactions near year end date as well as credit notes issued after the year end date.<br>Assessed the relevant disclosures in the Consolidated Financial Statements for compliance with disclosure requirements.</td></tr>
</table>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our Auditor's Report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance including Other Comprehensive Income, Consolidated Cash Flows and Consolidated Statement of Changes in Equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misStatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other Entity included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

The accompanying Consolidated Financial Statements include unaudited financial Statements and other unaudited financial information in respect of one subsidiary, whose financial Statements and other financial information reflect Total Assets of ₹5 Lakhs as at March 31, 2022, and total Revenues of ₹Nil and net Cash Inflows of ₹5 Lakhs for the year ended on that date. These unaudited financial Statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of this Subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid Subsidiary, is based solely on such unaudited financial Statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial Statements and other financial information are not material to the Group.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit of separate financial statements and the other financial information of the subsidiary company, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a Statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of separate financial Statements and the other financial information of Subsidiary, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial Statements have been kept so far as it appears from our examination of those books;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

   (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company, and its Subsidiary Company none of the Directors of the Group's Companies, incorporated in India, is disqualified as on March 31, 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 Consolidated Financial Statements of the Holding Company, and its Subsidiary Company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, and its Subsidiary Company to their Directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Consolidated Financial Statements disclosed the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – Refer Note 35 to the Consolidated Financial Statements;

ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term derivative contracts – Refer Note 38 to the Consolidated Financial Statements

'iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its Subsidiary, incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its Subsidiary which are Companies incorporated in India whose financial Statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its Subsidiary to or in any other persons or entity, ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or its Subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its Subsidiary which are Companies incorporated in India whose financial Statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or its Subsidiary from any persons or Entity,("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its Subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us whose financial Statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-Statement.

v. No dividend has been declared or paid during the year by the Holding company and Subsidiary Companies, incorporated in India.

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

______________________________

**per Sukrut Mehta**
Partner
Membership Number: 101974
UDIN: 22101974AHSSIM6241
Place of Signature: Ahmedabad
Date: April 25, 2022

# Annexure 1 to the Independent Auditor's report of even date on the Consolidated Financial Statements of Meghmani Finechem Limited.

The report of the wholly owned Subsidiary company Meghmani Advanced Sciences Limited (CIN: U24129GJ2021PLC119805) included in the Consolidated Financial Statements has not been issued by its auditor till the date of our auditor's report.

# Annexure 2 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Meghmani Finechem Limited

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

In conjunction with our audit of the Consolidated Financial Statements of Meghmani Finechem Limited as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting Meghmani Finechem Limited (hereinafter referred to as the "Holding Company") as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Financial Statements.

### Meaning of Internal Financial Controls over Financial Reporting with reference to these Consolidated Financial Statements

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Consolidated Financial Statements

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

### Opinion

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

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

______________________________

**per Sukrut Mehta**
Partner
Membership Number: 101974
UDIN: 22101974AHSSIM6241
Place of Signature: Ahmedabad
Date: April 25, 2022

# Consolidated Balance Sheet as at March 31, 2022

(₹in Lakhs)

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| I. Assets | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 3.1 | 1,03,940.33 | 1,07,065.16 |
| (b) Capital Work in Progress | 3.2 | 58,925.44 | 12,583.73 |
| (c) Intangible Assets | 3.3 | 2,842.67 | 3,165.90 |
| (d) Financial Assets | | | |
| (i) Other Financial Assets | 4 | 824.37 | 1,035.80 |
| (e) Income Tax Assets (net) | 5 | 255.24 | 245.07 |
| (f) Other Non-Current Assets | 6 | 884.15 | 2,645.36 |
| **Total Non-Current Assets** | | **1,67,672.20** | **1,26,741.02** |
| Current Assets | | | |
| (a) Inventories | 7 | 15,413.89 | 5,395.97 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 8 | 25,632.40 | 11,883.73 |
| (ii) Cash and Cash Equivalents | 9 | 2,508.54 | 68.00 |
| (iii) Loans | 10 | 22.69 | 11.42 |
| (iv) Other Financial Assets | 11 | 187.69 | 183.80 |
| (c) Other Current Assets | 12 | 929.21 | 586.26 |
| **Total Current Assets** | | **44,694.42** | **18,129.18** |
| **Total Assets** | | **2,12,366.62** | **1,44,870.20** |
| II Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity Share Capital | 13 | 4,155.02 | 4,155.27 |
| (b) Instruments entirely Equity in nature | 13 | - | 21,091.99 |
| (c) Other Equity | 14 | 68,441.93 | 43,166.13 |
| **Total Equity** | | **72,596.95** | **68,413.39** |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 76,814.40 | 34,046.74 |
| (ii) Lease Liabilities | 36 | 261.84 | 306.00 |
| (b) Provisions | 16 | 289.31 | 162.85 |
| (c) Deferred Tax Liabilities (net) | 31 | 9,175.12 | 3,080.53 |
| **Total Non-Current Liabilities** | | **86,540.67** | **37,596.12** |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 17 | 22,121.80 | 19,784.40 |
| (ii) Lease Liabilities | 36 | 114.38 | 69.55 |
| (iii) Trade Payables | 18 | 8,810.50 | 7,304.93 |
| (iv) Other Financial Liabilities | 19 | 18,615.89 | 10,956.38 |
| (b) Other Current Liabilities | 20 | 2,606.33 | 725.77 |
| (c) Provisions | 21 | 17.89 | 10.04 |
| (d) Current Tax Liabilities (net) | 22 | 942.21 | 9.62 |
| **Total Current Liabilities** | | **53,229.00** | **38,860.69** |
| **Total Liabilities** | | **1,39,769.67** | **76,456.81** |
| **Total Equity and Liabilities** | | **2,12,366.62** | **1,44,870.20** |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying Notes are an integral part of these Consolidated Financial Statements

**As per our Report of even date**

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

per **Sukrut Mehta**
Partner
Membership No. 101974

Place: Ahmedabad
Date: April 25, 2022

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

# Statement of Consolidated Profit and Loss for the Year Ended March 31, 2022

(₹in Lakhs)

| Particulars | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from Operations | 23 | 1,55,094.14 | 82,860.03 |
| Other Income | 24 | 411.08 | 218.90 |
| **Total Income (A)** | | **1,55,505.22** | **83,078.93** |
| **Expenses** | | | |
| Cost of Materials Consumed | 25 | 75,941.09 | 38,609.98 |
| Purchase of Traded Goods | | - | 42.11 |
| Changes in Inventories of Finished Goods and Stock in Trade | 26 | 167.66 | (120.48) |
| Employee Benefits Expense | 27 | 7,679.46 | 5,360.94 |
| Finance Costs | 28 | 4,427.02 | 2,911.37 |
| Depreciation and Amortization Expenses | 3 | 8,590.56 | 7,354.48 |
| Other Expenses | 29 | 20,357.19 | 12,834.77 |
| **Total Expense (B)** | | **1,17,162.98** | **66,993.17** |
| **Profit Before Tax (C) = (A-B)** | | **38,342.24** | **16,085.76** |
| **Tax Expense:** | 31 | | |
| Current Tax | | 6,967.28 | 2,816.76 |
| Net Deferred Tax Expense /(Benefit) | | 4,259.01 | 3,185.10 |
| Utilisation of MAT Credit | | 1,837.27 | - |
| **Total Tax Expense (D)** | | **13,063.56** | **6,001.86** |
| **Profit for the Year (E) = (C-D)** | | **25,278.68** | **10,083.90** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to Profit or Loss in subsequent periods** | | | |
| Remeasurement Gain / (Loss) on Defined Benefit Plans | 32 | (4.85) | (27.00) |
| Income Tax effect on above | 31 | 1.69 | 9.43 |
| **Total Other Comprehensive Income / (Loss) for the Year, net of Tax (F)** | | **(3.16)** | **(17.57)** |
| **Total Comprehensive Income for the Year (G) = (E+F)** | | **25,275.52** | **10,066.33** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 25,278.68 | 10,083.90 |
| Non-controlling interests | | - | - |
| **Other Comprehensive Income attributable to:** | | | |
| Owners of the Company | | (3.16) | (17.57) |
| Non-controlling interests | | - | - |
| **Total Comprehensive Income attributable to:** | | | |
| Owners of the Company | | 25,275.52 | 10,066.33 |
| Non-controlling interests | | - | - |
| **Earnings per Equity Share (face value of ₹10 each) (in ₹)** | | | |
| Basic | 30 | 60.84 | 24.27 |
| Diluted | | 60.84 | 17.26 |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying Notes are an integral part of these Consolidated Financial Statements

**As per our Report of even date**

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

per **Sukrut Mehta**
Partner
Membership No. 101974

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

Place: Ahmedabad
Date: April 25, 2022

# Consolidated Cash Flow Statement for the Year Ended March 31, 2022

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **A. Cash Flow from Operating Activities** | | |
| **Profit Before Taxation** | **38,342.24** | **16,085.76** |
| **Adjustment for :** | | |
| Depreciation and Amortisation Expenses | 8,590.56 | 7,354.48 |
| Interest Income | (15.93) | (14.81) |
| Interest and Finance Charges | 4,427.02 | 2,911.37 |
| Unrealised Foreign Exchange Loss/(Gain) | 28.72 | (14.44) |
| (Profit)/Loss on Sale/Discard of Property, Plant & Equipment | 7.16 | (0.28) |
| Sundry Balances Written off | - | 44.92 |
| Provision No Longer Required Written back | (12.20) | - |
| Sundry Balances Written back | - | (18.77) |
| **Operating Profit before Working Capital changes** | **51,367.56** | **26,348.23** |
| **Adjustment for:** | | |
| (Increase) in Inventories | (10,017.92) | (555.65) |
| (Increase) in Trade Receivables | (13,748.68) | (4,240.07) |
| (Increase) in Other Non Current Financial Assets | (35.64) | (411.76) |
| (Increase) in Other Non Current Assets | (23.33) | - |
| Decrease in Other Current Financial Assets | 24.19 | 55.47 |
| (Increase) in Other Current Assets | (342.96) | (6.45) |
| (Increase)/Decrease in Short Term Loans and Advances | (11.27) | 6.08 |
| Increase in Trade Payables | 1,476.86 | 2,596.76 |
| Increase/(Decrease) in Long Term Provision | 121.62 | (19.45) |
| Increase in Other Current Financial Liabilities | 3,727.69 | 1,627.50 |
| Increase in Other Current Liabilities | 1,880.56 | 381.38 |
| Increase in Short Term Provisions | 7.85 | 1.50 |
| **Working Capital Changes** | **(16,941.03)** | **(564.69)** |
| **Cash Generated from Operation** | **34,426.53** | **25,783.54** |
| Direct Taxes Paid (Net of Refund) | (6,044.86) | (2,861.97) |
| **Net Cash Generated from Operating Activities** | **28,381.67** | **22,921.57** |
| **B. Cash Flow from Investment Activities** | | |
| Purchase of Property, Plant & Equipment | (45,629.92) | (19,679.89) |
| Proceed from Sale of Property, Plant & Equipment | - | 4.55 |
| (Investment in)/Redemption of Fixed Deposits | 137.90 | (6.04) |
| Interest Received | 29.39 | 8.09 |
| **Net Cash (Used in) Investing Activities** | **(45,462.63)** | **(19,673.29)** |
| **C. Cash Flow from Financing Activities** | | |
| Interest and Finance Charges Paid | (4,803.91) | (3,972.33) |
| Proceeds from Long-Term Borrowing | 35,930.00 | 4,070.00 |
| Repayment of Long-Term Borrowing | (12,004.88) | (8,720.35) |
| Proceed from Short-Term Borrowing (Net) | 510.84 | 5,531.50 |
| Payment of Lease Liability | (110.55) | (98.80) |
| **Net Cash (Used in)/Generated from Financing Activities** | **19,521.50** | **(3,189.98)** |
| **Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)** | **2,440.54** | **58.30** |

# Consolidated Cash Flow Statement for the Year Ended March 31, 2022

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Cash and Cash Equivalent at the beginning of the Year** | **68.00** | **9.70** |
| **Cash and Cash Equivalent at the end of the Year** | **2,508.54** | **68.00** |
| **Cash and Cash Equivalent comprises as under** | | |
| Cash on Hand | 0.94 | 1.33 |
| Balance with in Current Accounts | 2,507.50 | 25.66 |
| Deposits with Bank | 0.10 | 0.10 |
| Cheques on Hand | - | 40.91 |
| **Cash & Cash Equivalent at the end of the Year (refer note 9)** | **2,508.54** | **68.00** |

**Notes to the Cash Flow Statement for the year ended on 31 March 2022**

**1)** The Cash Flow Statement has been prepared as per Indirect Method in accordance with the Indian Accounting Standard - 7 on Statement of Cash Flow issued by the Institute of Chartered Accountants of India.

**2) Changes in liabilities arising from Financing Activities**

(₹in Lakhs)

| Particulars | April 1, 2021 | Cash Flow | Other | March 31, 2022 |
|---|---|---|---|---|
| Current Borrowings (Note 17) | 7,503.49 | 510.84 | - | 8,014.33 |
| Non-Current Lease Liabilities (Note 36) | 306.00 | (110.55) | 66.38 | 261.84 |
| Non- Current Borrowings (Including current maturity of Long Term debt) (Note 15 and 17) | 46,327.65 | 23,925.12 | 20,669.11 | 90,921.87 |
| Accrued Interest (Note 19) | 332.10 | (4,803.91) | 6,313.47 | 1,841.65 |
| **Total Liabilities from Financing Activities** | **54,469.24** | **19,521.50** | **27,048.96** | **1,01,039.69** |

(₹in Lakhs)

| Particulars | April 1, 2020 | Cash Flow | Other | March 31, 2021 |
|---|---|---|---|---|
| Current Borrowings (Note 17) | 1,971.99 | 5,531.50 | - | 7,503.49 |
| Non-Current Lease Liabilities (Note 36) | 375.55 | (98.80) | 29.25 | 306.00 |
| Non- Current Borrowings (Including current maturity of Long Term debt) (Note 15 and 17) | 50,648.60 | (4,650.35) | 329.40 | 46,327.65 |
| Accrued Interest (Note 19) | 405.50 | (3,972.33) | 3,898.93 | 332.10 |
| **Total Liabilities from Financing Activities** | **53,401.64** | **(3,189.98)** | **4,257.58** | **54,469.24** |

Others includes the effects of reclassification of Non Current portion of Borrowings including Lease Liabilities to Current due to passage of time, reclassification of RPS to Debt from Equity instrument and effect of unrealised foreign currency amount on External Commercial Borrowings

The accompanying Notes are an integral part of these Consolidated Financial Statements

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

per **Sukrut Mehta**
Partner
Membership No. 101974

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

Place: Ahmedabad
Date: April 25, 2022

# Consolidated Statement of Changes in Equity (SOCIE) for the Year Ended March 31, 2022

(A) Equity Share Capital

(₹in Lakhs)

| Particulars | No. of Shares | Amount |
|---|---|---|
| Equity Share of ₹10 each Issued, Subscribed and Fully Paid up | | |
| **Balance as at 1st April 2020** | **4,15,52,665** | **4,155.27** |
| Changes in Equity Share Capital due to Prior Period Errors | - | - |
| Balance as at 1st April 2020 | 4,15,52,665 | 4,155.27 |
| **Balance as at 31st March 2021** | **4,15,52,665** | **4,155.27** |
| **Balance as at 1st April 2021** | **4,15,52,665** | **4,155.27** |
| Changes in Equity Share Capital due to Prior Period Errors | - | - |
| Balance as at 1st April 2021 | 4,15,52,665 | 4,155.27 |
| Changes in Equity Share Capital during the Year (refer note 13) | (2,507) | (0.25) |
| **Balance as at 31st March 2022** | **4,15,50,158** | **4,155.02** |

(B) Instrument entirely Equity in nature

(₹in Lakhs)

| Particulars | No. of Shares | Amount |
|---|---|---|
| 8% Optionally Convertible Redeemable Preference Share (OCRPS) of ₹10/- Issued , Subscribed and Fully Paid up | | |
| **Balance as at 1st April 2020** | **21,09,19,871** | **21,091.99** |
| **Balance as at 31st March 2021** | **21,09,19,871** | **21,091.99** |
| **Balance as at 1st April 2021** | **21,09,19,871** | **21,091.99** |
| Conversion of 8% OCRPS to RPS pursuant to scheme of Arrangement during the Year* | (21,09,19,871) | (21,091.99) |
| **Balance as at 31st March 2022** | **-** | **-** |

*As per the Order dated 03 May 2021 of The NCLT Ahmedabad Bench , OCRPS have been converted into equal number of RPS with same terms and conditions and tenure from May 3, 2021 i.e. the date of the Order and effective date. Accordingly, OCRPS is classified as debt instrument from the date of order.

# Consolidated Statement of Changes in Equity (SOCIE) for the Year Ended March 31, 2022

## (C) Other Equity

(₹in Lakhs)

| Particulars | Reserves & Surplus | | |
|---|---|---|---|
| | Capital Reserve | Retained Earning | Total Other Equity |
| **Balance at 1st April 2020** | **(24,668.28)** | **57,768.08** | **33,099.80** |
| Changes in Accounting Policy / Prior Period Errors | - | - | - |
| Balance as at 1st April 2020 | (24,668.28) | 57,768.08 | 33,099.80 |
| Profit for the Year | - | 10,083.90 | 10,083.90 |
| Other Comprehensive Income for the Year (net of Taxes) | - | (17.57) | (17.57) |
| **Total Comprehensive Income for the Year** | **-** | **10,066.33** | **10,066.33** |
| **Balance at 31st March 2021** | **(24,668.28)** | **67,834.41** | **43,166.13** |
| **Balance as at 1st April 2021** | **(24,668.28)** | **67,834.41** | **43,166.13** |
| Changes in Accounting Policy / Prior Period Errors | - | - | - |
| Restated Balance as at 1st April 2021 | (24,668.28) | 67,834.41 | 43,166.13 |
| Profit for the Year | - | 25,278.68 | 25,278.68 |
| Other Comprehensive Income for the Year (net of Taxes) | - | (3.16) | (3.16) |
| **Total Comprehensive Income for the Year** | **-** | **25,275.52** | **25,275.52** |
| Adjustment on cancellation of equity shares pursuant to Scheme of Arrangement | 0.28 | - | 0.28 |
| **Balance as at 31st March 2022** | **(24,668.00)** | **93,109.93** | **68,441.93** |

The accompanying Notes are an integral part of these Consolidated Financial Statements

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

per **Sukrut Mehta**
Partner
Membership No. 101974

Place: Ahmedabad
Date: April 25, 2022

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162
Place: Ahmedabad
Date: April 25, 2022

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

## 1. CORPORATE INFORMATION

The Consolidated Financial Statements comprises Financial Statements of Meghmani Finechem Limited (the Company) and its Subsidiary Meghmani Advanced Sciences Limited (Collectively, the Group) for year ended on March 31, 2022. Meghmani Finechem Limited (the Company) is a Public Company limited by Shares domiciled in India, incorporated under the provisions of Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange in India. The registered office at Meghmani House, B/h Safal Profitaire, Corporate Road, Prahladnagar, Ahmedabad – 380 015, India. The Group is primarily engaged in manufacturing and selling of Chlor Alkali & its Derivatives. The Group is also engaged in trading of Agrochemical Products.

The Consolidated Financial Statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 25th April 2022.

## 2. SIGNIFICANT ACCOUNTIG POLICIES

### 2.1 Basis for Preparation of Accounts

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

The Consolidated Financial Statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain Financial Assets and Liabilities measured at fair value (refer accounting policy regarding Financial Instruments)

i.e. Derivative Financial Instruments

In addition, the Consolidated Financial Statements are presented in ₹which is also the Group's functional currency and all values are rounded to the nearest Lakh (₹00,000), except when otherwise indicated.

### 2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its Subsidiary as at 31st March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group losses control of the Subsidiary. Assets, Liabilities, Income and Expenses of a Subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the Subsidiary. The proportion of ownership interest in each Subsidiary of the parent is as follows:

| Name of the Subsidiary | Country of Domicile | Proportion of Ownership Interest |
|---|---|---|
| Meghmani Advanced Sciences Limited | India | 100% |

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies. The Financial Statements of the Group are drawn up to same reporting date as that of the parent Company, i.e., year ended on 31st March 2022.

### Consolidation Procedure

(a) Combine line items of Assets, Liabilities, Equity, Income, Expenses and Cash Flows of the parent with those of its Subsidiary. For this purpose, income and expenses of the Subsidiary are based on the amounts of the Assets and Liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of Equity of each Subsidiary. Business combinations policy explains how to account for any related Goodwill.

(c) Eliminate in full intragroup Assets and Liabilities, Equity, Income, Expenses and Cash Flows relating to transactions between entities of the Group (profits or losses resulting from Intragroup transactions that are recognised in Assets, such as Inventory and Fixed Assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of Subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group Assets and Liabilities, Equity, Income, Expenses and Cash Flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group looses control over a Subsidiary, it derecognises the assets and liabilities of the Subsidiary, and any related non-controlling interests and other components of Equity. Any interest retained in the form of Subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the Statement of Profit and Loss.

