



KANORIA CHEMICALS & INDUSTRIES LIMITED

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

6th August, 2022

The Manager-Listing
National Stock Exchange of India Ltd
"Exchange Plaza", Plot No.C/1, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai-400051

Symbol: KANORICHEM

BSE Limited
Corporate Relationship Dept.,
Rotunda Building, P.J.Towers
Dalal Street, Fort,
Mumbai- 400001

Security Code No. 50 6525

Dear Sir/s,

Sub: Annual Report for Financial Year 2021-22 and 62nd Annual General Meeting Notice

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

We are attaching herewith the Annual Report for the year 2021-22 along with the Notice of the 62nd Annual General Meeting of the Company. The 62nd Annual General Meeting of the Company will be held on Thursday, the 1st September, 2022 at 11.00 A.M. through Video Conference / Other Audio Visual Means.

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

The above is for your information and records.

Thanking you,

Yours sincerely,
For Kanoria Chemicals & Industries Limited

N. K. Sethia
Company Secretary

Encl : As above



Kanoria Chemicals
& Industries Limited

Kanoria Chemicals & Industries Limited

CIN: L24110WB1960PLC024910

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

Phone: (033) 4031 3200

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

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 62nd Annual General Meeting of the Members of **Kanoria Chemicals & Industries Limited** will be held **on Thursday, the 1st September, 2022 at 11.00 A.M.** through Video Conference ("VC")/Other Audio Visual Means ("OAVM") to transact the following business(es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2022 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend of Re 1/- (@ 20%) per Equity Share of the face value of Rs. 5/- of the Company, for the financial year ended 31st March 2022.
3. To appoint a Director in place of Shri Saumya Vardhan Kanoria (DIN: 02097441), who retires by rotation and, being eligible, offers himself for re-appointment.
4. Appointment of the Statutory Auditors

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to Sections 139, 141, 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 thereof for the time being in force), and pursuant to the recommendation of the Audit Committee and the Board of Directors, M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), be and are hereby appointed as the Statutory Auditors of the Company, to hold office as such for a term of 5 years from the conclusion of the 62nd Annual General Meeting ("AGM") till the conclusion of the 67th AGM, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors, based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

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

5. As an Ordinary Resolution

"RESOLVED that pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and



Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), pursuant to the approval of the Audit Committee, consent of the Members of the Company be and is hereby accorded to enter into below mentioned Material Related Party Transactions between APAG Elektronik AG, Switzerland and APAG Elektronik s.r.o., Czech Republic, step-down subsidiaries of the Company during the financial year 2022-23, on the terms and conditions as set out in the explanatory statement annexed to this Notice.

Nature of Transactions	Proposed Maximum Amount of Transactions	Nature of Relationship
The proposed transactions include Sales, Purchases, Reimbursement of Expenses and Business Support Services	INR. 5,550 million (Equivalent to CHF 67 million)	Both the companies are wholly owned subsidiaries of APAG Holding AG, a Material Subsidiary of the Company

“**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution and all acts, done by and with the authority of the Board of Directors of the Company in this matter, be and are hereby also confirmed.”

6. As an Ordinary Resolution

“**RESOLVED** that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,60,000/- (Rupees One Lakh Sixty Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit payable to M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), appointed as the Cost Auditors by the Board of Directors of the Company on the recommendation of the Audit Committee, for conducting the audit of the cost records of the Company for the financial year ending on 31st March 2023, be and is hereby ratified and confirmed.”

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

Registered Office
'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Date: 26th May, 2022

By Order of the Board of Directors

N. K. Sethia
Company Secretary
Membership No.: F3522

NOTES

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

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the aforesaid Circulars, the 62nd AGM of the Company will be conducted through Video Conference (“VC”) / Other Audio Visual Means (“OAVM”) and the businesses set out in the Notice will be transacted by the Members only through remote e-voting or through the e-voting system provided during the Meeting while participating through VC/OAVM facility. Further, for the purpose of technical compliance of the provisions of Section 96(2) of the Companies Act, 2013, the registered office of the Company at “KCI Plaza”, 6th Floor, 23C, Ashutosh Chowdhury Avenue, Kolkata - 700 019 where the Company is domiciled, is deemed to be the place of holding of the AGM.

2. Company has engaged the services of National Securities Depository Limited (“NSDL”) as the Agency for providing facility for remote e-voting, participation in the AGM through VC/OAVM and e-voting during the AGM in terms of said 'MCA Circulars.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Special Business set out in the Notice is annexed hereto. Information in respect of Shri Saumya Vardhan Kanoria seeking appointment on retirement as rotational Director as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 is given by way of a Note to this Notice.