## 2.3 Significant Accounting Estimates, Assumptions and Judgements

The preparation of the Group's Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of Revenues, Expenses, Assets and Liabilities, and the accompanying disclosures, and the disclosure of Contingent Liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of Assets or Liabilities affected in future periods.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Taxes:

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

#### Defined Benefit Plans (Gratuity Benefits)

A liability in respect of Defined Benefit Plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent Actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 32 for details of the key assumptions used in determining the accounting for these plans.

#### Useful Economic Lives of Property, Plant and Equipment

Property, Plant and Equipment as disclosed in note 3 are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

#### Intangible Assets

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable. The costs which can be capitalised are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer note 2.3 (f) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in note 3.

#### Impairment of Non- Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

## 2.4 Summary of Significant Accounting Policies

### a. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method based on the predecessor values retrospectively for all periods presented.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonious accounting policies and tax adjustments if any.

(iii) The components of other equity of the acquired companies are added to the same components within other Equity except that any Share Capital and investments in the books of the acquiring Entity is cancelled and the differences, if any, is adjusted in the opening Retained Earnings.

(iv) The financial information in the financial Statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial Statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

### b. CURRENT VS. NON-CURRENT CLASSIFICATION:

The Group presents assets and liabilities in the Consolidated Statement of Assets and Liabilities based on Current/ Non-Current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of Trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of Trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other Assets and Liabilities are classified as Non-Current Assets and Liabilities. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

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

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

## c. REVENUE RECOGNITION

Revenue from contracts with Customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the Customer.

### 1) Sale of Goods

Revenue from Sale of Goods is recognised at the point in time when control of the goods is transferred to the Customer, generally on dispatch/ delivery of the goods or terms as agreed with the Customer. The normal credit term is 30 to 90 days from the date of dispatch. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the Customer (if any).

#### (i) Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the Customer. The variable consideration is estimated at the time of completion of performance obligation and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide Customers with cash discount in accordance with the Group policy. The cash discount component gives rise to variable consideration.

**Volume Rebates**

The Group provides retrospective volume rebates to certain Customers once the quantity of product purchases during the period exceeds a threshold specified in the contract.

#### (ii) Contract Assets

A contract asset is the right to consideration in exchange for goods transferred to the Customer. If the Group performs its obligation by transferring goods to a Customer before the Customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### (iii) Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in (Financial Instruments – initial recognition and subsequent measurement.)

#### (iv) Contract Liabilities

A contract liability is the obligation to transfer goods or services to a Customer for which the Group has received consideration (or an amount of consideration is due) from the Customer. If a Customer pays consideration before the Group transfers Goods to the Customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### 2) Interest Income

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amountof the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment,extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit or Loss.

3) **Export Incentives**

Export incentives under various schemes notified by Government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in Revenue in the Statement of Profit and Loss due to its operating nature.

4) **Dividend**

Dividend income is recognised when the right to receive the same is established, which is generally when shareholders approve the dividend.

5) **Insurance Claims**

Claims receivable on account of insurance are accounted for to the extent the Group is virtually certain of their ultimate collection.

## d. FOREIGN CURRENCIES

The Group's Consolidated Financial Statements are presented in ₹, which is also the Group's functional currency.

**Transactions and Balances**

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit or Loss are also recognised in OCI or Statement of Profit or Loss, respectively).

## e. FAIR VALUE MEASUREMEMT

The Group measures certain financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the Board of Directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Refer note 38.

- Disclosures for valuation methods, significant estimates and assumptions.
- Quantitative disclosures of fair value measurement hierarchy.
- Investment in Equity Shares.
- Financial Instruments (including those carried at amortised cost).

## f. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment (PPE) and Capital Work in Progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of Profit and Loss as incurred.

Capital Work-in-Progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the Balance Sheet date.

Items of stores and spares that meet the definition of Property, Plant and Equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as Inventories.

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income Statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for assets where management believes and based on independent technical evaluation, assets estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Leasehold land is amortized over the lease period on a straight line basis. The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The depreciation rates charged over following estimated useful lives:

| Asset | Estimated Useful life |
|---|---|
| Leasehold Land | 99 Years |
| Building | 30 Years |
| Carpeted Roads – RCC | 10 Years |
| Plant & Machinery | 12-20 Years |
| Electrical Installation | 10 Years |
| Captive Power Plant and Equipments | 20-40 Years |
| Furniture and Fixtures | 10 Years |
| Vehicles | 8 Years |
| Computers | 3 Years |
| Other Equipments | 5 Years |

## g. INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible Assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost include acquisition and other incidental cost related to acquiring the Intangible Asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable.

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an Intangible Asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on Intangible Assets with finite lives is recognised in the Statement of Profit and loss.

Gains or losses arising from de-recognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**Intangible Assets**

| Assets | Amortization Method | Amortization Period |
|---|---|---|
| Usage Rights | On Straight-line basis | 10 years |
| Technical Know How | On Straight-line basis | 10 years |

## h. IMPAIRMENT OF NON- FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

## i. FINANCIAL INSTRUMENT

A Financial Instrument is any contract that gives rise to a financial asset of one Entity and a financial liability or Equity Instrument of another Entity.

### (A) Financial Asset

#### Initial Recognition and Measurement

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Debt Instruments at Amortised Cost

A debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

#### Debt Instrument at Fair Value through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the Equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### Debt Instrument at Fair Value through Profit & Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Equity Investments

All Equity Investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTOCI. For all other Equity instruments, the Group may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. The Group makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an Equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within Equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Balance Sheet) when:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of Financial Assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., Loans, Debt Securities, Deposits, Trade Receivables and Bank Balance

b) Trade Receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'Contractual Revenue Receivables' in these Consolidated Financial Statements)

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade Receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an Group is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

### (B) Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Loans and Borrowings, Payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of Loans and Borrowings and Payables, net of directly attributable transaction costs.

The Group's financial liabilities include Trade and Other Payables, Loans and Borrowings.

#### Subsequent measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the Statement Profit and Loss.

#### Loan and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as Finance Costs in the Statement of Profit and Loss.

### Trade and Other Payables

These amounts represent liability for good and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and Other Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Derivatives and Hedging Activities

The Group uses derivative financial instruments, such as forward currency contracts and currency swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Off-setting Financial Instrument

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

## j. INVENTORIES

Stores and Spares, Packing Materials and Raw Materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-Finished Products, Finished Products and By-Products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded Goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

## k. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an Entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## l. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Group has a defined benefit Gratuity Plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Group. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

The Group has other long-term employee benefits in the nature of Leave Encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an Insurance Company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

## m. ACCOUNTING FOR TAXES ON INCOME

### Tax Expense comprises of Current Income Tax and Deferred Tax

### Current Income Taxes

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current Income Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Taxes

Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred Tax Assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the Deferred Tax Asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of Deferred Tax Asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Deferred Tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred Tax Assets and Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable Entity and the same taxable Authority.

### Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) is in the nature of unused tax credit which can be carried forward and utilised when the Group will pay normal income tax during the specified period. Deferred Tax Assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period.

## n. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a Finance Cost.

## o. CONTINGENT LIABILITIES

Provisions are not recognised for future operating losses.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a Contingent Liability but discloses its existence in the Consolidated Financial Statements.

A Contingent Assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, Contingent Assets are disclosed in the Consolidated Financial Statements.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## p. LEASES

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether (i) the contract involves the use of identified asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

# Notes to the Consolidated Financial Statement for the year ended March 31, 2022

### Where the Group is the lessee

The Group recognises a Right-Of-Use Asset and a Lease Liability at the lease commencement date. The Right-Of-Use Asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The Right-Of-Use Assets and Lease Liabilities include these options when it is reasonably certain that the option will be exercised.

The Right-Of-Use Assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-Of-Use Assets or the end of the lease term. In addition, the Right-Of-Use Assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the Lease Liability.

The Lease Liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Lease Liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the Lease Liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the Right-Of-Use Asset or is recorded in profit or loss if the carrying amount of the Right-Of-Use asset has been reduced to zero.

Lease payments have been classified as financing activities in Statement of Cash Flow.

The Group has elected not to recognise Right-Of-Use Assets and Lease Liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss over the lease term. The related cash flows are classified as operating activities.

## q. EARNING PER SHARE

### Basic Earnings Per Share

Basic Earnings Per Share are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

### Diluted Earnings per Share

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

## r. CAS₹AND CAS₹EQUIVALENTS

Cash and Cash Equivalent in the Consolidated Financial Statements comprise Cash at Banks and on Hand and Short-Term Deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents consist of Cash and Short-Term Deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. .

s. SEGMENT REPORTING

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general Corporate income and expense items which are not allocated to any business segment.

Segment policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

t. Dividend to Equity and Redeemable Preference Shareholders of the Group

The Group recognises a liability for dividends to Equity Holders of the Group when the dividend is authorised and the dividend is no longer at the discretion of the Group. As per the Corporate laws in India, a dividend is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in Equity.

The Group recognises liability for dividends to Redeemable Preference share Holders of the Holding Company on accrual basis. Dividend is paid based on authorisation by the Board of Directors. Dividend to Redeemable Shareholders is cumulative and recognised in Finance Cost as Interest Expense.

u. New Standards, Interpretations and Amendments adopted by the Group

The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Annual Consolidated Financial Statements for the year ended March 31, 2021, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2021 and do not have material impact on the Consolidated Financial Statements of the Group.

a) Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116;

b) Amendment conceptual framework for financial reporting under Ind AS issued by ICAI;

c) Amendments to Ind AS 103 Business Combinations

d) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

e) Amendments to Ind AS 105, Ind AS 16 and Ind AS 28

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

3 Property, Plant and Equipment, Capital Work in Progress and Intangible Assets as at March 31,2022

(₹in Lakhs)

| | Description | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1st April,2021 | Additions | Deduction / Adjustments | 31st March,2022 | 1st April,2021 | For the Year | Deduction / Adjustments | 31st March,2022 | 31st March,20222 | 31st March,2021 |
| 3.1 | TANGIBLE ASSET | | | | | | | | | | |
| | Right of Use Asset - Lease Hold Land | 1,136.93 | 2,084.90 | - | 3,221.83 | 26.13 | 30.64 | - | 56.77 | 3,165.06 | 1,110.80 |
| | Building | 15,485.30 | 92.00 | 0.14 | 15,577.16 | 2,898.84 | 651.15 | 0.15 | 3,549.84 | 12,027.30 | 12,586.46 |
| | Right of Use Asset - Building | 500.61 | 82.42 | - | 582.03 | 164.58 | 93.74 | - | 258.32 | 324.71 | 336.01 |
| | Plant & Machineries | 92,483.71 | 2,817.06 | 73.27 | 95,227.50 | 24,468.24 | 6,220.16 | - | 30,688.40 | 64,539.10 | 68,015.48 |
| | Captive Power Plant & Equipments | 28,516.59 | 59.29 | - | 28,575.88 | 4,070.87 | 1,127.57 | - | 5,198.44 | 23,377.44 | 24,445.72 |
| | Furnitures & Fixtures | 454.92 | 24.12 | 35.08 | 443.96 | 133.61 | 41.34 | 31.88 | 143.07 | 300.89 | 321.31 |
| | Office Equipment | 110.03 | 39.92 | 18.02 | 131.93 | 36.41 | 20.02 | 14.80 | 41.63 | 90.32 | 73.62 |
| | Vehicles | 200.82 | 4.90 | 11.29 | 194.43 | 49.48 | 69.90 | 10.55 | 108.83 | 85.60 | 151.35 |
| | Computers | 56.30 | 18.30 | - | 74.60 | 31.89 | 12.80 | - | 44.69 | 29.91 | 24.41 |
| | TOTAL (A) | 1,38,945.21 | 5,222.91 | 137.80 | 1,44,030.32 | 31,880.05 | 8,267.32 | 57.38 | 40,089.99 | 1,03,940.33 | 1,07,065.16 |
| 3.3 | INTANGIBLE ASSET | | | | | | | | | | |
| | Usage Rights | 2,621.23 | - | - | 2,621.23 | 206.65 | 247.00 | - | 453.65 | 2,167.58 | 2,414.58 |
| | Technical Know-How | 802.50 | - | - | 802.50 | 51.17 | 76.24 | - | 127.41 | 675.09 | 751.32 |
| | TOTAL (B) | 3,423.73 | - | - | 3,423.73 | 257.82 | 323.24 | - | 581.06 | 2,842.67 | 3,165.90 |
| | TOTAL (A+B) | 1,42,368.94 | 5,222.91 | 137.80 | 1,47,454.05 | 32,137.87 | 8,590.56 | 57.38 | 40,671.05 | 1,06,783.00 | 1,10,231.06 |

**Notes:**

During the Current Year exchange gain of ₹. Nil (31 March 2021: exchange gain of ₹Nil) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of tangible asset as at the year end aggregate to ₹. 375.41 Lakhs (31st March 2021: ₹. 404.35 Lakhs), in view of option given in para D13AA of IND-AS 101 on first time adoption of IND-AS.

32 Capital Work-in-Progress

(₹in Lakhs)

| Particulars | Amount |
|---|---|
| Cost | |
| As at 31st March 2021 | 12,583.73 |
| Addition during the Year | 49,237.84 |
| Capitalisation | (2,896.13) |
| **As at 31st March 2022** | **58,925.44** |

Ageing Schedule of Capital Work in Progress as at March 31,2022

(₹in Lakhs)

| Particulars | Less than 1 Year | 1-2 Years | 2- 3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Project in Progress | 47,239.57 | 10,739.57 | 922.68 | 23.62 | 58,925.44 |
| **As at 31st March 2022** | **47,239.57** | **10,739.57** | **922.68** | **23.62** | **58,925.44** |

Extract of above Capital Work in Progress which is overdue for completion

(₹in Lakhs)

| Particulars | Less than 1 Year | 1-2 Years | 2- 3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Caustic III & 36 MW B | 21,207.61 | - | - | - | 21,207.61 |
| **As at 31st March 2022** | **21,207.61** | **-** | **-** | **-** | **21,207.61** |

Capital Work in Progress as at 31st March 2022 comprises expenditure for Expansion Project of Epichlorhydrin , Chloro Polyvinyl Chloride and Caustic Soda (including Captive Power Plant) which are in the course of construction.

The amount of borrowing costs added to cost of Capital Work-in-Progress during the year ended 31st March 2022 is ₹1645.65 Lakhs (31st March 2021: ₹823.38 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.

For Property Plant & Equipment existing as on 1 April 2015 i.e. the date of transition to Ind AS, the Group has used Indian GAAP carrying value as deemed cost as permitted by Ind AS 101 "First Time Adoption of Indian Accounting Standard". Accordingly, the net WDV as per Indian GAAP as on 1 April 2015 has been considered as Gross block under Ind AS. The accumulated depreciation so netted off as on 1 April 2015.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

3 Property, Plant and Equipment, Capital Work in Progress and Intangible Assets as at March 31,2021

(₹in Lakhs)

| | Description | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1st April,2020 | Additions | Deduction / Adjustments | 31st March,2021 | 1st April,2020 | For the Year | Deduction / Adjustments | 31st March,2021 | 31st March,2021 | 31st March,2020 |
| 3.1 | TANGIBLE ASSET | | | | | | | | | | |
| | Right of Use Asset - Lease Hold Land | 1,136.93 | - | - | 1,136.93 | 13.06 | 13.07 | - | 26.13 | 1110.80 | 1,123.86 |
| | Building | 12,064.44 | 3,420.86 | - | 15,485.30 | 2,314.28 | 584.56 | - | 2,898.84 | 12,586.46 | 9,750.16 |
| | Right of Use Asset - Building | 500.61 | - | - | 500.61 | 82.29 | 82.29 | - | 164.58 | 336.01 | 418.32 |
| | Plant & Machineries | 42,274.04 | 50,209.67 | - | 92,483.71 | 19,133.81 | 5,334.43 | - | 24,468.24 | 68,015.48 | 23,140.23 |
| | Captive Power Plant & Equipments | 12,254.28 | 16,262.31 | - | 28,516.59 | 3,045.27 | 1,025.60 | - | 4,070.87 | 24,445.72 | 9,209.01 |
| | Furnitures & Fixtures | 281.41 | 173.51 | - | 454.92 | 105.34 | 28.27 | - | 133.61 | 321.31 | 176.07 |
| | Office Equipment | 75.72 | 34.31 | - | 110.03 | 20.28 | 16.13 | - | 36.41 | 73.62 | 55.44 |
| | Vehicles | 178.29 | 56.85 | 34.32 | 200.82 | 55.73 | 23.83 | 30.08 | 49.48 | 151.35 | 122.56 |
| | Computers | 43.83 | 12.47 | - | 56.30 | 22.17 | 9.72 | - | 31.89 | 24.41 | 21.66 |
| | **TOTAL (A)** | **68,809.55** | **70,169.98** | **34.32** | **1,38,945.21** | **24,792.24** | **7,117.89** | **30.08** | **31,880.05** | **1,07,065.16** | **44,017.31** |
| 3.3 | INTANGIBLE ASSET | | | | | | | | | | |
| | Usage Rights | 21.23 | 2,600.00 | - | 2,621.23 | 21.23 | 185.42 | - | 206.65 | 2,414.58 | - |
| | Technical Know-How | - | 802.50 | - | 802.50 | - | 51.17 | - | 51.17 | 751.32 | - |
| | **TOTAL (B)** | **21.23** | **3,402.50** | **-** | **3,423.73** | **21.23** | **236.59** | **-** | **257.82** | **3,165.90** | **-** |
| | **TOTAL (A+B)** | **68,830.78** | **73,572.48** | **34.32** | **1,42,368.94** | **24,813.47** | **7,354.48** | **30.08** | **32,137.87** | **1,10,231.06** | **44,017.31** |

**Notes:**

During the Current Year exchange gain of ₹. Nil (31 March 2020: exchange gain of ₹Nil) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of tangible asset as at the year end aggregate to ₹. 404.35 Lakhs (31st March 2020: ₹. 434.49 Lakhs), in view of option given in para D13AA of IND-AS 101 on first time adoption of IND-AS.

3.2 Capital Work-in-Progress (₹in Lakhs)

| Particulars | Amount |
|---|---|
| Cost | |
| As at 31st March 2020 | 69,115.68 |
| Addition during the Year | 6,976.09 |
| Capitalisation | (63,508.04) |
| **As at 31st March 2021** | **12,583.73** |

**Ageing Schedule of Capital Work in Progress as at March 31, 2021** (₹in Lakhs)

| Particulars | Less than 1 Year | 1-2 Years | 2- 3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Project in Progress | 11,464.43 | 1,094.46 | 17.36 | 7.48 | 12,583.73 |
| **As at 31st March 2021** | **11,464.43** | **1,094.46** | **17.36** | **7.48** | **12,583.73** |

Capital Work in Progress as at 31st March 2021 comprises expenditure for Expansion Projects of Epichlorhydrin , Chloro Polyvinyl Chloride and Caustic Soda (including Captive Power Plant) which are in the course of construction.

The amount of borrowing costs added to Cost of capital Work-in-Progress during the year ended 31 March 2021 was ₹823.38 Lakhs (31st March 2020: ₹2,657.81 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 4 Other Financial Assets (Non-Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security Deposits | 645.48 | 611.87 |
| Bank Deposits with original maturity of more than 12 months (including interest accrued) (refer note below) | 26.34 | 176.80 |
| Mark to Market Derivative Assets | 152.55 | 247.13 |
| **Total** | **824.37** | **1,035.80** |

Margin Money Deposits amounting ₹. 26.34 Lakh (31 March 2021: ₹176.80 Lakhs) are given as Security Deposit against Bank Guarantee with bank. These deposits are made for varying periods of between 1 year to 10 years and earn interest ranging between 6.52% to 7.25%.

## 5 Income Tax Assets (Net)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advance payment of Income Tax (Net of Provision) | 255.24 | 245.07 |
| **Total** | **255.24** | **245.07** |

## 6 Other Non-Current Assets

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unsecured, Considered Good | | |
| Capital Advances | 799.62 | 2,584.16 |
| Balance with Government Authorities (Amount paid under Protest) | 84.53 | 61.20 |
| **Total** | **884.15** | **2,645.36** |

## 7 Inventories (valued at lower of cost or net realisable value)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Raw Materials (including in Transit ₹NIL, 31st March 2021: ₹126.03 Lakhs) | 11,379.71 | 1,982.40 |
| Finished Goods | 755.54 | 907.80 |
| Finished Goods In Transit | - | 6.51 |
| Stock-in-Trade | - | 8.89 |
| Consumable Stores and Spares | 3,184.11 | 2,413.75 |
| Others (Packing Materials) | 94.53 | 76.62 |
| **Total** | **15,413.89** | **5,395.97** |

## 8 Trade Receivables

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Trade Receivables** | | |
| Secured, Considered Good | 626.95 | 560.56 |
| Unsecured, Considered Good | 25005.45 | 11,323.17 |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables - Credit Impaired | - | 18.38 |
| **Total** | **25,632.40** | **11,902.11** |
| **Impairment allowance (allowance for Bad and Doubtful Debts)** | | |
| Unsecured, Considered Good | | |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables - Credit Impaired | - | (18.38) |
| **Total** | **25,632.40** | **11,883.73** |

Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

8 Trade Receivables (contd.)

Trade Receivable are secured to the extent of deposit received from the Customers.Trade Receivables are non interest bearing and generally have credit period of 30-90 days.