Additional information, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to appointment of the Statutory Auditors of the Company, as proposed under Item No. 4 of this Notice under Ordinary Business, is also provided in the Explanatory Statement

4. **Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.**
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 26th August, 2022 to Thursday, the 1st September, 2022 (both days inclusive), for determining the name of Members eligible for dividend on Equity Shares, if declared at the AGM.
6. Dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be paid:
 - a. to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before Thursday, the 25th August 2022, and
 - b. in respect of shares held in electronic form, to those “deemed members” whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on Thursday, the 25th August 2022.
7. **DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL Ids:**
 - i. In compliance with MCA and SEBI Circulars as stated earlier and owing to the difficulties involved in dispatching of physical copies of the financial statements including Board's Report, Auditor's Report or other documents required to be attached therewith (together referred to as Annual Report), the Annual Report for FY 2021-22 and Notice of AGM inter-alia, indicating the process and manner of



voting through electronic means are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

- ii. The Companies Act, 2013 in line with the measures undertaken by the Ministry of Corporate Affairs for promotion of Green Initiative, has introduced enabling provisions for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Transfer Agent, C B Management Services (P) Limited at rta@cbmsl.com. Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.
- iii. The Notice of the AGM and the Annual Report of the Company for the Financial Year 2021-22 are available on the website of the Company at www.kanoriachem.com, on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and, on the website of NSDL at www.evoting.nsdl.com

8. GENERAL INSTRUCTIONS FOR AGM THROUGH VC/OAVM:

- i. In compliance with provisions of Section 108 of the Companies Act, 2013; Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force); Regulation 44 of SEBI Listing Regulations, 2015 and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide Members with a facility to exercise their right to vote by electronic means for the business to be transacted at the AGM.
- ii. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- iii. In addition to remote e-voting, the facility for voting through electronic voting system shall also be made available during the AGM. Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
- iv. Members can join the AGM through VC/OAVM 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
- v. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. 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. can attend the AGM without any restriction on account of first-come-first-served principle.

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

The remote e-voting period commences on Monday, the 29th August, 2022 (9:00 A.M.) and ends on Wednesday, the 31st August, 2022 (5:00 P.M.). The remote e-voting module shall be disabled by NSDL for voting thereafter.

The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. Thursday, the 25th August, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up Equity Share Capital of the Company as on the cut-off date, being Thursday, the 25th August, 2022.

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





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

Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with NSDL.</p>	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  App Store </div> <div style="text-align: center;">  Google Play </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login, or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.



	<p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note:

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

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

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the “Initial Password” or have forgotten your password:
- Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

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

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

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



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

General Guidelines for shareholders

- i. Pursuant to Section 113 of the Companies Act, 2013, Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the GM through VC/OAVM and vote on its behalf. The said Resolution/Authorization shall be sent by its registered e-mail address to the Scrutinizer of the Company at kanoriachemscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
- ii. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as on the cut-off date i.e. Thursday, the 25th August, 2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Registrar and Transfer Agent at rta@cbmsl.com. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. **1800 1020 990 and 1800 22 44 30**. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date i.e. Thursday, the 25th August, 2022, may follow steps mentioned in the Notice of the AGM under Step 1: "Access to NSDL e-Voting system" (Above).
- iii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- iv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 224430 or send a request to Ms. Pallavi Mhatre, Manager at evoting@nsdl.co.in

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

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

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

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

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolution through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- ii. Members are encouraged to join the Meeting through Laptops for better experience and will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connected via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- iii Members who would like to express their views or ask questions during the AGM may register themselves as speaker by sending email to investor@kanoriachem.com from their registered email address, mentioning their name, DP ID and Client ID/folio number, mobile number, between 26th August, 2022 (9:00 A. M.) and 27th August, 2022 (5:00 P. M.). Only those Members who have registered themselves as speaker will be able to speak at the Meeting. Speakers are requested to submit their questions at the time of registration to enable the Company to respond suitably. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

13. VOTING RESULTS:

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

14. PROCEDURE FOR INSPECTION OF DOCUMENTS:

The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 of the Act, the Register of Contracts with related party, and contracts and bodies etc. in which Directors are interested under Section 189 of the Act and other documents referred to in the accompanying Notice shall be available for inspection through electronic mode, on the request being sent to investor@kanoriachem.com and shall also be available for inspection during the AGM, upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>



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

- i. In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended from time to time, during the year, the unclaimed/unpaid dividend relating to financial year ended 31st March 2014 has been deposited with the Investor Education and Protection Fund ("IEPF") established by the Central Government.