For amount due and terms and conditions relating to related party, please refer note no 33

No Trade or Other Receivable are due from Directors or other officers of the Group either severally or jointly with any other person.

For information about Credit Risk and Market Risk related to Trade Receivables, please refer note no 38.

**Trade Receivables Ageing Schedule as at March 31, 2022.** (₹in Lakhs)

| Particulars | Current but Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 Months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Undisputed Trade Receivables - Considered Good | 19,104.87 | 6,491.16 | 5.05 | 28.78 | - | 2.54 | **25,632.40** |
| Undisputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | - |
| Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| Disputed Trade Receivables - Considered Good | - | - | - | - | - | - | - |
| Disputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | - |
| Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| **Total** | **19,104.87** | **6,491.16** | **5.05** | **28.78** | **-** | **2.54** | **25,632.40** |

**Trade Receivable Ageing Schedule as at March 31,3021.** (₹in Lakhs)

| Particulars | Current but Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 Months | 6 Months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Undisputed Trade Receivables - Considered Good | 9,343.51 | 2,363.32 | 152.37 | 2.01 | - | 1.13 | **11,862.34** |
| Undisputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | - |
| Undisputed Trade Receivables - Credit Impaired | - | 18.38 | - | - | - | - | **18.38** |
| Disputed Trade Receivables - Considered Good | - | - | - | - | - | 21.39 | **21.39** |
| Disputed Trade Receivables - Which have significant increase in Credit Risk | - | - | - | - | - | - | - |
| Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| **Total** | **9343.51** | **2,381.70** | **152.37** | **2.01** | **-** | **22.52** | **11,902.11** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 9 Cash and Cash Equivalents

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance with Banks | | |
| - In Current Accounts | 2,507.50 | 25.66 |
| - Deposits with original maturity of less than three months (refer note below) | 0.10 | 0.10 |
| - Cash on Hand | 0.94 | 1.33 |
| - Cheques on Hand | - | 40.91 |
| **Total** | **2,508.54** | **68.00** |

Deposits are made for varying periods ranging 60 days to 90 days and earn interest rate approximately 5.10%

## 10 Loans

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Loans to Employees (refer note below) | 22.69 | 11.42 |
| **Total** | **22.69** | **11.42** |

Loans to Employees are interest free and generally given for tenure of 6 to 12 months

Since all the above loans given by the Company are unsecured and considered good, the bifurcation of loan in other categories as required by Schedule III of Companies Act 2013 via: a) Secured, b) Loans which have significant increase in credit risk and c) Credit Impaired is not applicable.

## 11 Other Financial Assets (Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Export Benefits Receivables | 35.14 | 0.21 |
| Balances with Government Authorities (refer note below) | - | 33.12 |
| Security Deposits | - | 26.00 |
| Interest Accrued on Deposits with original maturity of less than three months | - | 0.90 |
| Mark to Market Derivative Assets | 152.55 | 123.57 |
| **Total** | **187.69** | **183.80** |

Balance with Government Authorities pertains to Refund Receivable from Goods and Service Tax Authorities.

## 12 Other Current Assets

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Prepaid Expenses | 100.14 | 127.00 |
| Export Benefits Receivables | 98.85 | 64.47 |
| Balances with Government Authorities (refer note below) | 169.46 | 120.09 |
| Advance to Employees | 4.36 | 0.97 |
| Advances to Suppliers | 556.40 | 273.73 |
| **Total** | **929.21** | **586.26** |

Balance with Government Authorities include VAT / Cenvat / Goods and Service Tax Credit Receivable.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 13 Share Capital

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Authorised Share Capital** | | |
| **Equity Shares of ₹10 each** | | |
| 12,05,00,000 Equity Shares (31st March 2021: 12,05,00,000) each Share of ₹10/- | 12,050.00 | 12,050.00 |
| **12,05,00,000 Equity Shares (31st March 2021: 12,05,00,000) each Share of ₹10/-** | **12,050.00** | **12,050.00** |
| **Preference Shares of ₹100 each** | | |
| 20,00,000 Preference Shares (31st March 2021: 20,00,000) each Share of ₹100 /- | **2,000.00** | **2,000.00** |
| **Preference Shares of ₹10 each** | | |
| 432,628,796 Preference Shares (31st March 2021: 43,26,28,796) each Share of ₹10 /- | **43,262.88** | **43,262.88** |
| **Total Authorised Capital** | **57,312.88** | **57,312.88** |

(₹in Lakhs)

| Particulars | No. of Shares | Amount |
|---|---|---|
| **ISSUED, SUBSCRIBED & PAID UP** | | |
| **Equity Share Capital** | | |
| 4,15,50,158 Equity Shares (31st March 2021: 4,15,52,665) each of ₹10 /- Fully Paid Up | 4,155.02 | 4,155.27 |
| **Total** | **4,155.02** | **4,155.27** |
| **Instrument entirely Equity in Nature (Preference Share Capital)** | | |
| NIL Optionally Convertible Redeemable Preference Share (OCRPS) (31st March 2021: 21,09,19,871) each of ₹10 /- Fully Paid Up | - | 21,091.99 |
| **Total** | **-** | **21,091.99** |

**Reconciliation Shares outstanding at the beginning and at the end of the reporting Year** (₹in Lakhs)

| Equity Share Capital | No. of Shares | Amount |
|---|---|---|
| **As at 1st April 2020** | **4,15,52,665** | **4,155.27** |
| **As at 31st March 2021** | **4,15,52,665** | **4,155.27** |
| Less: Shares Cancelled pursuant to The Scheme of Arrangement (refer note below) | (2,507) | (0.25) |
| **As at 31st March 2022** | **4,15,50,158** | **4,155.02** |

**Instrument entirely Equity in Nature (Optionally Convertible Redeemable Preference Share Capital)** (₹in Lakhs)

| | No. of Shares | Amount |
|---|---|---|
| **As at 1st April 2020** | **21,09,19,871** | **21,091.99** |
| **As at 31st March 2021** | **21,09,19,871** | **21,091.99** |
| Change During the Year | (21,09,19,871) | (21,091.99) |
| **As at 31st March 2022** | **-** | **-** |

**Equity Share:**

The Holding Company has one class of Equity Shares par value of ₹10 per share. Each Equity Shareholder is entitled to one vote per share. All Equity Shareholders have equal dividend rights. In the event of liquidation of the Holding Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

**Optionally Convertible Redeemable Preference Share ('OCRPS')**

Each Optionally Convertible Redeemable Preference Share has par value of ₹10 per share and is convertible at the option of the Holding Company. In case, redemption does not happen within 20 years, it will be compulsorily converted into 10

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 13 Share Capital (contd.)

Equity Shares for every 125 OCRPS. The Preference Shares carry a dividend of 8% per annum, payable subject to approval of Board of Directors of the Holding Company. The dividend rights are non-cumulative.

Considering all the rights of conversion / redemption and dividend declaration are in the hands of Holding Company, same is classified as Equity in nature and disclosed as 'Instrument entirely Equity in nature' as at March 31,2021. The Preference Shares rank ahead of the Equity Shares in the event of a liquidation.

**Conversion Optionally Convertible Redeemable Preference Shares (OCRPS) to Compulsory Redeemable Preference Shares (RPS):**

As per the NCLT Order, OCRPS issued by the Holding Company is transferred to Meghmani Organics Limited (Formerly Meghmani Organochem Limited) as per the Scheme. Further, the OCRPS have been converted into equal number of RPS with same terms and conditions and tenure from the effective date i.e. May 3, 2021 i.e. the date of the Order. Accordingly, OCRPS is classified as equity instrument under total equity for the year ended March 31, 2021 and the same is classified and accounted for as debt instrument from the Date of Order.

**Shares cancelled pursuant to Scheme of Arrangement:**

Pursuant to the Scheme, shareholders of MOL were allotted 94 Equity Shares of ₹10 each of the Holding Company for every 1,000 Equity Shares of Re. 1 of MOL. Accordingly, 2,507 equity shares of the Holding Company were cancelled on account of rounding off adjustment basis share swap ratio.

**Details of Shareholding (more than 5% Equity Shares)**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Number of Shares held by** | | |
| (a) Natwarlal Patel | 41,76,851 | 22,27,305 |
| % of Share held | 10.05% | 5.41% |
| (b) Ashish Soparkar | 46,14,657 | 21,98,563 |
| % of Share held | 11.11% | 5.34% |
| (c) Jayantibhai Patel | 35,76,707 | 18,82,414 |
| % of Share held | 8.61% | 4.57% |
| (d) Rameshbhai Patel | 29,14,769 | 13,82,414 |
| % of Share held | 7.01% | 3.36% |
| (e) Maulikbhai Patel | 20,94,591 | 18,97,011 |
| % of Share held | 5.04% | 4.61% |
| **Optionally Convertible Redeemable Preference Share (OCRPS)** | | |
| (a) Meghmani Organics Limited ('MOL') | - | 21,09,19,871 |
| % of Share held | 0% | 100% |

As per records of the Holding Company, including its register of shareholder / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

No dividend has been proposed / declared on Equity Share.

**Promoters' Shareholding**

| Promoter (31 March 2022) | No of Share at the beginning of the Year | Change during the Year * | No of Share at the end of the Year | % of Total share | % Change during the Year |
|---|---|---|---|---|---|
| Ashish Natawarlal Soparkar | 21,98,563 | 24,16,094 | 46,14,657 | 11.11% | 109.89% |
| Natwarlal Meghjibhai Patel | 22,27,305 | 19,49,546 | 41,76,851 | 10.05% | 87.53% |
| Jayantibhai Meghjibhai Patel | 18,82,414 | 16,94,293 | 35,76,707 | 8.61% | 90.01% |
| Rameshbhai Meghjibhai Patel | 13,82,414 | 15,32,355 | 29,14,769 | 7.01% | 110.85% |
| Anandbhai Ishwarbhai Patel | 10,69,983 | 7,46,661 | 18,16,644 | 4.37% | 69.78% |
| Maulik Jayantibhai Patel | 18,97,011 | 1,97,580 | 20,94,591 | 5.04% | 10.42% |
| Kaushal Ashishbhai Soparkar | 15,80,747 | 1,40,632 | 17,21,379 | 4.14% | 8.90% |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 13 Share Capital (contd.)

Change during the year includes shares issued to shareholders of Meghmani Organcis Limited as per the share swap ratio approved by NCLT in its Order, the Holding Company has allotted Equity Shares in the ratio of 94 Equity Shares of ₹10 each for every 1,000 Equity Shares of Re. 1 each held by the shareholders of MOL.

| Promoter (31 March 2021) | No of Share at the beginning of the Year | Change during the Year | No of Share at the end of the Year | % of Total share | % Change during the Year |
|---|---|---|---|---|---|
| Ashish Natawarlal Soparkar | 21,98,563 | - | 21,98,563 | 5.34% | - |
| Natwarlal Meghjibhai Patel | 22,27,305 | - | 22,27,305 | 5.41% | - |
| Jayantibhai Meghjibhai Patel | 18,82,414 | - | 18,82,414 | 4.57% | - |
| Rameshbhai Meghjibhai Patel | 13,82,414 | - | 13,82,414 | 3.36% | - |
| Anandbhai Ishwarbhai Patel | 10,69,983 | - | 10,69,983 | 2.60% | - |
| Maulik Jayantibhai Patel | 18,97,011 | - | 18,97,011 | 4.61% | - |
| Kaushal Ashishbhai Soparkar | 15,80,747 | - | 15,80,747 | 3.84% | - |
| Meghmani Organics Limited* | 2,35,45,985 | (2,35,45,985) | - | - | 100.00% |

* Shares held by Meghmani Organics Limited have been cancelled pursuant to Scheme of Arrangement.

## 14 Other Equity

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Capital Reserve** | | |
| Balance as at the beginning of the Year | (24,668.28) | (24,668.28) |
| Adjustment on Cancellation of Equity Shares pursuant to Scheme of Arrangement | 0.28 | - |
| **Balance as at the end of the Year** | **(24668.00)** | **(24,668.28)** |
| **Retained Earnings** | | |
| Balance as at the beginning of the Year | 67,834.41 | 57,768.08 |
| Profit for the Year | 25,278.68 | 10,083.90 |
| Other Comprehensive Income for the Year | (3.16) | (17.57) |
| **Balance as at the end of the Year** | **93,109.93** | **67,834.41** |
| **Total** | **68,441.93** | **43,166.13** |

**Capital Reserve**

The balance in Capital Reserve represents difference between consideration paid and net asset acquired under common control business combination transactions and cancellation of shares pursuant to scheme of arrangement.

## 15 Borrowings (Non Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Term Loan Facilities from Banks :** | | |
| Indian Rupee Loan (Secured) (refer note below) | 51,679.85 | 25,814.74 |
| **From Financial Institutions** | | |
| Foreign currency Loan (Secured) (refer note below) | 4,042.56 | 8,232.00 |
| **Redeemable Preference Share** | | |
| 8% Redeemable Preference Share (refer note below) | 21,091.99 | - |
| **Total Non-Current Borrowing** | **76,814.40** | **34,046.74** |
| [refer note 17 for Current Maturities of Term Loan from Banks and Financial Institutions ₹14,107.47 Lakhs (31st March 2021 : ₹12,280.91 Lakhs)] | | |
| The above amounts includes: | | |
| Secured Borrowing | 76,814.40 | 34,046.74 |
| Unsecured Borrowing | - | - |

refer note -38 For Interest Rate Risk and Liquidity Risk.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 15 Borrowings (contd.)

**Details of Security and Repayment Terms :**

(i) The Holding Company has taken External Commercial Borrowing of Euro 180.00 Lakhs equivalent to ₹14,400.00 Lakhs from Standard Chartered Bank to finance its capital expenditure plans. Outstanding balance for this borrowing is Euro 96.00 Lakhs equivalent to ₹8,085.12 Lakhs (31st Mach 2021: ₹.12,348.00 Lakhs). The borrowing is secured by first pari passu mortgage charge on all immovable properties, first pari passu hypothecation charge over all the moveable assets. The borrowing carries interest @ Euribor + 1.6% p.a. payable on quarterly rests. The Holding Company has entered into Interest Rate Swap ('IRS') agreement with the bank for a fixed interest @ 1.85% p.a. and hedging of the foreign exchange rate whereby the Holding Company will pay additional interest @ 4.95% p.a. The effective interest rate after considering basic interest rate and interest for hedging is 6.80%. The borrowing is repayable in 15 quarterly instalments of Euro 12 Lakhs each, starting from July 3, 2020.

**ii) The Holding Company has availed following Rupee Term Loan facilities:**

1) Term loan amounting ₹11,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of Chloromethane Plant. Outstanding balance for this facility is ₹3,850 Lakhs (31st March 2021: ₹6,050 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The interest rate for the current year remained @ 7.20%. (31st March 2021: 7.65%). The Term Loan is repayable in 20 quarterly instalments of ₹550.00 Lakhs each and repayment started from 9th March 2019.

2) Term loan amounting ₹15,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of Caustic Soda Lye Plant with new 36 MW Power Plant. Outstanding balance for this facility is ₹10,000 Lakhs (31st March 2021: ₹13,333 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The effective interest rate is 7.25%. (31st March 2021: 7.25%) The term loan is repayable in 18 quarterly instalments of ₹833.33 Lakhs each starting from 1st November, 2020.

3) Term loan amounting ₹12,500 Lakhs from Federal Bank Limited for capital expenditure toward setting up of Hydrogen Peroxide Plant. Outstanding balance for this facility is ₹7,895 Lakhs (31st March 2021: ₹.10,526 Lakhs). The borrowing carries interest @ 12 month T-bill rate (benchmark as published by RBI - to be reset every year) plus spread (fixed @ 0.94%) payable on monthly rest. The effective interest rate is 6.64% (31st March 2021: 6.64%). The Term Loan is repayable in 19 quarterly instalments of ₹657.89 Lakhs each starting from 29th September, 2020

4) Term loan amounting ₹19,000 Lakhs from State Bank of India for capital expenditure toward setting up of new Epichlorhydrin Plant. The Holding Company has drawn down ₹19,000 Lakhs as at the Balance Sheet date (31st March 2021: ₹4,070 Lakhs) . The borrowing carries interest at 6 month MCLR (Benchmark rate) plus spread of 0.10% (to be reset every half year) payable on monthly rest. The effective interest rate is 7.05%(31st March 2021 : 7.05%). The Term Loan is repayable in 20 quarterly instalments of ₹950.00 Lakhs each starting from 31st December. 2022.

5) Term loan amounting ₹28,475 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of new Chloro Polyvinyl Chloride Plant and expansion of Caustic capacity with 36 MW Captive Power Plant. The Holding Company has drawn down ₹21,000 Lakhs as at the Balance Sheet date (31st March 2021: ₹NIL) . The borrowing carries interest at 6 month MCLR (Benchmark rate) plus NIL (to be reset every half year) payable on monthly rest. The effective interest rate is 7.05% (31st March 2021 : Nil). The Term Loan is repayable in 20 quarterly instalments of ₹1,423.75 Lakhs each starting from September 2023

6) The Term Loan facilities are secured by first pari passu mortgage charge of all immovable properties of the Holding Company,first pari passu hypothecation charge over all the movable assets of the Holding Company.

iii) The Holding Company has executed an Indenture of Mortgage with Lenders of these term loans (Secured Parties) by creating mortgages on Immovable Properties of the Holding Company by creating a charge by way of registered mortgage. According to the indenture, all the Secured Parties will share pari passu charge with first ranking and priority over the immovable properties of the Holding Company, both present and future.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 15 Borrowings (contd.)

iv) Bank loans availed by the Holding Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Holding Company has complied with the covenants as per the terms of the loan agreements.

v) 21,09,19,871 Redeemable Preference Shares of ₹10 each which were earlier classified as OCRPS (refer note 13) is cumulative and carry coupon/dividend rate of 8.00% p.a. with redeemable tenure of 20 years from the date of allotment, The Holding Company have the right to exercise the option of early redemption, Redemption will be at face value. Dividend is accrued for the year from the effective date of conversion of OCRPS to RPS i.e 3rd May 2021.

## 16 Long Term Provisions

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Gratuity (refer note 32) | 197.78 | 103.81 |
| Compensated Absences | 91.53 | 59.04 |
| **Total** | **289.31** | **162.85** |

## 17 Borrowings (Current)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Secured Loans** | | |
| **Rupee Loans repayable on Demand** | | |
| Cash Credit / Overdraft / WCDL Facility from Banks (refer note below) | 8,014.33 | 7,503.49 |
| Current Maturities of Long-Term Debt (refer note 15) | 14,107.47 | 12,280.91 |
| **Total** | **22,121.80** | **19,784.40** |

**Note:**

The Holding Company has availed Working Capital Facility of ₹25,000 Lakhs (31st March 2021: ₹18,000 Lakhs) as sanctioned limit from consortium comprising of ICICI Bank Limited ₹9,000 Lakhs, Standard Chartered Bank ₹8,000 Lakhs and HDFC Bank Ltd. ₹8,000 Lakhs.

Rate of interest stipulated by ICICI Bank Limited is 6 Month MCLR +Nil spread on the principal amount remains outstanding each day.Interest rate for the year ranges between 4.90% - 7.25% (31st March 2021: 7.25% - 8.70%).

Rate of interest stipulated by Standard Chartered Bank is monthly MCLR . Interest rate for the year ranges between 5.00% - 6.75% (31st March 2021: 6.60% - 8.85%).

Rate of interest stipulated by HDFC Bank Limited is as per prevailing 1 year MCLR + applicable margin. Interest rate for this ranges between @ 4.90% -7.20% (31st March 2021: 7.20% - 8.00%).

The Holding Company has availed Working Capital Facility of ₹5,000 Lakhs (31st March 2021: ₹NIL) from Kotak Mahindra Bank. The rate of interest stipulated by Kotak Mahindra Bankis 6 month MCLR +NIL Spread interest rate for this ranges between 4.65% - 5.00%

The Holding Company is in process of filing the requisite from with Ministry of Corporate Affairs for creating of first pari passu hypothecation charge over all the Current Assets for additional faciliites sanctioned during the year.

Bank loans availed by the Holding Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Holding Company has complied with the covenants as per the terms of the loan agreements.

## 18 Trade Payables

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade Payables | 8,810.50 | 7,304.93 |
| **Total** | **8,810.50** | **7,304.93** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 18 Trade Payables (contd.)

**Terms and conditions of the above outstanding dues :**

Trade Payables are non-interest bearing and are normally settled in 45 - 360 days terms.

For amounts due to related parties and terms and conditions with Related Parties, refer note 33.

For Group's Credit Risk management processes refer note 38.

Trade Payables Ageing Schedule as at March 31,2022'

| Particulars | Unbilled Dues | Current but Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Total outstanding dues of Micro and Small Enterprise | - | 512.82 | 402.43 | - | - | - | 915.25 |
| Total outstanding dues of Creditors other than Micro and Small Enterprise | 54.66 | 4,877.85 | 2,857.21 | 53.81 | 51.55 | 0.17 | 7,895.25 |
| Disputed outstanding dues of Micro and Small Enterprise | - | - | - | - | - | - | - |
| Disputed outstanding dues of Creditors other than Micro and Small Enterprise | - | - | - | - | - | - | - |
| **Total** | **54.66** | **5,390.67** | **3,259.64** | **53.81** | **51.55** | **0.17** | **8,810.50** |

Trade Payable Ageing Schedule as at March 31, 2021

| Particulars | Unbilled Dues | Current but Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Total outstanding dues of Micro and Small Enterprise | - | 118.43 | 127.13 | 2.45 | - | - | 248.01 |
| Total outstanding dues of Creditors other than Micro and Small Enterprise | 68.40 | 5,180.39 | 1,768.12 | 35.69 | 3.82 | 0.50 | 7,056.92 |
| Disputed outstanding dues of Micro and Small Enterprise | - | - | - | - | - | - | - |
| Disputed outstanding dues of Creditors other than Micro and Small Enterprise | - | - | - | - | - | - | - |
| **Total** | **68.40** | **5,298.82** | **1,895.25** | **38.14** | **3.82** | **0.50** | **7,304.93** |

## 19 Other Current Financial Liabilities

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial Liabilities carried at Amortised Cost** | | |
| Interest Accrued but not due on Borrowing | 1,841.65 | 332.10 |
| Capital Creditors | 6,497.86 | 4,148.40 |
| Security Deposits | 1,049.00 | 950.00 |
| Employee Benefits Payable | 2,951.74 | 1,581.59 |
| Book Overdraft | - | 48.33 |
| Expenses Payable | 6,275.64 | 3,895.96 |
| **Total** | **18,615.89** | **10,956.38** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 20 Other Current Liabilities

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advances from Customers | 80.88 | 85.51 |
| Statutory Dues Payables | 2,525.45 | 640.26 |
| **Total** | **2606.33** | **725.77** |

## 21 Short Term Provisions

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Compensated Absences | 17.89 | 10.04 |
| **Total** | **17.89** | **10.04** |

## 22 Current Tax Liabilities (Net)

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current Tax Payable (net) | 942.21 | 9.62 |
| **Total** | **942.21** | **9.62** |

## 23 Revenue from Operations

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Sales of Products** | | |
| Sale of products | 1,54,712.61 | 82,493.37 |
| Sale of By-product | 260.71 | 100.36 |
| **Sales of Products** | **1,54,973.32** | **82,593.73** |
| **Other Operating Revenue** | | |
| Export Benefits and Other Incentives | 1.77 | 9.74 |
| Scrap Sales | 119.05 | 256.56 |
| **Total Other Operating Revenue** | **120.82** | **266.30** |
| **Total** | **1,55,094.14** | **82,860.03** |

### 23.1 Disaggregated Revenue Information

(₹in Lakhs)

Set out below is the disaggregation of the Group's Revenue from Contracts with Customers:

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Type of Goods or Service** | | |
| Chlor Alklai & its Derivatives | 1,54,973.32 | 82,464.66 |
| Traded Goods | - | 129.07 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |
| **Geographical location of Customer** | | |
| India | 1,54,861.21 | 82,017.51 |
| Outside India | 112.11 | 576.22 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |
| **Timing of Revenue Recognition** | | |
| Goods transferred at a point in time | 1,54,973.32 | 82,593.73 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 23 Revenue from Operations(contd.)

### 23.2 Contract balances

(₹in Lakhs)

The Group has recognised the following Revenue-related Contract Asset and Liabilities

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade Receivables (refer note 8) | 25,632.40 | 11,883.73 |
| Advance from Customers (refer note 20) | 80.88 | 85.51 |

Contract Liabilities includes Short Term Advance received from Customers towards Sale of Products. There is no significant movement for the Year.

### 23.3 Reconciling the amount of Revenue recognised in the Statement of Profit and Loss with the Contracted price

The Group has recognised the following Revenue-related Contract Asset and Liabilities (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Revenue as per contracted price | 1,61,322.77 | 86,356.00 |
| **Adjustments** | | |
| Sale Returns | (75.11) | (40.87) |
| Trade Discount & Quantity Rebate | (4,929.90) | (2,446.38) |
| Cash Discount | (439.93) | (335.56) |
| Sales Commission | (904.51) | (939.47) |
| **Revenue from Contract with Customers** | **1,54,973.32** | **82,593.73** |

### 23.4 Performance Obligation

The performance obligation is satisfied upon dispatch of Goods from the Group's premises / delivery of Goods to the Customer in accordance with the terms of contract with Customer and payment is generally due within 30 to 90 days from date of dispatch of Goods.

### 23.5 Information about Major Customers

No single Customer represents 10% or more of the Group's total Revenue during the year ended 31st March 2022 and 31st March 2021

## 24 Other Income

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest Income on** | | |
| - Bank Deposit | 12.28 | 13.76 |
| - Other | 3.65 | 1.04 |
| Net gain on Foreign Currency Transactions and Translations (net) | 111.86 | 38.36 |
| Profit On Sale of Property, Plant and Equipment (net) | - | 0.28 |
| Miscellaneous Income | 98.94 | 58.88 |
| Insurance Claims | 172.11 | 106.58 |
| Provision No Longer Required written back | 12.24 | - |
| **Total** | **411.08** | **218.90** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 25 Cost of Materials Consumed

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Chlor Alkali & its Derivatives | 75,941.09 | 38,609.98 |
| **Total** | **75,941.09** | **38,609.98** |

**Note:**

The above amount comprises of Raw Material consumption generated from the accounting system and related adjustment there to

## 26 Change In Inventories Of Finished Goods and Stock in Trade

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Inventories at the beginning of the Year | | |
| (i) Finished Goods | 914.31 | 766.53 |
| (ii) Stock in Trade | 8.89 | 36.15 |
| **Total (A)** | **923.20** | **802.68** |
| Inventories at the end of the Year | | |
| (i) Finished Goods | 755.54 | 914.31 |
| (ii) Stock in Trade | - | 8.89 |
| **Total (B)** | **755.54** | **923.20** |
| **Changes in Inventories (A-B)** | **167.66** | **(120.48)** |

## 27 Employee Benefit Expenses

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and Wages | 4,567.53 | 3,584.58 |
| Director Remuneration | 2,480.00 | 1,235.00 |
| Contribution to Provident and Other Funds (refer note 32) | 256.81 | 209.79 |
| Staff Welfare Expenses | 375.12 | 331.57 |
| **Total** | **7,679.46** | **5,360.94** |

## 28 Finance Costs

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Interest Expense on : | | |
| - Term Loan | 2,473.01 | 2,665.15 |
| - Cash Credit and Working Capital Demand Loan | 469.06 | 310.88 |
| - Lease Liability (refer note 36) | 31.48 | 34.90 |
| - Others | 216.99 | 79.18 |
| Dividend on Non Convertible Redeemable Preference Shares | 1,539.43 | - |
| Loss/(Gain) on Derivative Instruments | 65.60 | (528.50) |
| Exchange Loss/(Gain) on restatement of External Commercial Borrowing (ECB) | (422.88) | 329.40 |
| Other Borrowing Costs (includes Bank Charges, etc.) | 54.33 | 20.36 |
| **Total** | **4,427.02** | **2,911.37** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 29 Other Expenses

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Consumption of Stores and Spares | 1,873.45 | 1,426.66 |
| Consumption of Packing Materials | 2,151.10 | 1,291.42 |
| Repairs and Maintenance: | | |
| - Buildings | 114.48 | 117.12 |
| - Plant and Machinery | 940.87 | 479.70 |
| Rent (refer note 36) | 3.50 | 2.99 |
| Rates and Taxes | 128.85 | 62.78 |
| Insurance | 447.05 | 366.83 |
| Power and Fuel | 4,112.59 | 441.85 |
| Electricity Duty on Power Generation | 2,302.59 | 2,350.93 |
| Renewal Purchase Obligation | 937.89 | 845.70 |
| Contract Labour Charges | 1,200.53 | 1,043.55 |
| Selling and Promotion Expenses | 1,701.90 | 449.76 |
| Loss on Sale of Property, Plant and Equipment | 7.16 | - |
| Water Charges | 2,669.54 | 2,167.28 |
| Expenditure towards Corporate Social Responsibility (refer not i below) | 360.00 | 966.93 |
| Payments to the Auditors (refer note ii below) | 24.10 | 17.87 |
| Miscellaneous Expenses | 1,381.59 | 803.40 |
| **Total** | **20,357.19** | **12,834.77** |

**Notes:**

**(i) Corporate Social Responsibility Expenditure**

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Amount required to be spent during the Year | 360.00 | 383.37 |
| Amount of opening unspent CSR expenses spent during the year pursuant to representation made by the Holding Company with ROC & NCLT | - | 579.29 |
| Amount approved by the Board to be spent during the year | 360.00 | 962.66 |
| Amount Spend during the year | 275.00 | 966.93 |
| i. Construction / Acquisition of an Assets | - | - |
| ii. On purpose other than (i) above | 275.00 | 966.93 |
| | | |
| Details related to spent/unspent obligation | | |
| i) Contribution to Public Trust | | |
| ii) Contribution to Charitable Trust | 275.00 | 966.93 |
| iii) Unspent amount | 85.00 | - |

**Details of Ongoing Projects:**

| Particulars | March 31,2022 |
|---|---|
| **In case of S. 135(6) (Ongoing Project)** | |
| **Opening Balance** | |
| With Company | - |
| In Separate CSR Unspent Account | - |
| Amount Required to be spent during the Year | 360.00 |
| **Amount spent during the Year** | |
| From Company's Bank account | 275.00 |
| From Separate CSR unspent account | - |
| **Closing Balance** | |
| With Company | - |
| In Separate CSR Unspent account | 85.00 |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 29 Other Expenses (contd.)

### (ii) Payment to Auditors (excluding Tax)

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| (a) Statutory Audit Fees | 23.00 | 17.35 |
| (b) Reimbursement of Expenses | 1.10 | 0.52 |
| **Total** | **24.10** | **17.87** |

## 30 DISCLOSURE OF EARNING PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders of Parent Company by the weighted average number of Equity Shares outstanding during the year, including effect of shares issued pursuant to Scheme of Arrangement.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders of Parent Company by the weighted average number of Equity Shares outstanding during the year after adjusting effects of OCRPS which are Dilutive Potential Equity Shares.

The following reflects the Income and Share used in the Basic and Diluted EPS computation:

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Profit attributable to Shareholders (Figure in ₹) | 25,278.68 | 10,0083.90 |
| Total number of Equity Shares at the end of the Year (Nos) | 4,15,50,158 | 4,15,52,665 |
| Weighted Average number of Equity Shares outstanding (Nos) | | |
| - For basic EPS calculation | 4,15,50,158 | 4,15,52,665 |
| - For diluted EPS calculation | 4,15,50,158 | 5,84,26,255 |
| Nominal value per Equity Share (₹.) | 10 | 10 |
| Basic Earnings Per Share (₹.) | 60.84 | 24.27 |
| Diluted Earnings Per Share (₹.) | 60.84 | 17.26 |
| **Weighted Average number of Equity Shares** | | |
| Weighted Average number of Equity Shares for basic EPS | 4,15,50,158 | 4,15,52,665 |
| Effect of dilution: | | |
| Optionally Convertible Redeemable Preference Shares (OCRPS) | - | 1,68,73,590 |
| Weighted average number of Equity Shares adjusted for the effect of dilution | 4,15,50,158 | 5,84,26,255 |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 31 Tax Expense

(a) Amounts recognised in Profit and Loss

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Current Income Tax | 6,967.28 | 2,816.76 |
| Deferred Tax Expenses | 4,259.01 | 3,185.10 |
| Utilisation of MAT Credit | 1,837.27 | - |
| **Tax Expense for the Year** | **13,063.56** | **6,001.86** |

(b) Amounts recognised in Other Comprehensive Income

(₹in Lakhs)

| Particulars | 31st March 2022 | | | 31st March 2021 | | |
|---|---|---|---|---|---|---|
| | Before Tax | Tax (expense) /benefit | Net of Tax | Before Tax | Tax (expense) /benefit | Net of Tax |
| **Items that will not be reclassified to Profit or Loss** | | | | | | |
| Remeasurements of the Defined Benefit Plans | (4.85) | 1.69 | (3.16) | (27.00) | 9.43 | (17.57) |
| **Total** | **(4.85)** | **1.69** | **(3.16)** | **(27.00)** | **9.43** | **(17.57)** |

(c) Reconciliation of Effective Tax Rate

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Profit Before Tax** | **38,342.24** | **16,085.76** |
| Tax using the Group's domestic tax rate | 13,398.31 | 5,621.01 |
| (Current Year 34.944% and 31st March 2021 34.944%) | | |
| **Tax effect on Non Deductible Expenses/ Income not subject to Tax/ Other adjustments** | | |
| Dividend on Preference Share | 537.94 | - |
| Corporate Social Responsibility expense | 28.13 | 337.95 |
| Others | 5.20 | 42.88 |
| **Others** | | |
| Income exempt under Section 80 IA | (754.95) | - |
| True Up Tax Adjustments | (151.10) | - |
| **Total** | **13,063.56** | **6,001.87** |
| **Effective Tax Rate** | **34.07%** | **37.31%** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 31 Tax expense (contd.)

(d) Movement in Deferred Tax balances for the Year ended 31st March 2022

(₹in Lakhs)

| Particulars | Net balance 1st April 2021 | Recognised in Profit and Loss | Recognised in OCI | Other Adjustments | 31st March 2022 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Net | Deferred Tax Asset | Deferred Tax Liability |
| Property, Plant and Equipment | (12,709.61) | (1,663.04) | - | - | (14,372.65) | - | (14,372.65) |
| Gain on Derivative - Mark to market | 159.80 | (159.80) | - | - | - | - | - |
| Employee Benefits | 60.41 | 51.27 | 1.69 | - | 113.38 | 113.38 | - |
| Lease Liabilities | 6.43 | 12.51 | - | - | 18.94 | 18.94 | - |
| Carried Forward Loss | 2,798.58 | (2,798.58) | - | - | - | - | - |
| Tax Credit (MAT) | 6,388.61 | (1,837.27) | - | 339.33 | 4,890.66 | 4,890.66 | - |
| Others | 215.25 | (40.69) | - | - | 174.56 | 174.56 | - |
| **Tax Assets/ (Liabilities)** | **(3,080.53)** | **(6,435.61)** | **1.69** | **339.33** | **(9,175.12)** | **5,197.54** | **(14,372.65)** |
| Set off Tax | | | | | | | 5,197.54 |
| **Net Tax Assets / (Liabilities)** | | | | | | | **(9,175.12)** |

(e) Movement in Deferred Tax balances for the Year ended 31st March 2021

(₹in Lakhs)

| Particulars | Net balance 1st April 2021 | Recognised in Profit and Loss | Recognised in OCI | Other | 31st March 2021 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Net | Deferred Tax Asset | Deferred Tax Liability |
| Property, Plant and Equipment | (4,029.19) | (8,680.42) | - | - | (12,709.61) | - | (12,709.61) |
| Gain on Derivative - Mark to market | 129.64 | 30.16 | - | - | 159.80 | 159.80 | - |
| Employee Benefits | 57.25 | (6.27) | 9.43 | - | 60.41 | 60.41 | - |
| Lease Liabilities | 7.38 | (0.95) | - | - | 6.43 | 6.43 | - |
| Carried Forward Loss | - | 2,798.58 | - | - | 2,798.58 | 2,798.58 | - |
| Tax Credit (MAT) | 3,571.85 | 2,816.76 | - | - | 6,388.61 | 6,388.61 | - |
| Others | 358.20 | (142.95) | - | - | 215.25 | 215.25 | - |
| **Tax Assets/ (Liabilities)** | **95.13** | **(3,185.10)** | **9.43** | **-** | **(3,080.53)** | **9,629.08** | **(12,709.61)** |
| Set off Tax | | | | | | | 9,629.08 |
| **Net Tax Assets / (Liabilities)** | | | | | | | **(3,080.53)** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 32 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS

### (a) Retirement Benefits

The Gratuity Plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

Table 1: Reconciliation of Defined Benefit Obligation (DBO) (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Opening balance of Defined Benefit Obligation** | **441.71** | **332.34** |
| Service Cost | | |
| a. Current Service Cost | 95.58 | 76.37 |
| Interest Cost | 25.62 | 20.27 |
| Benefits Paid | (14.11) | (10.58) |
| Re-measurements | | |
| a. Actuarial Loss/(Gain) from changes in financial assumptions | (15.53) | 9.25 |
| b. Actuarial Loss/(Gain) from experience over the past period | 20.67 | 14.06 |
| c. Actuarial (Loss)/Gain from change in demographic assumptions | | - |
| **Closing balance of the Defined Benefit Obligation** | **553.94** | **441.71** |

Table 2: Reconciliation of Fair Value of Plan Assets (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Opening balance of Fair Value of Plan Assets** | **337.90** | **230.02** |
| Contributions by Employer | 12.48 | 105.16 |
| Benefits Paid | (14.11) | (10.58) |
| Interest Income on Plan Assets | 19.60 | 16.99 |
| Re-measurements | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions in 2022 | | - |
| b. Return on plan assets excluding amount included in net interest on the net Defined Benefit Liability/(Asset) | 0.29 | (3.69) |
| **Closing balance of Fair Value of Plan Assets** | **356.16** | **337.90** |
| Actual Return on Plan Assets | 19.89 | 13.30 |
| Expected Employer Contributions for the coming period | 100.00 | 100.00 |

Table 3: Expenses Recognised in the Profit and Loss Account (₹in Lakhs)

| Particulars | Year Ended March 31, 2022 | Year Ended March 31,2021 |
|---|---|---|
| **Service Cost** | | |
| a. Current Service Cost | 95.58 | 76.37 |
| b. Past Service Cost | - | - |
| c. Loss/(Gain) from Settlement | - | - |
| Net Interest on net Defined Benefit Liability/ (Asset) | 6.02 | 3.28 |
| **Employer Expenses** | **101.60** | **79.65** |

Table 4: Net Liability/ (Asset) recognised in the Balance Sheet (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Present Value of DBO | 553.94 | 441.71 |
| Fair Value of Plan Assets | 356.16 | 337.90 |
| Liability/ (Asset) recognised in the Balance Sheet | 197.78 | 103.81 |
| Funded Status [Surplus/(Deficit)] | (197.78) | (103.81) |
| Of Which, Short term Liability | - | - |
| Experience Adjustment on Plan Liabilities: (Gain)/Loss | 20.67 | 14.06 |
| Experience Adjustment on Plan Assets: Gain/(Loss) | 0.29 | (3.69) |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 32 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS (contd.)

Table 5: Percentage Break-down of Total Plan Assets

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Investment Funds with Insurance Company | 100% | 100% |
| Of which, Traditional/ Non-Unit Linked | 100% | 100% |
| **Total** | **100%** | **100%** |

**Note:** None of the assets carry a quoted market price in an active market or represent the Group's own transferable financial instruments or are property occupied by the Group.

Table 6: Actuarial Assumptions

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Salary Growth Rate | 10% p.a. | 10% p.a. |
| Discount Rate | 6.2%p.a | 5.8% p.a. |
| Withdrawal Rate | | |
| Up to age 35 years: | 12% p.a. | 12% p.a. |
| Above age 35 years: | 12% p.a. | 12% p.a. |
| Mortality | IALM 2012-14 Ult. | IALM 2012-14 Ult. |
| Expected Return on Plan Assets | 5.8%p.a | 6.1% p.a. |
| Expected weighted average remaining working life | 5 years | 5 years |

Table 7: Movement in Other Comprehensive Income (₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Opening Balance (Loss)/Gain | (144.21) | (117.21) |
| Re-measurements on DBO | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | 15.53 | (9.25) |
| b. Actuarial (Loss)/Gain from experience over the past period | (20.67) | (14.06) |
| c. Actuarial (Loss)/Gain from change in demographic assumptions | - | - |
| Re-measurements on Plan Assets | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | - | - |
| b. Return on Plan assets, excluding amount included in net interest on the net Defined Benefit Liability/(Asset) | 0.29 | (3.69) |
| **Remeasurement (Loss) on Defined Benefit Plans** | **(4.85)** | **(27.00)** |
| **Closing Balance (Loss)/Gain** | **(149.06)** | **(144.21)** |

Table 8: Sensitivity Analysis

| Financial Year ended 31st March 2022 | Increases 1% | Decreases 1% |
|---|---|---|
| Salary Growth Rate | DBO increases by ₹38.53 Lakhs | DBO decreases by ₹34.76 Lakhs |
| Discount Rate | DBO decreases by ₹35.62 Lakh | DBO increases by ₹40.39 Lakhs |
| Withdrawal Rate | DBO decreases by ₹9.02 Lakhs | DBO increases by ₹9.92 Lakhs |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by ₹0.14 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by ₹0.40 Lakhs | |

| Financial Year ended 31st March 2021 | Increases 1% | Decreases 1% |
|---|---|---|
| Salary Growth Rate | DBO increases by ₹31.92 Lakhs | DBO decreases by ₹28.71 Lakhs |
| Discount Rate | DBO decreases by ₹29.53 Lakhs | DBO increases by ₹33.60 Lakhs |
| Withdrawal Rate | DBO decreases by ₹8.44 Lakhs | DBO increases by ₹9.29 Lakhs |
| Mortality (increase in expected lifetime by 1 year) | DBO increases by ₹0.20 Lakhs | |
| Mortality (increase in expected lifetime by 3 years) | DBO increases by ₹0.41 Lakhs | |

**Note:**The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 32 GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS (contd.)

**Table 9: Movement in Surplus/ (Deficit)**

(₹in Lakhs)

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Surplus/ (Deficit) at beginning of Year** | **(103.81)** | **(102.32)** |
| Current Service Cost | (95.58) | (76.37) |
| Past Service Cost | - | - |
| Net Interest on net DBO | (6.02) | (3.28) |
| Actuarial Gain/ (Loss) | (4.85) | (27.00) |
| Contributions | 12.48 | 105.16 |
| **Surplus/ (Deficit) at end of Year** | **(197.78)** | **(103.81)** |

### (b) Defined Contribution Plans

The Group makes Provident Fund contributions to Defined Contribution Plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of payroll costs to fund the benefits. The Group has recognised Provident Fund contribution of ₹. 155.21 Lakhs (31st March 2021: ₹129.97 Lakhs) as expense in Note 27 under the head 'Contributions to Provident and Other Funds.

## 33 RELATED PARTIES DISCLOSURES :-

| | |
|---|---|
| **Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence :** | Meghmani Organics Limited (MOL) (Formerly Meghmani Organochem Limited) |
| | Meghmani Dyes & Intermediates LLP (MDIL) |
| | Meghmani Industries Limited (MIL) |
| | Meghmani Pigments (MP) |
| | Trent Chemical Industries (Trent Chemicals) |
| | Arjan Owners LLP (Arjan)(Formerly Panchratna Corporation) |
| | Meghmani Novotech Pvt Ltd (Meghmani Novotech) |
| | Meghmani LLP (formerly Meghmani Unichem LLP) (MLLP) |
| **Key Managerial Personnel** | Mr. Maulik Patel (Chairman and Managing Director) |
| | Mr. Kaushal Soparkar (Managing Director) |
| | Mr. Ankit Patel (Executive Director) |
| | Mr. Karana Patel (Executive Director) |
| | Mr. Darshan Patel (Executive Director) |
| | Mr. Kamlesh Mehta (Company Secretary) |
| | Mr. Sanjay Jain (Chief Financial Officer) |
| **Relatives of Key Managerial Personnel** | Mr. Jayanti Patel |
| | Mr. Ashish Soparkar |
| | Mr. Natwarlal Patel |
| | Mr. Ramesh Patel |
| | Mr. Anand Patel |
| **Non Executive Directors** | Mr.Manubhai Patel |
| | Mr.Balkrishna Thakkar (Ceased to be Director from 23rd Sep 2021) |
| | Ms.Nirali Parikh |
| | Mr Kanubhai Patel (Appointed on 20th May 2021) |
| | Mr Sanjay Asher (Appointed on 20th May 2021) |
| | Mr Raju Swamy (Appointed on 20th May 2021) |

### 33 RELATED PARTIES DISCLOSURES (contd.)

Transaction with Related Parties (Continued):

(₹in Lakhs)

| Particulars | Enterprises in which Key Managerial Personnel (KMP)and its Relatives have significant influence | | Key Managerial Personnel and its Relatives(KMP) | | Total | |
|---|---|---|---|---|---|---|
| | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 |
| Sale of Goods to MOL | 16,730.24 | 6,265.17 | - | - | 16,730.24 | 6,265.17 |
| Sale of Goods to MDIL | 1,256.87 | 551.33 | - | - | 1,256.87 | 551.33 |
| Sale of Goods to MIL | 1,616.66 | 829.19 | - | - | 1,616.66 | 829.19 |
| Sale of Goods to MP | 210.69 | 104.51 | - | - | 210.69 | 104.51 |
| Sale of Goods to MLLP | 7,761.17 | 2,331.23 | - | - | 7,761.17 | 2,331.23 |
| Sale of Goods to Trent Chemicals | 1,670.99 | 793.10 | - | - | 1,670.99 | 793.10 |
| Sale of Goods to Meghmani Novotech | 36.66 | 8.23 | - | - | 36.66 | 8.23 |
| Availing of Services (Rent) Arjan | 127.29 | 123.11 | - | - | 127.29 | 123.11 |
| Purchase of Services from MOL | - | 13.82 | - | - | - | 13.82 |
| Purchase of MEIS Licence from MOL | 232.25 | 352.49 | - | - | 232.25 | 352.49 |
| Sitting fees | - | - | 22.00 | 5.50 | 22.00 | 5.50 |
| Maulik Patel- Remuneration | - | - | 615.33 | 305.78 | 615.33 | 305.78 |
| Kaushal Soparkar- Remuneration | - | - | 615.33 | 305.78 | 615.33 | 305.78 |
| Ankit Patel- Remuneration | - | - | 615.33 | 305.49 | 615.33 | 305.49 |
| Karana Patel- Remuneration | - | - | 385.33 | 195.49 | 385.33 | 195.49 |
| Darshan Patel- Remuneration | - | - | 270.33 | 140.49 | 270.33 | 140.49 |
| Sanjay Jain - Remuneration | - | - | 47.22 | 40.63 | 47.22 | 40.63 |
| Dividend on RPS to MOL | 1,539.43 | - | - | - | 1,539.43 | - |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 33 RELATED PARTIES DISCLOSURES (contd.)

**Outstanding Balance with Related Parties:**

(₹in Lakhs)

| Particulars | Enterprises in which Key Managerial Personnel (KMP)and its Relatives have significant influence | | Key Managerial Personnel and its Relatives(KMP) | | Total | |
|---|---|---|---|---|---|---|
| | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 |
| Receivable from MOL | 3,864.46 | 1,644.24 | - | - | 3,864.46 | 1,644.24 |
| Receivables from MDI | 310.73 | 102.47 | - | - | 310.73 | 102.47 |
| Receivables from MIL | 440.87 | 202.34 | - | - | 440.87 | 202.34 |
| Receivables from MP | 24.39 | 12.94 | - | - | 24.39 | 12.94 |
| Receivables from MLLP | 1,784.19 | 519.11 | - | - | 1,784.19 | 519.11 |
| Receivables from Trent Chemical | 458.41 | 159.91 | - | - | 458.41 | 159.91 |
| Receivables from Meghmani Novotech | 31.38 | 5.06 | - | - | 31.38 | 5.06 |
| Payable to MOL | - | 13.82 | - | - | - | 13.82 |
| Payable for MEIS Licence | - | 29.12 | - | - | - | 29.12 |
| Remuneration Payable to Maulik Patel | - | - | 576.92 | 275.04 | 576.92 | 275.04 |
| Remuneration Payable to Kaushal Soparkar | - | - | 576.92 | 275.04 | 576.92 | 275.04 |
| Remuneration Payable to Ankit Patel | - | - | 576.92 | 275.15 | 576.92 | 275.15 |
| Remuneration Payable to Karana Patel | - | - | 346.92 | 166.98 | 346.92 | 166.98 |
| Remuneration Payable to Darshan Patel | - | - | 231.92 | 111.98 | 231.92 | 111.98 |
| Remuneration Payable to Sanjay Jain | - | - | 2.98 | 2.31 | 2.98 | 2.31 |
| Dividend payable on RPS to MOL | 1,385.49 | - | - | - | 1,385.49 | - |

(i) Transaction entered into with Related Parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

(ii) The Group's transactions with Related Parties are at arm's length. Management believes that the Group's domestic transactions with related parties post 31st March 2022 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the Financial Statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end.

## 34 Segment Reporting

The Group's Chief Operating Decision Maker (CODM) examines the Group's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Group, which primarily relate to manufacturing of Chloro Alkali & its Derivatives, the Group does not operate in more than one business segment.

### Analysis By Geographical Segment

Segment Revenue is analysed based on the location of Customers regardless of where the goods are produced. The following provides an analysis of the Sales by Geographical Markets.

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Revenue :** | | |
| Within India | 1,54,861.21 | 82,017.51 |
| Outside India | 112.11 | 576.22 |
| **Total Revenue from Contracts with Customers** | **1,54,973.32** | **82,593.73** |

The following is analysis of the carrying amount of Non Current Assets, which do not include Deferred Tax Assets, Tax Assets, Investment in Subsidiary and Financial Assets analysed by the geographical area in which the assets are located:

(₹in Lakhs)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Carrying amount of Segment Assets** | | |
| Within India | 1,66,592.58 | 1,25,460.16 |
| Outside India | - | - |

## 35 Contingent Liabilities & Commitments

(₹in Lakhs)

A. Claim against the Group not acknowledged as Debts (excluding Interest and Penalty)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Disputed Income Tax Liability | 892.09 | - |
| Disputed Service Tax Liability | 53.69 | 108.37 |
| Disputed Custom Duty Liability | 621.83 | 621.83 |
| (In respect of the above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements pending at various Forums / Authorities. The Group has assessed that it is only possible but not probable, the outflow of economic resources will be required) | | |
| In respect of Letter of Credit | 6,345.89 | 565.12 |

*Income Tax demand comprise demand from the Indian Income Tax authorities for payment of additional tax of ₹892.09 (31 March 2021: Nil), upon completion of their tax review for the assessment year 2016-17 and 2018-19.The tax demands are mainly on account of adjustment pertaining to 80 IA benefits claimed for captive power plant against sale of steam and power. The matter is pending before CIT (A).

**Service Tax demand comprise demand from Service tax Authorities for payment of additional tax of ₹52.69 Lakhs (31 March 2021: ₹108.37 Lakhs), upon completion of their tax review for the financial year 2012-13 and 2014-15. The tax demands are on account of service tax on sales commission and classification of coal. The matter is pending before Commissioner of Excise Service Tax Appellate Tribunal (CESTAT).

***Customs Duty demand comprise demand from Custom Authorities for payment of additional tax of ₹621.83 Lakhs (31 March 2021: ₹621.83 Lakhs), upon completion of their tax review for the financial year 2012-13. The tax demands are on account of classification of coal. The matter is pending before Commissioner of Excise Service Tax Appellate Tribunal (CESTAT).

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

The Holding Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be in favour of Holding Company in the appellate process and no tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

B. **Capital Commitment**

The Estimated amount of Contract to be executed on Capital Account of ₹4,795.40 Lakhs (31st March 2021 ₹. 36,282.83 Lakhs) and not provided for (Net of Advances).

C. **Other Commitment**

The Group has imported capital good for the various expansion projects under the EPCG Scheme at NIL rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is ₹. 8,164.49 Lakhs (31st March 2021: ₹. 3,070.20 Lakhs) which is equivalent to 6 times of duty saved of ₹. 1,767.53 Lakhs (31st March 2021: ₹. 696.28 Lakhs). The export obligation against respective EPCG licences has to be completed between 2023-24 to 2027-28.

## 36 Leases

The Group has lease contracts for office premise. Leases of office premises is having lease terms of 3 to 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain premises in good state. The lease contract include extension and termination options.

The Group also has a Sales Office with lease terms of 12 months or less. The Group applies the 'short-term lease'recognition exemptions for this lease.

**Terms of Cancellation and Escalation**

The Leases are cancellable by giving one month notice by either parties and these does not carries any escalation.

### (A) Leases as lessee

(₹in Lakhs)

| (i) The movement in Lease Liabilities during the Year | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening Balance** | **375.55** | **439.45** |
| Additions during the Year | 79.74 | - |
| Finance costs incurred during the Year | 31.48 | 34.90 |
| Payments of Lease Liabilities | (110.55) | (98.80) |
| **Balance at the end of the Year** | **376.22** | **375.55** |

(₹in Lakhs)

| (ii) The carrying value of the Rights-of-Use and depreciation charged during the Year | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening Balance** | **1,446.83** | **1,542.17** |
| Additions during the Year | 2,167.32 | - |
| Depreciation charged during the Year | (124.38) | (95.34) |
| **Balance at the end of the year** | **3,489.77** | **1,446.83** |

(₹in Lakhs)

| (iii) Amount Recognised in Statement of Profit & Loss Account during the Year | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Depreciation expense of Right-of-Use Assets | 124.38 | 95.34 |
| Interest expense on Lease Liabilities | 31.48 | 34.90 |
| Expense relating to Short-Term Leases (included in other expenses) | 3.50 | 2.99 |
| **Total Expenses** | **159.36** | **133.23** |

(₹in Lakhs)

| (iv) Amounts recognised in Statement of Cash Flows | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Total Cash outflow for Leases | (110.55) | (98.80) |

## 36 Leases (contd.)

(₹in Lakhs)

| (v) Maturity analysis of Lease Liabilities | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Maturity Analysis of contractual undiscounted cash flows** | | |
| Less than one year | 141.17 | 98.80 |
| One to five years | 285.07 | 349.09 |
| More than five years | - | - |
| **Total undiscounted Lease Liability** | **426.24** | **447.89** |

(₹in Lakhs)

| Balances of Lease Liabilities | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Non Current Lease Liability | 261.84 | 306.00 |
| Current Lease Liability | 114.38 | 69.55 |
| **Total Lease Liability** | **376.22** | **375.55** |

## 37. Capital Management

Capital as on 31st March 2021 includes Equity and OCRPS attributable to the Equity and OCRPS holders and only Equity as on 31st March 2022 attributable to the Equity Shareholders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its Capital Structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the Capital Structure, the Group may adjust the dividend payment to Shareholders, return on capital to Shareholders or issue new Shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2022 and 31 March 2021.

The Group monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, adjusted Net Debt is defined as Total Liabilities, comprising Interest-Bearing Loans and Borrowings, less Cash and Cash Equivalents. Adjusted Equity comprises all components of Equity.

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Total Interest bearing liabilities | 99,312.42 | 54,206.69 |
| Less : Cash and Cash Equivalent | 2,508.54 | 68.00 |
| **Adjusted Net Debt** | **96,803.87** | **54,138.69** |
| Total Equity | 72,596.95 | 68,413.39 |
| **Total Equity** | **72,596.95** | **68,413.39** |
| Adjusted Net Debt to Total Equity Ratio | 1.33 | 0.79 |

## 38 Financial Instruments – Fair Values and Risk Management

The Significant Accounting Policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note 2 to the Financial Statements.

### A. Category-wise classification of Financial Instrument

The carrying value of Financial Instruments by categories as of 31st March, 2022 and 31st March, 2021 is as follows:

(₹in Lakhs)

| As at 31 March 2022 | Carrying Amount | | | |
|---|---|---|---|---|
| | Fair Value Through Profit and Loss | Fair Value Through Other Comprehensive Income | Amortised Cost | Total |
| **Financial Assets** | | | | |
| Other Non-Current Financial Asset (refer note 4) | 152.55 | - | 671.81 | 824.37 |
| Trade Receivables (refer note 8) | - | - | 25,632.40 | 25,632.40 |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 38 Financial Instruments – Fair Values and Risk Management (contd.)

(₹in Lakhs)

| As at 31 March 2022 | Carrying Amount | | | |
|---|---|---|---|---|
| | Fair Value Through Profit and Loss | Fair Value Through Other Comprehensive Income | Amortised Cost | Total |
| Cash and Cash Equivalents (refer note 9) | - | - | 2,508.54 | 2,508.54 |
| Loans (refer note 10) | - | - | 22.69 | 22.69 |
| Other Current Financial Assets (refer note 11) | 152.55 | - | 35.14 | 187.69 |
| **Total Financial Assets** | **305.10** | **-** | **28,870.59** | **29,175.69** |
| **Financial Liabilities** | | | | |
| Non-Current Borrowings (refer note 15) | - | - | 76,814.40 | 76,814.40 |
| Non-Current Lease Liabilities (refer note 36) | - | - | 261.84 | 261.84 |
| Current Borrowings (refer note 17) | - | - | 22,121.80 | 22,121.80 |
| Current Lease Liabilities (refer note 36) | - | - | 114.38 | 114.38 |
| Trade Payable (refer note 18) | - | - | 8,810.50 | 8,810.50 |
| Other Current-Financials Liabilities (refer note 19) | - | - | 18,615.89 | 18,615.89 |
| **Total Financial Liabilities** | **-** | **-** | **1,26,738.81** | **1,26,738.81** |

(₹in Lakhs)

| As at 31 March 2021 | Carrying Amount | | | |
|---|---|---|---|---|
| | Fair Value Through Profit and Loss | Fair Value Through Other Comprehensive Income | Amortised Cost | Total |
| Financial Assets | | | | |
| Other Non-Current Financial Asset (refer note 4) | 247.13 | - | 788.67 | 1,035.80 |
| Trade Receivables (refer note 8) | - | - | 11,883.73 | 11,883.73 |
| Cash and Cash Equivalents (refer note 9) | - | - | 68.00 | 68.00 |
| Loans (refer note 10) | - | - | 11.42 | 11.42 |
| Other Current Financial Assets (refer note 11) | 123.57 | - | 60.23 | 183.80 |
| **Total Financial Assets** | **370.70** | **-** | **12,812.05** | **13,182.75** |
| **Financial Liabilities** | | | | |
| Non-Current Borrowings (refer note 15) | - | - | 34,046.74 | 34,046.74 |
| Non-Current Lease Liabilities (refer note 36) | - | - | 306.00 | 306.00 |
| Current Borrowings (refer note 17) | - | - | 19,784.40 | 19,784.40 |
| Current Lease Liabilities (refer note 36) | - | - | 69.55 | 69.55 |
| Trade Payable (refer note 18) | - | - | 7,304.93 | 7,304.93 |
| Other Current-Financials Liabilities (refer note 19) | - | - | 10,956.38 | 10,956.38 |
| **Total Financial Liabilities** | **-** | **-** | **72,468.00** | **72,468.00** |

### B. Measurement of Fair values and Sensitivity analysis

#### Fair Value Hierarchy:

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical Assets or Liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the Asset or Liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the Asset or Liability that are not based on observable market data (unobservable inputs).

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 38 Financial Instruments – Fair Values and Risk Management (contd.)

**Financial Instrument measured at Fair Value** (₹in Lakhs)

| Financial Assets / Financial Liabilities | Fair value as at | | Fair value hierarchy | Significant observable inputs |
|---|---|---|---|---|
| | 31st March 2022 | 31st March 2021 | | |
| Mark to market Derivative Assets on interest Rate Swap and Cross Currency Swap valued at FVTPL. (refer note 5 & 12) | 305.10 | 370.70 | Level 2 | Fair value as ascertained and provided by Bank |

**Financial Instrument measured at Amortised Cost**

The carrying amount of Financial Assets and Financial Liabilities measured at amortised cost in the Financial Statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

There have been no transfers between level 1, level 2 and level 3 during the year ended March 31, 2022.

**Financial Risk Management Framework**

The Group's Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends

risk management objectives and policies. The activities of this operations include management of cash resources, hedging of foreign currency exposure, credit control and ensuring compliance with market risk limits and policies. The Group's principal Financial Liabilities, other than Derivatives, comprises of Long Term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Group's operations. The Group's principal Financial Assets include Loans, Trade and other Receivables, Cash and Cash Equivalents, other Bank Balances and Other Financial Assets that derive directly from its Operations. The Group has an effective risk management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Group takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.The Group has exposure to the following risks arising from Financial Instruments.

- Credit Risk
- Liquidity Risk ;and
- Market Risk

## i. Credit Risk

Credit Risk is the risk that counter party will not meet its obligation leading to a financial loss. The Group is exposed to credit risk arising from its operating activities primarily from Trade Receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Group considers probability of default upon initial recognition of Assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

**Financial Instruments and Cash Deposit:**

Credit Risk from Balances with Banks and Financial Institutions is managed by the Group's Treasury Department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade Receivables**

The Sales Department has established a Credit Policy under which each new Customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each Customer and reviewed periodically. Any sales exceeding those limits requires further approval.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

38 Financial Instruments – Fair Values and Risk Management (contd.)

Trade Receivables of the Group are typically unsecured ,except to the extent of the security deposits received from the Customers or Financial Guarantees provided by the market organizers in the business.Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of Customers to which Group grants credit terms in the normal course of business. The Group performs ongoing credit evaluations of its Customers' financial condition and monitors the creditworthiness of its Customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade Receivables is created to the extent and as and when required, based upon the expected collectability of Accounts Receivables.The Group evaluates the concentration of risk with respect to Trade Receivables as low, as its Customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group measures the expected credit loss of Trade Receivables and Loan from individual Customers based on historical trend, industry practices and the business environment in which the Entity operates.Loss rates are based on actual credit loss experience and past trends.

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Domestic | 25,632.40 | 11,883.73 |
| Other Regions | - | - |
| **Total** | **25,632.40** | **11,883.73** |

**Age of Receivables**

(₹in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Neither due nor Impaired | 19,104.87 | 9,343.51 |
| Past due 1–90 days | 6,485.73 | 2,309.45 |
| Past due 91–180 days | 5.43 | 53.86 |
| More than 180 days | 36.37 | 176.91 |
| **Total** | **25,632.40** | **11,883.73** |

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of Customer Credit Risk, including underlying Customers' Credit Ratings if they are available.

Management estimates that the amount of provision of ₹Nil (31st March 2021 : ₹18.38 Lakhs) is appropriate

## ii. Liquidity Risk

Liquidity Risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**Exposure to Liquidity Risk**

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and Actual Cash flows and matching the maturity profiles of the Financial Assets and Liabilities. The table below summarises the remaining contractual maturities of Financial Liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹in Lakhs)

| 31st March 2022 | Carrying amount | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | 1 Year or Less | 1-2 Years | 2-5 Years | More than 5 Years |
| India Rupee Loan | 61,744.77 | 61,744.77 | 10,064.91 | 11,414.90 | 40,264.96 | - |
| Foreign Currency Loan | 8,085.12 | 8,085.12 | 4,042.56 | 4,042.56 | - | - |
| Redeemable Preference Share Capital | 21,091.99 | 21,091.99 | - | - | - | 21,091.99 |
| Working Capital Loans from Banks | 8,014.33 | 8,014.33 | 8,014.33 | - | - | - |
| Trade Payables | 8,810.50 | 8,810.50 | 8,810.50 | - | - | - |
| Other Payables | 18,992.11 | 18,992.11 | 18,730.27 | 126.88 | 134.96 | - |
| **Total** | **1,26,738.82** | **1,26,738.82** | **49,662.57** | **15,584.34** | **40,399.92** | **21,091.99** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 38 Financial Instruments – Fair Values and Risk Management (contd.)

(₹in Lakhs)

| 31st March 2021 | Carrying amount | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | 1 Year or Less | 1-2 Years | 2-5 Years | More than 5 Years |
| Indian Rupee Loan | 33,979.65 | 33,979.65 | 8,164.91 | 8,164.91 | 17,649.82 | |
| Foreign Currency Loans | 12,348.00 | 12,348.00 | 4,116.00 | 4,116.00 | 4,116.00 | - |
| Working Capital Loans from Banks | 7,503.49 | 7,503.49 | 7,503.49 | - | | - |
| Trade Payables | 7,304.93 | 7,304.93 | 7,304.93 | - | - | - |
| Other Payables | 11,331.93 | 11,331.93 | 11,025.92 | 89.77 | 216.23 | - |
| **Total** | **72,468.00** | **72,468.00** | **38,115.25** | **12,370.68** | **21,982.06** | **-** |

### Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular Industry In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

### iii. Market Risk

Market Risk is the risk that the fair value of future Cash Flows of a Financial Instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Currency Risk, Interest Rate Risk, and Other Price Risk such as Equity Price Risk. Financial Instruments affected by market risk include Loans and Borrowings, Deposits, FVTOCI and Amortised Cost Investments and Derivative Financial Instruments.

#### Foreign Currency Risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

#### Exposure to Currency Risk

The Currency profile of Current Financial Assets and Current Financial Liabilities as at 31st March, 2022, 31st March , 2021

are as below:The Group's exposure to Foreign Currency Risk at the end of the reporting period expressed in ₹, are as follows

(₹in Lakhs)

| 31st March 2022 | Total | INR Equivalent to USD | INR Equivalent to Euro | INR Equivalent to CNY | INR |
|---|---|---|---|---|---|
| Financial Assets | | | | | |
| Trade and Other Receivables (refer note 8) | 25,632.40 | 475.93 | - | - | 25,156.47 |
| Other Non-Current Financial Assets (refer note 4) | 824.37 | - | 152.55 | - | 671.82 |
| Other Current Financial Assets (refer note 11) | 187.69 | - | 152.55 | - | 35.14 |
| **Total** | **26,644.47** | **475.93** | **305.10** | **-** | **25,863.44** |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 38 Financial Instruments – Fair Values and Risk Management (contd.)

(₹in Lakhs)

| | | | | | |
|---|---|---|---|---|---|
| Financial Liabilities | | | | | |
| Non Current Borrowings (refer note 15) | 76,814.40 | - | 4,042.56 | - | 72,771.84 |
| Current Borrowings (refer note 17) | 22,121.80 | - | 4,042.56 | | 18,079.24 |
| Trade Payables (refer note 18) | 8,810.50 | 811.02 | - | - | 7,999.48 |
| Other Current Financial Liabilities (refer note 19) | 18,615.89 | 128.52 | 84.76 | 328.66 | 18,073.95 |
| Less : Foreign Currency Hedged | 8,085.12 | - | 8,085.12 | - | - |
| **Total** | **1,18,277.48** | **939.54** | **84.76** | **328.66** | **1,16,924.51** |

(₹in Lakhs)

| 31st March 2021 | Total | INR Equivalent to USD | INR Equivalent to Euro | INR Equivalent to CNY | INR |
|---|---|---|---|---|---|
| Financial Assets | | | | | |
| Trade and Other Receivables (refer note 8) | 11,883.73 | 154.62 | - | - | 11,729.11 |
| Other Non-Current Financial Assets (refer note 4) | 1,035.80 | - | 247.13 | - | 788.67 |
| Other Current Financial Assets (refer note 11) | 183.80 | - | 123.57 | - | 60.23 |
| **Total** | **13,103.33** | **154.62** | **370.70** | **-** | **12,578.01** |
| Financial Liabilities | | | | | |
| Non Current Borrowings (refer note 15) | 34,046.74 | - | 8,232.00 | - | 25,814.74 |
| Current Borrowings (refer note 17) | 19,784.40 | - | 4,116.00 | - | 15,668.40 |
| Trade Payables (refer note 18) | 7,304.93 | - | 6.86 | - | 7,298.07 |
| Other Current Financial Liabilities (refer note 19) | 10,956.38 | 1,319.98 | 4.15 | 117.88 | 9,514.36 |
| Less : Foreign Currency Hedged | **12,348.00** | **-** | **12,348.00** | **-** | **-** |
| **Total** | **59,744.45** | **1,319.98** | **11.02** | **117.88** | **58,295.57** |

### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against Foreign Currency at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹in Lakhs)

| 31st March 2022 | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **5% movement** | | | | |
| USD | (23.18) | 23.18 | (15.08) | 15.08 |
| EUR | 11.02 | (11.02) | 7.17 | (7.17) |
| CNY | (16.43) | 16.43 | (10.69) | 10.69 |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 38 Financial Instruments – Fair Values and Risk Management (contd.)

(₹in Lakhs)

| 31st March 2021 | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| 5% movement | | | | |
| USD | (58.27) | 58.27 | (37.91) | 37.91 |
| EUR | 17.98 | (17.98) | 11.70 | (11.70) |
| CNY | (5.89) | 5.89 | (3.83) | 3.83 |

### Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future Cash Flows of a Financial Instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Long-Term Debt obligations with floating interest rates. The Group manages its Interest Rate Risk by having balanced portfolio of fixed and variable rate Loans and Borrowings.

### Exposure to Interest Rate Risk

The Group's Interest Rate Risk arises from Borrowings obligations. Borrowings is exposed to fair value Interest Rate Risk. The interest rate profile of the Group's interest-bearing Financial Instruments as reported to the management of the Group is as follows.

(₹in Lakhs)

| Variable-Rate Instruments | As at March 31, 2022 | As at March31, 2021 |
|---|---|---|
| Non Current - Borrowings | 76,814.40 | 34,046.74 |
| Current - Borrowings | 22,121.80 | 19,784.40 |
| **Total** | **98,936.20** | **53,831.14** |

### Cash Flow Sensitivity Analysis for Variable-Rate Instruments

A reasonably possible change of 100 basis points in Interest Rates at the reporting date would have increased (decreased) Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular Foreign Currency Exchange Rates, remain constant.

(₹in Lakhs)

| Particulars | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | 100 bps Increase | 100 bps Decrease | 100 bps Increase | 100 bps Decrease |
| **As at March 31, 2022** | | | | |
| Non Current - Borrowings | (768.14) | 768.14 | (499.72) | 499.72 |
| Current - Borrowings | (221.22) | 221.22 | (143.92) | 143.92 |
| **Total** | **(989.35)** | **989.35** | **(643.64)** | **643.64** |
| **As at March 31, 2021** | | | | |
| Non Current - Borrowings | (340.47) | 340.47 | (221.49) | 221.49 |
| Current - Borrowings | (197.84) | 197.84 | (128.71) | 128.71 |
| **Total** | **(538.31)** | **538.31** | **(350.20)** | **350.20** |

## 39 Composite Scheme of Arrangement

The NCLT Ahmedabad Bench vide its Order dated 03 May 2021 (the "Order"), approved the Composite Scheme of Arrangement ("the Scheme") to merge Meghmani Organics Limited (MOL) with the Holding Company along with its Trading Division and Equity Investment in the Holding Company. Pursuant to the Scheme, the Holding Company filed Information Memorandum with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) and further filed the same with SEBI for the approval. The Holding Company has received final approval on August 16, 2021, pursuant to which the Holding Company was listed with NSE and BSE on August 18,2021.

Further, as per the Order, Optionally Convertible Redeemable Preference Shares (OCRPS) issued by the Holding Company to Meghmani Organics Limited is converted into equal number of Redeemable Preference Shares (RPS) with same terms and conditions and tenure. Accordingly, the RPS has been reclassified from Instruments entirely Equity in nature to Non Current Borrowings.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

## 40 DISCLOSURE OF RATIOS

| RATIO | Numerator | Denominator | Year ended March 31, 2022 | Year ended March 31, 2021 | % Change | Reason for variance above 25% YoY |
|---|---|---|---|---|---|---|
| Current Ratio | Current Assets | Current Liabilities | 0.84 | 0.47 | 80% | There is improvement in Current Ratio on account of increase in current assets on account of increase in assets like Inventories and Receivables in line with increase in revenue and production. |
| Debt-Equity Ratio | Current Borrowings + Non Current Borrowings + Lease Payments | Shareholder's Equity | 1.37 | 0.79 | 73% | Increase in borrowings is mainly on account of reclassification of OCRPS (termed as Equity) to RPS (Termed as Debt) Pursuant to Scheme of Arrangement. |
| Debt Service Coverage Ratio | "Earnings for Debt Service = Net Profit after Taxes + Non-Cash Operating expenses + Interest & Lease payment + Other adjustment like Loss on Sale of Assets" | Debt service = Interest & Lease Payments + Principal Repayments | 1.58 | 0.92 | 72% | There is improvement in Debt Service Coverage Ratio on account of better profitability and growth after considering increase in finance cost for the year. |
| Return on Equity Ratio | Net Profits after taxes – Preference Dividend | Average Shareholder's Equity | 35.85% | 15.91% | 125% | There is a improvement in Return on Equity Ratio on account of better profitability. Additionally, on account of conversion of OCRPS to RPS the average equity for the period is lower than previous year. |
| Inventory Turnover Ratio | Revenue from Operation | Average Inventory | 14.91 | 16.19 | -8% | No major variance |
| Trade Receivables Turnover Ratio | Revenue from Operation | Average Trade Receivable | 8.27 | 8.48 | -2% | No major variance |
| Trade Payables Turnover Ratio | Total Purchase | Average Trade Payables | 11.19 | 6.98 | 60% | There is increase in Trade Payable Turnover Ratio on account of increase in purchases in line with increase in operations. |
| Net Capital Turnover Ratio | Revenue from Operation | Working capital = Current Assets – Current Liabilities | -18.17 | -4.00 | 355% | There is improvement in the Net Capital Turnover Ratio in on account of increase in revenue. However, the ratio is negative as the Current Ratio of the company is below 1. |
| Net Profit Ratio | Net Profit | Revenue from Operation | 16.30% | 12.17% | 34% | There is improvement in Net Profit Ratio on account of increase in profitability |
| Return on Capital Employed | Earnings before Interest and Taxes | "Capital Employed = Tangible Net Worth + Total Debt + Lease Liability + Deferred Tax Liability" | 28.11% | 16.22% | 73% | There is improvement in the Return on Capital Employed on account of increase in profitability |
| Return on Investment | Interest (Finance Income) | Average of Investment in Subsidiary & Bank Deposit | 7.48% | 8.08% | -7% | No major variance |

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2022

### 41 Covid 19 Impact

The Group has evaluated the impact Covid 19 pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions there is no material impact and adjustments required on its financial results. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Group will continue to monitor for material changes to future economic conditions and its impact, if any.

### 42 Events occurred after the Balance Sheet date

The Group evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to approval of Financial Statement to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 25th April 2022 there were no material subsequent events to be recognized or reported that are not already disclosed.

### 43 (a) Information about Subsidiary

The Consolidated financial statements consists of the Holding Company Meghmani Finechem Limited and one subsidiary Company Meghmani Advanced Sciences Limited. The Subsidiary Company has share capital consisting solely of equity shares which are fully held directly by the Holding company. The Subsidiary Company was incorporated on January 27, 2021 in India and is yet to commence its business operations.

**(b) Additional Information Required by Schedule III**

| Name of the Entity in the Group | Net Assets (Total Assets minus Total Liabilities) | | Share in Profit/(Loss) | | Share in other Comprehensive Income/(Loss) | | Share in Total Comprehensive Income/(Loss) | |
|---|---|---|---|---|---|---|---|---|
| | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit/(Loss) | Amount | As % of Other Comprehensive Income | Amount | As % of Total Comprehensive Income | Amount |
| A Parent | | | | | | | | |
| Meghmani Finechem Limited 31 March 2022 | 100% | 72,596.95 | 100% | 25,278.68 | 100% | (3.16) | 100% | 25,275.52 |
| Meghmani Finechem Limited 31 March 2021 | 100% | 68,413.39 | 100% | 10,083.90 | 100% | (17.57) | 100% | 10,066.33 |
| B Subsidiary | | | | | | | | |
| (I) Indian | | | | | | | | |
| Meghmani Advanced Sciences Limited 31 March 2022 | - | - | - | - | - | - | - | - |
| Meghmani Advanced Sciences Limited 31 March 2021 | - | - | - | - | - | - | - | - |

**44** Previous years figures have been regrouped, restated and reclassified wherever necessary to make them comparable with those of the current year.

**As per our Report of even date**
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E / E300003

For and on behalf of the Board of Directors of
**Meghmani Finechem Limited**
(CIN: L24100GJ2007PLC051717)

per **Sukrut Mehta**
Partner
Membership No. 101974

**Sanjay Jain**
Chief Financial Officer

**Maulik Patel**
Chairman and Managing Director
DIN: 02006947

**K.D. Mehta**
Company Secretary

**Kaushal Soparkar**
Managing Director
DIN: 01998162

Place: Ahmedabad
Date: April 25, 2022

Place: Ahmedabad
Date: April 25, 2022

# Statement of Salient features of Financial Statement of Subsidiaries/Associates /Joint Ventures as per Section 129(3) of the Companies Act, 2013

## Part-"A": Subsidiaries

(₹in Lakhs)

| Sr. No. | Name of the Subsidiary | Reporting Period | Reporting currency | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover/ Total Income | Profit Before Tax | Provision for tax | Profit After Tax | Proposed Dividend | % of Shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Meghmani Advanced Sciences Ltd | 31.03.2022 | INR | 5.00 | (0.01) | 4.99 | - | - | - | (0.01) | - | (0.01) | - | 100% |

# MEGHMANI FINECHEM LIMITED

CIN L24100GJ2007PLC051717

Registered & Corporate Office :- Meghmani House", B/h Safal Profitaire, Corporate Road, Prahlad Nagar, Ahmedabad – 380 015, Gujarat, India.

# NOTICE

NOTICE IS hereby given that **Fifteenth Annual General Meeting of the members** of **Meghmani Finechem Limited** will be held on **Monday, 27th June, 2022 at 10:30 a.m.** through Video Conferencing / Other Audio Visual Means ("OAVM") to transact the following businesses:-

## ORDINARY BUSINESS:-

### Adoption of Financial Statements

1) **To receive, consider, and adopt:**

   (i) the Audited Standalone Financial Statement of the Company for the financial year ended on 31st March, 2022 together with report of the Board of Directors & Auditors thereon and

   (ii) the Audited Consolidated Financial Statement of the Company for the financial year ended on 31st March, 2022 together with report of Auditors thereon

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

   **RE-APPOINTMENT OF M/S S R B C & CO LLP, CHARTERED ACCOUNTANTS (ICAI FIRM REGISTRATION NO. 324982E / E300003) AS THE STATUTORY AUDITORS OF THE COMPANY**

   **"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors Rules) 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company M/s S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration No. 324982E / E300003) be and are hereby appointed as the Statutory Auditors of the Company for a second term of five years from the conclusion of 15th Annual General meeting to be held in 2022 to the conclusion of 20th Annual General Meeting of the Company to be held in 2027, subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting on such remuneration plus tax, out-of-pocket expenses etc. as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.

   **"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company be and are hereby authorized to do all such acts matters, deeds, things and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

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

   **REPPOINTMENT OF MR. MANUBHAI KHODIDAS PATEL (DIN 00132045) AS AN INDEPENDENT DIRECTOR FOR SECOND TERM OF FIVE YEARS**

   **"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, **Mr. Manubhai Khodidas Patel (DIN 00132045),** who holds office of an Independent Director up to this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member, signifying his intention to propose candidature of, **Mr. Manubhai Khodidas Patel (DIN 00132045)** for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from **27th June, 2022**."

   " **RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution ".

## SPECIAL BUSINESS:-

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

RE-APPOINTMENT OF MR. MAULIK PATEL (DIN 02006947) AS A CHAIRMAN & MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force) Articles of Association of the Company, and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee, consent of the members be and is hereby accorded for the Re-appointment of **Mr. Maulik Patel,(DIN 02006947**) as **Chairman & Managing Director** of the Company, for a period of **five years** with effect from **01 April 2022 to 31 March, 2027** on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and Board of the Directors as set out herein below :-

| | |
|---|---|
| **Basic Salary** | **₹3,00,000/- per month**<br>(with increments as the Board may decide from time to time) |
| **Performance Bonus** | Up to 10% of the Net Profits of the Company (as per Section 198 of the Act) or such other quantum of the Net Profits of the Company as may be approved by the Board of Directors at its discretion for each financial year. |
| **Perquisites** | In addition to the salary and performance bonus, the following perquisites mentioned in **Category A, Category B** and **Category C** shall be allowed to **Mr. Maulik Patel - Chairman & Managing Director** and the total value of perquisites shall be restricted to an amount equal to the annual salary. |

Category A

| | |
|---|---|
| **Leave Travel Assistance** | For Self and Family in accordance with the Policy of the Company. Family means the spouse, the dependent children and dependent parents. |
| **Club Fee** | The Company shall pay and/or Reimburse Fees and expenses (excluding Admission and Life Membership Fees) of maximum two clubs. |
| **Mediclaim and Personal Accident Insurance Premium** | The Company shall pay Mediclaim and Personal Accident Insurance Premium as per the rules of the Company. |

Category B

| | |
|---|---|
| **Provident Fund** | The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act. |
| **Gratuity** | The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time. |

Category C

| | |
|---|---|
| **Car** | The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes. |
| **Communication Facility** | The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence, at the entire cost of the Company. Personal long distance calls be billed by the Company. |
| **Entertainment and all Other Expenses** | Reimbursement of entertainment and all other expenses actually and properly incurred in the course of business of the Company. |
| **Sitting Fees** | No sitting fee will be paid for attending meetings of the Board or Committee thereof. |
| **Retirement** | **Mr. Maulik Patel - Chairman & Managing Director** shall be liable to retire by rotation. |

In case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to **Mr. Maulik Patel - Chairman & Managing Director,** shall be as per limit prescribed in Schedule V of the Companies Act, 2013 or any modification(s) or re-enactment(s) including circular and notification issued by Ministry of Corporate Affairs from time to time.

In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the Company to Mr. Maulik Patel.

**Mr. Maulik Patel - Chairman & Managing Director** shall subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to day to day operations of Chlor Alkali and Derivative - Complex, Domestic Marketing, Project Expansion, Strategic Planning, Corporate Affairs and is responsible for all major policy decisions.

"**RESOLVED FURTHER THAT** the Board of Directors in their discretion be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Maulik Patel - Chairman & Managing Director** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013, including the Circular issued by Ministry of Corporate Affairs; vide notification dated 12 September 2018 to pay remuneration exceeding the ceiling and any amendments /modifications, enactment from time to time.

"**RESOLVED FURTHER THAT** pursuant to Section 197 (9) of the Companies Act, 2013 in case of receipt of remuneration, in excess of the specified threshold, **Mr. Maulik Patel - Chairman & Managing Director,** shall refund the amount within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. Prior approval of Banks, Financial Institutions, Non-Convertible Debenture holders or Secured Creditors will be required, in case the Company has defaulted in payment of their dues. The Company is allowed to waive such refundable amount by passing a Special Resolution within TWO YEARS from the date the sum becomes refundable."

"**RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new act or amendments thereto or the Rules and Notifications issued thereunder."

"**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby individually authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide breakup of the remuneration, restructure remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be expedient in the best interest of the Company."

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

**RE-APPOINTMENT OF MR. KAUSHAL SOPARKAR (DIN 01998162) AS MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS**

"**RESOLVED THAT** pursuant to the provisions of Section 196, and 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force) Articles of Association of the Company, and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee, consent of the members be and is hereby accorded for the Re-appointment of **Mr. Kaushal Soparkar (DIN 01998162)** as **Managing Director** of the Company, for a period of **five years** with effect from **01 April 2022 to 31 March, 2027** on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and Board of the Directors as set out herein below:-

| | |
|---|---|
| **Basic Salary** | **₹3,00,000/- per month**<br>(with increments as the Board may decide from time to time) |
| **Performance Bonus** | Up to 10% of the Net Profits of the Company (as per Section 198 of the Act) or such other quantum of the Net Profits of the Company as may be approved by the Board of Directors at its discretion for each financial year. |
| **Perquisites** | In addition to the salary and performance bonus, the following perquisites mentioned in **Category A, Category B and Category C** shall be allowed to **Mr. Kaushal Soparkar - Managing Director** and the total value of perquisites shall be restricted to an amount equal to the annual salary. |

Category A

| | |
|---|---|
| **Leave Travel Assistance** | For Self and Family in accordance with the Policy of the Company. Family means the spouse, the dependent children and dependent parents. |
| **Club Fee** | The Company shall pay and/or Reimburse Fees and expenses (excluding Admission and Life Membership Fees) of maximum two clubs. |
| **Mediclaim and Personal Accident Insurance Premium** | The Company shall pay Mediclaim and Personal Accident Insurance Premium as per the rules of the Company. |

Category B

| | |
|---|---|
| **Provident Fund** | The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act. |
| **Gratuity** | The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time. |

Category C

| | |
|---|---|
| **Car** | The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes. |
| **Communication Facility** | The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence, at the entire cost of the Company. Personal long distance calls be billed by the Company. |
| **Entertainment and all Other Expenses** | Reimbursement of entertainment and all other expenses actually and properly incurred in the course of business of the Company. |
| **Sitting Fees** | No sitting fee will be paid for attending meetings of the Board or Committee thereof. |
| **Retirement** | **Mr. Kaushal Soparkar - Managing Director** shall be liable to retire by rotation. |
| In case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to **Mr. Kaushal Soparkar - Managing Director,** shall be as per limit prescribed in Schedule V of the Companies Act, 2013 or any modification(s) or re-enactment(s) including circular and notification issued by Ministry of Corporate Affairs from time to time. | |
| In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the Company to Mr. Kaushal Soparkar. | |
| **Mr. Kaushal Soparkar - Managing Director** shall subject to the superintendence, control and direction of the Board of Directors, conduct the business and affairs of the Company and is responsible for Information and Technology Department and International Marketing. | |

"**RESOLVED FURTHER THAT** the Board of Directors in their discretion be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Kaushal Soparkar - Managing Director** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013, including the Circular issued by Ministry of Corporate Affairs; vide notification dated 12 September 2018 to pay remuneration exceeding the ceiling and any amendments /modifications, enactment from time to time.."

"**RESOLVED FURTHER THAT** pursuant to Section 197 (9) of the Companies Act, 2013 in case of receipt of remuneration, in excess of the specified threshold, **Mr. Kaushal Soparkar - Managing Director,** shall refund the amount within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company.Prior approval of Banks, Financial Institutions, Non-Convertible Debenture holders or Secured Creditors will be required, in case the Company has defaulted in payment of their dues. The Company is allowed to waive such refundable amount by passing a Special Resolution within TWO YEARS from the date the sum becomes refundable."

"**RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new act or amendments thereto or the Rules and Notifications issued thereunder."

"**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby individually authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide breakup of the remuneration, restructure remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be expedient in the best interest of the Company."

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

**RE-APPOINTMENT OF MR. KARANA PATEL (DIN 01727321) AS EXECUTIVE DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS**

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force) Articles of Association of the Company, and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee, consent of the members be and is hereby accorded for the Re-appointment of **Mr. Karana Patel, (DIN 01727321)** as **Executive Director** of the Company, for a period of **five years** with effect from **01 April 2022 to 31 March, 2027** on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and Board of Directors as set out herein below :-

| | |
|---|---|
| **Basic Salary** | **₹3,00,000/- per month**<br>(with increments as the Board may decide from time to time) |
| **Performance Bonus** | Up to 10% of the Net Profits of the Company (as per Section 198 of the Act) or such other quantum of the Net Profits of the Company as may be approved by the Board of Directors at its discretion for each financial year. |
| **Perquisites** | In addition to the salary and performance bonus, the following perquisites mentioned in **Category A, Category B and Category C** shall be allowed to **Mr. Karana Patel - Executive Director** and the total value of perquisites shall be restricted to an amount equal to the annual salary. |

Category A

| | |
|---|---|
| **Leave Travel Assistance** | For Self and Family in accordance with the Policy of the Company. Family means the spouse, the dependent children and dependent parents. |
| **Club Fee** | The Company shall pay and/or Reimburse Fees and expenses (excluding Admission and Life Membership Fees) of maximum two clubs. |
| **Mediclaim and Personal Accident Insurance Premium** | The Company shall pay Mediclaim and Personal Accident Insurance Premium as per the rules of the Company. |

Category B

| | |
|---|---|
| **Provident Fund** | The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act. |
| **Gratuity** | The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time. |

Category C

| | |
|---|---|
| **Car** | The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes. |
| **Communication Facility** | The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence, at the entire cost of the Company. Personal long distance calls be billed by the Company. |
| **Entertainment and all Other Expenses** | Reimbursement of entertainment and all other expenses actually and properly incurred in the course of business of the Company. |
| **Sitting Fees** | No sitting fee will be paid for attending meetings of the Board or Committee thereof. |
| **Retirement** | **Mr. Karana Patel - Executive Director** shall be liable to retire by rotation. |

In case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to **Mr. Karana Patel - Executive Director,** shall be as per limit prescribed in Schedule V of the Companies Act, 2013 or any modification(s) or re-enactment(s) including circular and notification issued by Ministry of Corporate Affairs from time to time.

In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the Company to Mr. Karana Patel.

**Mr. Karana Patel - Executive Director** shall subject to the superintendence, control and direction of the Board of Directors conduct the business and affairs of the Company relating to Purchase of Raw Materials and Liaison with Government Offices.

"**RESOLVED FURTHER THAT** the Board of Directors in their discretion be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Karana Patel - Executive Director** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013, including the Circular issued by Ministry of Corporate Affairs; vide notification dated 12 September 2018 to pay remuneration exceeding the ceiling and any amendments /modifications, enactment from time to time."

"**RESOLVED FURTHER THAT** pursuant to Section 197 (9) of the Companies Act, 2013 in case of receipt of remuneration, in excess of the specified threshold, **Mr. Karana Patel - Executive Director** shall refund the amount within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. Prior approval of Banks, Financial Institutions, Non-Convertible Debenture holders or Secured Creditors will be required, in case the Company has defaulted in payment of their dues. The Company is allowed to waive such refundable amount by passing a Special Resolution within TWO YEARS from the date the sum becomes refundable."

"**RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new act or amendments thereto or the Rules and Notifications issued thereunder."

"**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby individually authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide breakup of the remuneration, restructure remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be expedient in the best interest of the Company."

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

**RE-APPOINTMENT OF MR. ANKIT PATEL (DIN 02180007) AS EXECUTIVE DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS**

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force) Articles of Association of the Company, and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee, consent of the members be and is hereby accorded for the Re-appointment of **Mr. Ankit Patel, (DIN 02180007)** as **Executive Director** of the Company, for a period of **five years** with effect from **01 April 2022 to 31 May, 2027** on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and Board of Directors as set out herein below :-

| | |
|---|---|
| **Basic Salary** | **₹3,00,000/- per month**<br>(with increments as the Board may decide from time to time) |
| **Performance Bonus** | Up to 10% of the Net Profits of the Company (as per Section 198 of the Act) or such other quantum of the Net Profits of the Company as may be approved by the Board of Directors at its discretion for each financial year. |
| **Perquisites** | In addition to the salary and performance bonus, the following perquisites mentioned in **Category A, Category B and Category C** shall be allowed to **Mr. Ankit Patel - Executive Director** and the total value of perquisites shall be restricted to an amount equal to the annual salary. |

Category A

| | |
|---|---|
| **Leave Travel Assistance** | For Self and Family in accordance with the Policy of the Company. Family means the spouse, the dependent children and dependent parents. |
| **Club Fee** | The Company shall pay and/or Reimburse Fees and expenses (excluding Admission and Life Membership Fees) of maximum two clubs. |
| **Mediclaim and Personal Accident Insurance Premium** | The Company shall pay Mediclaim and Personal Accident Insurance Premium as per the rules of the Company. |

Category B

| | |
|---|---|
| **Provident Fund** | The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act. |
| **Gratuity** | The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time. |

Category C

| | |
|---|---|
| **Car** | The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes. |
| **Communication Facility** | The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence, at the entire cost of the Company. Personal long distance calls be billed by the Company. |
| **Entertainment and all Other Expenses** | Reimbursement of entertainment and all other expenses actually and properly incurred in the course of business of the Company. |
| **Sitting Fees** | No sitting fee will be paid for attending meetings of the Board or Committee thereof. |
| **Retirement** | **Mr. Ankit Patel - Executive Director** shall be liable to retire by rotation. |
| In case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to **Mr. Ankit Patel - Executive Director,** shall be as per limit prescribed in Schedule V of the Companies Act, 2013 or any modification(s) or re-enactment(s) including circular and notification issued by Ministry of Corporate Affairs from time to time. | |
| In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the Company to Mr. Ankit Patel. | |
| **Mr. Ankit Patel - Executive Director** shall subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to Finance of Company. | |

"**RESOLVED FURTHER THAT** the Board of Directors in their discretion be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Ankit Patel - Executive Director** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013, including the Circular issued by Ministry of Corporate Affairs; vide notification dated 12 September 2018 to pay remuneration exceeding the ceiling and any amendments /modifications, enactment from time to time."

"**RESOLVED FURTHER THAT** pursuant to Section 197 (9) of the Companies Act, 2013 in case of receipt of remuneration, in excess of the specified threshold, **Mr. Ankit Patel - Executive Director** shall refund the amount within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. Prior approval of Banks, Financial Institutions, Non-Convertible Debenture holders or Secured Creditors will be required, in case the Company has defaulted in payment of their dues. The Company is allowed to waive such refundable amount by passing a Special Resolution within TWO YEARS from the date the sum becomes refundable."

"**RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new act or amendments thereto or the Rules and Notifications issued thereunder."

"**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby individually authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide breakup of the remuneration, restructure remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be expedient in the best interest of the Company."

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

**RE-APPOINTMENT OF MR. DARSHAN PATEL (DIN 02047676) AS EXECUTIVE DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS**

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force) Articles of Association of the

Company, and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee, consent of the members be and is hereby accorded for the Re-appointment of **Mr. Darshan Patel, (DIN 02047676)** as **Executive Director** of the Company, for a period of **five years** with effect from **01 April 2022 to 31 March, 2027** on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and Board of the Directors as set out herein below :-

| | |
|---|---|
| **Basic Salary** | **₹3,00,000/- per month**<br>(with increments as the Board may decide from time to time) |
| **Performance Bonus** | Up to 10% of the Net Profits of the Company (as per Section 198 of the Act) or such other quantum of the Net Profits of the Company as may be approved by the Board of Directors at its discretion for each financial year. |
| **Perquisites** | In addition to the salary and performance bonus, the following perquisites mentioned in **Category A, Category B and Category C** shall be allowed to **Mr. Darshan Patel - Executive Director** and the total value of perquisites shall be restricted to an amount equal to the annual salary. |

Category A

| | |
|---|---|
| **Leave Travel Assistance** | For Self and Family in accordance with the Policy of the Company. Family means the spouse, the dependent children and dependent parents. |
| **Club Fee** | The Company shall pay and/or Reimburse Fees and expenses (excluding Admission and Life Membership Fees) of maximum two clubs. |
| **Mediclaim and Personal Accident Insurance Premium** | The Company shall pay Mediclaim and Personal Accident Insurance Premium as per the rules of the Company. |

Category B

| | |
|---|---|
| **Provident Fund** | The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act. |
| **Gratuity** | The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time. |

Category C

| | |
|---|---|
| **Car** | The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes. |
| **Communication Facility** | The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence, at the entire cost of the Company. Personal long distance calls be billed by the Company. |
| **Entertainment and all Other Expenses** | Reimbursement of entertainment and all other expenses actually and properly incurred in the course of business of the Company. |
| **Sitting Fees** | No sitting fee will be paid for attending meetings of the Board or Committee thereof. |
| **Retirement** | **Mr. Darshan Patel - Executive Director** shall be liable to retire by rotation. |

In case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable **to Mr. Darshan Patel - Executive Director,** shall be as per limit prescribed in Schedule V of the Companies Act, 2013 or any modification(s) or re-enactment(s) including circular and notification issued by Ministry of Corporate Affairs from time to time.

In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the Company to Mr. Darshan Patel.

**Mr. Darshan Patel - Executive Director** shall subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to Human Resource and Development and Personnel related matters.

"**RESOLVED FURTHER THAT** the Board of Directors in their discretion be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Darshan Patel - Executive Director** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013, including the Circular issued by Ministry of Corporate Affairs; vide notification dated 12 September 2018 to pay remuneration exceeding the ceiling and any amendments /modifications, enactment from time to time."

"**RESOLVED FURTHER THAT** pursuant to Section 197 (9) of the Companies Act, 2013 in case of receipt of remuneration, in excess of the specified threshold, **Mr. Darshan Patel - Executive Director** shall refund the amount within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company.Prior approval of Banks, Financial Institutions, Non-Convertible Debenture holders or Secured Creditors will be required, in case the Company has defaulted in payment of their dues. The Company is allowed to waive such refundable amount by passing a Special Resolution within TWO YEARS from the date the sum becomes refundable."

"**RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new act or amendments thereto or the Rules and Notifications issued thereunder."

"**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby individually authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide breakup of the remuneration, restructure remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be expedient in the best interest of the Company."

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

TO RATIFY AND APPROVE REMUNERATION TO COST AUDITORS

"**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, as amended from time to time, remuneration of **₹1,75,000/-** (Rupees One Lakh Seventy Five Thousand) excluding tax, travelling and other out-of-pocket expenses payable to **M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497)** who have been appointed as the Cost Auditors of the Company by the Board of Directors to conduct audit of the cost records maintained as prescribed under the Companies (Cost Records and Audit )Rules, 2014 as amended,for the financial year 2022-23 be and is hereby ratified and approved."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (including Audit Committee), be and is hereby authorized to ratify and approve the remuneration and to do all such acts, matters, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

10) To consider, and, if thought fit, to pass the following resolution with or without modification(s), as an **ORDINARY Resolution:-**

TO RATIFY AND APPROVE MATERIAL RELATED PARTY TRANSACTIONS :

"**RESOLVED THAT** pursuant to Section 188 and other applicable provisions if any of the Companies Act, 2013 and also Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and any other applicable provisions, including any amendment, modification, variation or re-enactment thereof, the transactions entered in to by the Company for sale of Chloralkali and its Derivatives worth **₹170 Crores** made with Meghmani Organics Limited during the period from 1 April 2021 till 31 March 2022" have exceeded 10% of the annual consolidated turnover of the Company for the relevant Financial Year ended on 31st March, 2021 be and are hereby ratified and approved ."

"**RESOLVED FURTHER THAT** the Members of the Company do hereby ratify and approve and also accord further approval to the Board to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/or officer(s) of the Company, to settle any question, difficulty or doubt that may arise to give effect to this resolution".

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

TO APPROVE MATERIAL RELATED PARTY TRANSACTIONS TO BE ENTERED WITH MEGHMANI ORGANICS LIMITED FOR FY 2022-23

"**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Meghmani Organics Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) & (zc) of the SEBI Listing Regulations, for Purchase, Sale of Goods "Chlore Alkali & its Derivatives" not limited to Caustic Soda, Caustic Flakes and Chlorine and transfer of Resources, Services or Obligations on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of **₹450 Cr** for the financial year 2022-23, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company ".

"**RESOLVED FURTHER THAT** the Members of the Company do hereby ratify and approve and also accord further approval to the Board of Directors to do all such acts, deeds, matters and things as may be deemed necessary, expedient Ordinary Resolution and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Director(s)".

**By Order of the Board**
**for MEGHMANI FINECHEM LIMITED**

**Registered Office:**
Meghmani House,
B/₹Safal Profitaire,
Prahladnagar,
Ahmedabad 380 015

**Kamlesh Mehta**
Company Secretary
Membership No. FCS 2051

Date: 25/04/2022

# Notes:

**Convening of AGM through video conferencing ("VC") or any Other Audio-Visual Means ("OAVM")**

1. In view of the situation of COVID-19 still prevailing, the Government of India; Ministry of Corporate Affairs allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispended the personal presence of the members at the meeting. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 Circular No. 20/2020 dated May 05, 2020 and Circular No.02/2021 dated 13th January, 2021 , Circular No.19/2021 dated December 8, 2021 and Circular No.21/2021 dated December 14, 2021 prescribing the procedures and manner of conducting the Annual General Meeting (AGM) through VC/ OAVM. In terms of the said circulars, the 15th Annual General Meeting (AGM) of the members of the Company will be held through VC/OAVM. So that members can attend and participate in the AGM through VC/ OAVM only. The Members are requested not to visit Registered Office to attend the AGM.

   **E-Voting facility**

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. Shareholders are requested to refer Page **No. 139 to 143** for detailed procedure for e-Voting and participation in the AGM through VC/OAVM.

3. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

4. In view of e-AGM Circular Printed copy of the Annual report (Including Notice) is not being sent to the Members.

5. The detailed procedure for participation in the meeting through VC/OAVM is available at the Company's website **www.meghmanifinechm.com.**

6. AGM convened through VC/OAVM is in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 , Circular No.19/2021 dated December 8, 2021 and Circular No.21/2021 dated December 14, 2021.

   **Quorum**

7. The attendance of Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning quorum under Section 103 of the Companies Act, 2013.

8. The helpline number of CDSL regarding any query / assistance for participation in the AGM through VC/ OAVM is 022-23058542/43.

   **Proxy form**

9. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence **the Proxy Form and Attendance Slip are not annexed to this Notice.** However, pursuant to Section 112 and Section 113 of the Companies Act, 2013, representatives of the President of India or the Governor of State or the Body Corporates are entitled to attend the AGM through VC/OAVM and cast their votes through e-voting.

   **Book Closure and Cut-off date**

10. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, 21st June, 2022 to Monday, 27th June, 2022** (both days inclusive) for the purpose of Annual General Meeting.

11. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. **Monday, 20th June, 2022**

    **Scrutinizer for conducting E-Voting**

12. The Company has appointed **Mr. Mukesh Khandwala – Chartered Accountants** to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

    **Voting Result**

13. The voting results shall be declared within two working days from the conclusion time of the Meeting. The results declared along with the Scrutinizer's Report will be placed on the website of the Company at **www.meghmanifinechem.com** immediately after the result is declared by the Chairman or any other person authorised by the him in this regard and will simultaneously be sent to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

**Explanatory Statement and details of Directors seeking appointment / reappointment**

14. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

15. Details in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

**Dispatch of Notice and Annual Report through electronic means**

16. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

17. In compliance with the aforesaid MCA circulars and SEBI circular dated May 12, 2020 and January 15, 2021, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

18. The Notice can also be accessed from the websites of the Stock Exchanges i.e. National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) at **www.nseindia.com** and **www.bseindia.com** respectively and the AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility) **www.evotingindia.com .**

**PREVENT FRAUDULENT TRANSACTIONS**

19. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic Statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

20. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.

**Inspection of Documents**

21. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode by sending an e-mail to **helpdesk@meghmanifinechem.com.**

**Financial Information required**

22. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their **questions in writing** to the Company at least **10 (Ten) days before** the date of the Meeting from their registered e-mail address, mentioning their name, DPID and Client ID number/ folio number and mobile number at the Company's investor desk at **helpdesk@meghmanifinechem.com or ir@meghmanifinechm.com** so that the information required may be made available at the Meeting.

23. The Company is pleased to provide members, facility to exercise their right to vote at the **15th Annual General Meeting (AGM)** by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

24. The Recording/transcript of the AGM will be made available on the website of the Company **www.meghmanifinechem.com** in the Investors Section, as soon as possible after the Meeting is over.

# INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING

PROCESS AND MANNER FOR MEMBERS OPTING FOR VOTING THROUG₹ELECTRONIC MEANS

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 , Circular No.19/2021 dated December 8, 2021 and Circular No.21/2021 dated December 14, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

2. The Members can join the AGM in the VC/OAVM mode **15 minutes** before and after the scheduled time of the commencement of the Meeting. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding **2% or more** shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

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

5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at **www.meghmanifinechem.com** . The Notice can also be accessed from the websites of the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited at **www.nseindia.com** and **www.bseindia.com** respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. **www.evotingindia.com.**

6. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

**Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

(i) The voting period begins on **Thursday, 23rd June, 2022 at 09:00 a.m. and ends on Sunday, 26th June, 2022 at 5 pm.** During this period shareholders' of the Company, holding shares in dematerialized form, as on the cut-off date (record date) of **Monday, 20th June, 2022** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

(iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants.** Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL** | 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are **https://web.cdslindia.com/myeasi/home/login** or visit **www.cdslindia.com** and click on Login icon and select New System Myeasi.<br>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.<br>3) If the user is not registered for Easi/Easiest, option to register is available at<br>**https://web.cdslindia.com/myeasi/Registration/EasiRegistration**<br>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on **www.cdslindia.com** home page or click on **https://evoting.cdslindia.com/Evoting/EvotingLogin**.<br>The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in demat mode with **NSDL** | 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: **https://eservices.nsdl.com** either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>2) If the user is not registered for IDeAS e-Services, option to register is available at **https://eservices.nsdl.com.** Select "Register Online for IDeAS "Portal or click at **https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp**<br>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: **https://www.evoting.nsdl.com/** either on a Personal Computer or 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 |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders (holding securities in demat mode) login through their **Depository Participants** | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

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

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

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL** | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at 022- 23058738 and 22-23058542-43 |
| Individual Shareholders holding securities in Demat mode with **NSDL** | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

**Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

1) The shareholders should log on to the e-voting website **www.evotingindia.com.**

2) Click on "Shareholders" module.

3) Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

| For Physical shareholders and other than individual shareholders holding shares in Demat. | |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details **OR** Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field. |

(vi) After entering these details appropriately, click on **"SUBMIT"** tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant **Meghmani Finechem Limited** on which you choose to vote.

(x) On the voting page, you will see **"RESOLUTION DESCRIPTION"** and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.

(xii) After selecting the resolution, you have decided to vote on, click on **"SUBMIT".** A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on **"CANCEL"** and accordingly modify your vote.

(xiii) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com.**
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; **helpdesk@meghmanifinechem.com** (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUG₹VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a **Registered Speaker** by sending their request in advance at least **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have **queries** may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). **These queries will be replied to by the Company suitably by email.**
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NUMBERS. ARE NOT REGISTERED WIT₹THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id.**

2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to **helpdesk.evoting@cdslindia.com** or contact at **022- 23058738** and **022-23058542/43.**

All grievances connected with the facility for voting by electronic means may be addressed to **Mr. Rakesh Dalvi, Sr. Manager, (CDSL,)** Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to **helpdesk.evoting@cdslindia.com** or call on **022-23058542/43.**

| NAME | CONTACT DETAILS |
|---|---|
| COMPANY | MEGHMANI FINECHEM LIMITED<br>"MEGHMANI HOUSE", B/₹SAFAL PROFITAIRE, CORPORATE ROAD, PRAHALADNAGAR, AHMEDABAD- 380 015<br>**E-MAIL:-**<br>**helpdesk @ meghmanifinechem.com** |
| REGISTRAR AND TRANSFER AGENT | LINK INTIME INDIA PRIVATE LIMITED<br>C 101, 247 PARK, L.B.S.MARG, VIKHROLI (WEST), MUMBAI - 400083 Tel: +91 022 - 4918 6270, Fax: +91 22 4918 6060<br>**E-MAIL**:-<br>**rnt.helpdesk@linkintime.co.in** |
| E-VOTING AGENCY | CENTRAL DEPOSITORY SERVICES [INDIA] LIMITED<br>**E-MAIL:-**<br>**helpdesk.evoting@cdslindia.com** |
| SCRUTINIZER | MR. MUKES₹KHANDWALA – Chartered Accountants M/S C N K KHANDWALA & ASSOCIATES<br>**E-MAIL** -<br>**mukesh@cnkkhandwala.in** |

## ANNEXURE TO THE NOTICE

**This Explanatory Statement is provided, though strictly not required, as per Section 102 of the Companies Act, 2013**

**Item No. 3.**

S R B C & CO LLP is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. It is a member firm of EY Global. It was established in the year 2002 and is a limited liability partnership firm incorporated in India.

S R B C & CO LLP (having Firm Registration Number 324982E/ E300003) was appointed on 15th July, 2017 as the Statutory Auditors of the Company for a term of consecutive five years from the conclusion of 10th Annual General Meeting till the conclusion of 15th Annual General Meeting. The term of S R B C & CO LLP is expiring at this Annual General Meeting to be held on 27th June, 2022.

S R B C & CO LLP being eligible for re-appointment for a further period of 5 (Five) years have submitted the certificate of eligibility for the reappointment.

The Board of Directors at its meeting held on 25th April, 2022 on the basis of recommendation of Nomination and Remuneration Committee has approved the reappointment of S R B C & CO LLP for a term of five years from the conclusion of the 15th Annual General Meeting of the Company till the conclusion of the 20th Annual General Meeting subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting on such remuneration plus tax, and out-of-pocket expenses etc. as may be mutually agreed upon by the Board of Directors and the Auditors.

Members are requested to approve their appointment as the Auditors of your Company by passing a **Special resolution** under Section 139 of the Act.

# EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

## Item No. 2

### REAPPOINTMENT OF MR. MANUBHAI KHODIDAS PATEL AS INDIPENDENT DIRECTOR FOR SECOND TERM

The details of Mr. Manubhai Patel under the provisions of Regulation 36(3) of the Listing Regulations are as under:-

| | |
|---|---|
| Name | Mr. Manubhai Patel |
| Age | 71 years |
| Designation | Independent Director – Non - Executive |
| Qualification | Member of Institute of Chartered Accountants of India (ICAI) |
| Brief Profile | Shri Manubhai Patel has more than 37 years' of association with Zydus Group of Companies. During the tenure, Shri Manubhai Patel was heading Finance and Taxation. Shri Manubhai Patel also has very rich experience, expertise and in-depth insights in the field of Forex, Treasury and Credit Management.<br><br>Shri Manubhai Patel is Director of Meghmani Industries Limited, Clintha Research Limited, Vytal Healthcare Private Limited and Acme Diet Care Private Limited and also held the position of Nominee Director of Dialforhealth Unity Limited. |
| Interest in Other Listed Entities | 1) Meghmani Organics Limited |
| Membership/Chairmanship of Committees across all Public Companies | Audit Committee: 2<br>1. Meghmani Finechem Limited – Chairman<br>2. Meghmani Organics Limited - Chairman<br>Stakeholders' Relationship Committee: 2<br>1. Meghmani Finechem Limited – Chairman<br>2. Meghmani Organics Limited - Chairman |
| No. of Shares held in the Company as on 31.03.2022. | - |
| Attendance in Board Meeting held during FY 2021-22. | 5 |

As required, under Section 160 of the Companies Act, 2013, the Company has received a Notice from the Members proposing the name of Mr. Manubhai Patel as a candidate for the office of the Director of the Company.

Keeping in view of vast experience, expertise, and knowledge in the Field of Finance and Taxation of Shri Manubhai Patel your directors recommend for the reappointment of Mr. Manubhai Patel as Independent Director of the Company under **Item No. 2** of the Notice as a Special Resolution.

None of the Directors except Mr. Manubhai Patel is interested or concerned in the resolution.

A copy of the draft Letter of Appointment of **Mr. Manubhai Patel** as an Independent Director will be available for inspection without any fee for the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

None of the Directors or Key Managerial Personnel of the Company or their relatives except **Mr. Manubhai Patel** are, in any way, concerned or interested, financially or otherwise, in the **Special Resolution** set out **at Item No. 2** of the Notice.

The Board recommends the **Special Resolution** set out at **Item No. 2** of the Notice for approval by the Members.

## Item No. 4, 5, 6 7 and 8

### REAPPOINTMENT OF MR. MAULIK PATEL, MR. KAUSHAL SOPARKAR, MR. ANKIT PATEL, MR. KARANA PATEL AND MR. DARSHAN PATEL FOR A FURTHER PERIOD OF FIVE YEARS

On the basis of recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on 25th April, 2022 has approved reappointment of Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel from **01 April, 2022** to **31 March, 2027** for a period of **five years** as mentioned against their name in the table and terms of remuneration upto 31st March, 2027.

## (1) Term of Re-appointment

| Name and DIN | Designation | Educational Qualification |
|---|---|---|
| Mr. Maulik Patel<br>DIN 02006947 | Chairman & Managing Director | BE (Chemical) from Saradar Patel University, Vallabh Vidyanagar, Anand, Gujarat, Masters of Science (Chemical Engineering) from University of Southern California, USA, MBA from Long Island University, USA. |
| Mr. Kaushal Soparkar<br>DIN 01998162 | Managing Director | B.S. (Chemical) from University of New Haven (U.S.), M.S. (Engineering Management) from University of Northeastern (U.S.) |
| Mr. Ankit Patel<br>DIN 0 2180007 | Executive Director | B E Chemical Engineering from D. D. Desai University, Nadiad, Gujarat, Master of Engineering from Griffith University, Australia, Global Masters in Business Administration from SP Jain Center of Management. |
| Mr. Karana Patel<br>DIN 01737321 | Executive Director | Diploma in Chemical Engineering from Nirma University, Ahmedabad and B E Chemical Engineering from Drexel University USA |
| Mr. Darshan Patel<br>DIN 02047676 | Executive Director | BE Chemical Engineering from Nirma University, Ahmedabad. M.S. Engineering Management from Griffith University, Australia, MBA from NYIT, USA. |

| Name | Re-appointment for a Period five years from | * Basic Salary per month ₹ |
|---|---|---|
| Mr. Maulik Patel | 01.04.2022 | 300,000 |
| Mr. Kaushal Soparkar | 01.04.2022 | 300,000 |
| Mr. Ankit Patel | 01.04.2022 | 300,000 |
| Mr. Karana Patel | 01.04.2022 | 300,000 |
| Mr. Darshan Patel | 01.04.2022 | 300,000 |

*Plus increments as the Board of Directors may decide from time to time

## (2) Performance Bonus :-

Up to 10% of the Net Profits of the Company (as per the act) or such other quantum of the Net Profits of the Company as may be approved by the Board of Directors at its discretion for each financial year.

## (3) Perquisites :

In addition to Salary and performance bonus, Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel shall be eligible for the perquisites mentioned in **Category A, Category B and Category C** which shall not be included in the computation of the Ceiling on remuneration specified in Section II and Section III of Schedule V of the Companies Act, 2013:

(a) The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act.

(b) The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time.

(c) Encashment of leave at the end of tenure.

In addition, the following perquisites shall be paid to Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel –

(a) Leave Travel Assistance: - For Executive Chairman and his family once in a year as per the rules of the Company. (Family means the spouse, the dependent children and dependent parents).

(b) Club Fee: - Fees of Club subject to a maximum of two clubs. This will not include admission and Life Membership Fees.

(c) Mediclaim and Personal Accident Insurance Policy as per the rules of the Company.

(d) The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.

(e) The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence at the entire cost of the Company. Personal long distance calls be billed by the Company.

(f) One Month's privilege leaves for every eleven-month's service.

(g) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and accepted by Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel.

The value of the above perquisites shall be evaluated as per Income-Tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule and shall be subject to an overall annual ceiling of an amount equal to the Salary for the relevant period.

**(4)** The Board of Directors or Committee thereof may, in their discretion, revise/modify the terms of remuneration from time to time.

**(5) Reimbursement:**

Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel shall be reimbursed entertainment expenses actually and properly incurred in the course of business of the Company.

**(6) Other Terms:**

(a) Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel shall, subject to the superintendence, control and direction of the Board of Directors, shall manage and conduct the business and affairs of the Company.

(b) They will not be paid any sitting fee for attending meetings of the Board or Committee thereof.

(c) The Board of Directors shall increase, alter and vary the salary, perquisites and performance based Bonus in such manner as the Board in absolute discretion deem fit.

(d) In case of inadequacy of Profit /Loss during the period of reappointment, the remuneration payable to Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel shall be as per limit prescribed in Schedule V of the Companies Act 2013 Profile of Directors (Pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 on General Meetings) is annexed to this notice.

Your Directors recommend the resolution **No.4,5,6,7, & 8 as a Special Resolution.** for your approval.

None of the Directors except Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel of the Company are concerned or interested in the proposed.

## ITEM NO. 9

## TO RATIFY AND APPROVE REMUNERATION PAYABLE TO COST AUDITORS FOR FY 2022-23

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022 at a remuneration amounting to **₹1,75,000/-** (Rupees One Lakh Seventy Five Thousand) per annum plus applicable tax and out of pocket expenses payable to the Cost Auditors.

Accordingly, consent of the Members is sought by way of an **Ordinary Resolution** as set out at **Item No. 9** of the Notice. The Board accordingly recommends the resolution at **Item No. 9** of this Notice for the approval of the Members.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors need to be ratified and approved by the members of the Company.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution at **Item No. 9** of this Notice.

## ITEM NO. 10

## TO RATIFY AND APPROVE  RELATED PARTY TRANSACTION ENTERED WIT₹MEGHMANI ORGANICS LIMITED IN FY 2021-22

The Company is in the business of manufacture of Chlor Alkali and its Derivatives. Meghmani Organics Limited (MOL), is the associate Company of your Company. The Chlorine is the raw material to manufacture the Agrochemical Products at its plant situated at GIDC Dahej, which is adjoining to the manufacturing facility of the Company. The Chlorine is supplied by the Company through the pipe line. The Company is also supplying Caustic to other six manufacturing sites of MOL.

The Company has made sales transactions of **₹170 Crores** with Meghmani Organics Limited during the period from 1 April 2021 till 31 March 2022, which has exceeded the limit of 10% of the annual consolidated turnover of the Company of the last year. The Members are requested to ratify and approve the sales transactions entered by the Company.

The Executive Directors and Key Managerial Personnel of the Company along with their respective relatives, are concerned or interested, to the extent of their Shareholding (upto 49.41%) in Meghmani Organics Limited and they are also interest or concerned financially or otherwise in the resolution.

The Board of Directors recommends passing of the resolution as set out at item **No.10** of this Notice as an **Ordinary Resolution**

## ITEM NO. 11

## TO APPROVE RELATED PARTY TRANSACTION TO BE ENTERED WIT₹MEGHMANI ORGANICS LIMITED IN FY 2022-23

The Company is in the business of manufacture of Chlor Alkali and its Derivatives. The Promoters of Meghmani Organics Limited (MOL), are related to Executive Directors of your Company. The Caustic Chlorine is the raw material to manufacture the Agrochemical Products at its plant situated at GIDC Dahej, which is adjoining to the manufacturing facility of the Company. The Chlorine is supplied by the Company through the pipe line to MOL. The Company is also supplying Caustic to other six manufacturing sites of MOL.

The quantity of Caustic and Chlorine to be purchased by MOL will be at arm's length prices and in the normal course of business. The total value of the proposed transaction(s) could reach **₹450 Cr** during financial year 2022-23 the said proposed transactions, if executed with MOL will account for 29 % of the consolidated turnover of the Company for F.Y. 2021-22.

Section 188 of the Act and the applicable Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through an ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial Statements of the Company.

Hence, approval of the shareholders is being sought for the Related Party Transaction(s) proposed to be entered into by your Company with MOL in the financial year 2022-23. Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with MOL are as follows:

| Name of the Related Party | Name of the Director/KMP who is related and nature of their relationship | Nature, material terms, monetary value and particulars of the contract or arrangement |
|---|---|---|
| Meghmani Organics Limited | Directors of Meghmani Finechem Limited viz.,<br>Mr. Maulik Patel,<br>Mr. Kaushal Soparkar<br>Mr. Ankit Patel<br>Mr. Karana Patel<br>Mr. Darshan Patel<br>Are related to Directors of Meghmani Organics Limited<br>Mr. Jayantibhai Patel<br>Mr. Ashish Soparkar<br>Mr. Natubhai Patel<br>Mr. Ramesh Patel<br>Mr. Anand Patel | Nature of Transaction :-<br>Sale, purchase, or supply of any goods or material (directly or through an agent) or services or Obligations.<br>Material terms :-<br>(1) Value of Transaction<br>₹450 Cr for the Financial Year 2022-23 (or such extended period or time as may be decided by the Board of Directors).<br>(2) Sales transaction or supply of goods or materials will be on order to order basis<br>(3) Sales transaction or supply of goods or materials will be on a continuous basis<br>(4) Sales will be made at Arm's Length price or prevailing market price as may be mutually decided by the Board of Directors<br>(5) No advance is received for the Sales transaction or supply of goods or materials<br>(6) The credit period of 30 days is given for payment of Tax Invoice which is at par with the other Customers.<br>(7) Interest @18 % per annum will be charged on the amount remaining unpaid after due date.<br>(8) Goods once sold shall not be taken back or replaced.<br>(9) No complaints in respect of material supplied will be considered unless the same is lodged in writing within 10 days of dispatch along with proof. |

The Directors and Key Managerial Personnel of the Company along with their respective relatives, are concerned or interested,to the extent of their Shareholding (upto 49.41%) in Meghmani Organics Limited and they are also interested or concerned financially or otherwise in the resolution.

The Board of Directors on the basis of above facts and information, the proposed transactions with MOL are in the interest of the Company. The Board of Directors recommends passing of the resolution as set out at item **No.11** of this Notice as an **Ordinary Resolution.**

***

## PROFILE OF DIRECTORS

[Pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings]

| Full Name | Maulik Patel | Kaushal Soparkar | Karana Patel | Ankit Patel | Darshan Patel |
|---|---|---|---|---|---|
| DIN No. | 02006947 | 01998162 | 01737321 | 02180007 | 02047676 |
| Age | 40 | 38 | 40 | 36 | 35 |
| Original Date of Appointment | 10/05/2016 | 18/05/2017 | 10/05/2016 | 10/05/2016 | 10/05/2016 |
| Qualification | BE (Chemical) from Saradar Patel University, Vallabh Vidyanagar, Anand, Masters of Science (Chemical Engineering) from University of Southern California, USA, MBA - Long Island University, USA. | B.S. (Chemical) from University of New Haven (U.S.), M.S. (Engineering Management) University of - North-eastern (U.S.) | Diploma in Chemical Engineering from Nirma University, Ahmedabad and B E Chemical Engineering - Drexel University USA | B E Chemical Engineering from D. D. Desai University, Nadiad, Gujarat, Master of Engineering Griffith University, Australia, Global Masters in Business Administration - SP Jain Center of Management. | BE Chemical Engineering from Nirma University, Ahmedabad, M.S. in Engineering Management from Griffith University, Australia, MBA from NYIT, USA. |
| Experience | 12 years | 11 years | 12 years | 10 years | 10 years |
| Expertise | Leadership, Strategic Planning, Technical expertise, Production, Corporate Affairs and Policy decision making | Leadership, Information Technology, Technical, Marketing. | Leadership, Purchases & Negotiations | Leadership, Finance and Corporate Affairs | Leadership, Human Resource & Administration |
| Last Remuneration | As mentioned in the Report on Corporate Governance | As mentioned in the Report on Corporate Governance | As mentioned in the Report on Corporate Governance | As mentioned in the Report on Corporate Governance | As mentioned in the Report on Corporate Governance |
| Shareholding | 20,94,591 | 17,21,379 | 7,05,728 | 19,15,409 | 4,07,743 |
| Relationship with other directors and KMP | Maulik Patel, Ankit Patel, Karana Patel and Darshan Patel are related as cousin brothers. | Mr. Kaushal Soparkar is not related to other Directors. | Maulik Patel, Ankit Patel, Karana Patel and Darshan Patel are related as cousin brothers. | Maulik Patel, Ankit Patel, Karana Patel and Darshan Patel are related as cousin brothers. | Maulik Patel, Ankit Patel, Karana Patel and Darshan Patel are related as cousin brothers. |

## PROFILE OF DIRECTORS

[Pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings]

| Full Name | Maulik Patel | Kaushal Soparkar | Karana Patel | Ankit Patel | Darshan Patel |
|---|---|---|---|---|---|
| Member/ Chairperson of committees of the Company | Shareholders Grievances Committee - Member | Audit Committee - Member | None | None | None |
| Directorships held in other companies | Meghmani Advanced Sciences Limited | Meghmani Advanced Sciences Limited | Meghmani Advanced Sciences Limited | 1. Meghmani Lifesciences Limited.<br>2. Meghmani Advanced Sciences Limited<br>3. Vidhi Global Chemicals Limited | 1. Meghmani Advanced Sciences Limited<br>2. Vidhi Global Chemicals Limited |
| Membership of committees held in other Indian companies | None | None | None | None | None |
| Chairpersonship of committees held in other Indian companies | None | None | None | None | None |

By Order of the Board
for MEGHMANI FINECHEM LIMITED
**Kamlesh Mehta**
Company Secretary
Membership No. FCS 2051

**Registered Office:**
Meghmani House,
B/₹Safal Profitaire,
Prahladnagar,
Ahmedabad 380 015
Date: 25/04/2022

# Notes

# Notes

# Notes

# Notes

CORPORATE OFFICE:
MEGHMANI HOUSE
B/h, Safal Profitare, Corporate Road,
Prahladnagar, Ahmedabad-380015,
Gujarat (India)
Phone: +91 79 29709600 / 71716000
Fax: +91 79 29709605
Email: info@meghmanifinechem.com

MANUFACTURING SITE:
CH/1 and CH/2, GIDC Industrial Estate,
Dahej, Tal. Vagra, Dist. Bharuch - 392130
Gujarat (India)
Phone: +912641-256688/77/99

Chlorine Helpline 1800-11-1735

meghmanifinechem.com