The Company has been sending reminders to Members having unpaid/unclaimed dividends before transfer of such dividend(s) to IEPF. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has also uploaded the details of unpaid and unclaimed dividends lying with the Company as on 31st March 2022 on its website and on the website of the Ministry of Corporate Affairs. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF). Members who have a valid claim to any of the unpaid/unclaimed dividends are requested to correspond with the Share Department of the Company at its Registered Office.

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

- ii. During the year 2021-22, the Company has transferred for 15,509 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority, as per the applicable provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.
- iii. Members are informed that once the unpaid/unclaimed dividend or the shares are transferred to IEPF, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents as specified in Form IEPF-5 which is available on the website of IEPF at www.iepf.gov.in

16. OTHER INFORMATION:

- i. Regulation 40 of Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, vide its Circular dated 25th January 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in demat mode while processing investor service requests pertaining to issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission, transposition etc. In view of this, Members holding shares in physical form are requested to consider converting their holdings to demat mode. Shareholders who are desirous of dematerializing their securities may write to the Company at investor@kanoriachem.com or to the Registrar and Transfer Agent at rta@cbmsl.com
- ii. We urge Members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. Members holding shares in dematerialised form, who have not registered their e-mail addresses are requested to register their e-mail addresses with their respective Depository Participants, and the Members holding shares in physical form are requested to update their e-mail addresses with the Registrar and Transfer Agent at rta@cbmsl.com in Form ISR-1 or e-mail to investor@kanoriachem.com for receiving all communication, including Annual Reports, Notices, Circulars, etc. from the Company electronically.
- iii. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Transfer Agent of the Company.
- iv. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify any change in information to Registrar and Transfer Agent or Company as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

- v. Members who are holding Shares in physical form and desire to avail the facility of Electronic Credit of Dividend are requested to furnish their Bank particulars, together with a photocopy of blank cancelled cheque for verification of MICR Code, to the Company or its Registrar & Transfer Agent, C. B. Management Services Pvt. Limited. Members holding Shares in electronic form are requested to furnish the said information to their respective Depository Participants.
- vi. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all companies are to mandatorily use the Bank Account details furnished by the Depositories for crediting dividends. Dividend will be credited to the Member's Bank Account through NECS wherever complete core banking details are available with the Company. In cases, where the core banking details are not available, dividend warrants will be issued to the Members with Bank details printed thereon as available in the Company's records.
- vii. Pursuant to the Finance Act 2020, dividend income is taxable in the hands of Members and the Company is required to deduct tax at source at the prescribed rates from the dividend paid to Members. For the prescribed rates for various categories, Members are requested to refer to the Finance Act, 2020, as amended. Members are requested to update their Permanent Account Number (PAN) with their respective Depository Participant(s) (DP) (in case of shares held in a dematerialised form) and with the Registrar and Transfer Agent at rta@cbmsl.com (in case of shares held in physical form).
- viii. To avail the benefit of non-deduction of tax at source / avail beneficial rates, Members are requested to submit the requisite declarations / documents, as applicable with the Registrar and Transfer Agent at rta@cbmsl.com.
- ix. In all correspondence with the Company/Registrar & Transfer Agent, Members are requested to quote their Folio Number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID Number.
- x. Members are requested to contact the Company's Registrar & Transfer Agent, C B Management Services (P) Limited, P-22, Bondel Road, Kolkata –700 019, Phone: (033) 40116700 for reply to their queries/redressal of complaints, if any, or contact the Company Secretary at the Registered Office of the Company (Phone: (033) 4031 3200, email: nksethia@kanoriachem.com).
- xi. Members, who wish to obtain any information regarding the accounts or any matter to be placed at the AGM, are requested to send an e-mail at investor@kanoriachem.com by 26th August, 2022 (5.00 P.M.). The same will be replied by the Company suitably.
- xii. Pursuant to Section 72 of the Companies Act, 2013 and Rules made thereunder, Members holding shares in the physical form and desirous of making/changing nomination in respect of their shareholdings in the Company, are requested to submit the prescribed Form No. SH-13 and SH-14, as applicable for this purpose to the Company's Registrar & Transfer Agent.
- xiii. Pursuant to provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is maintaining an E-mail Id: investor@kanoriachem.com exclusively for quick redressal of members/investors grievances.

17. APPOINTMENT OF DIRECTOR ON RETIREMENT BY ROTATION:

Shri Saumya Vardhan Kanoria

Shri Saumya Vardhan Kanoria (DIN: 02097441), aged about 40 years (born on 1st March, 1982), Wholetime Director of the Company with effect from 1st April 2016, retires by rotation at the 62nd Annual General Meeting of the Company under Section 152 of the Companies Act, 2013 and, being eligible, has offered himself for re-appointment as a Director of the Company.

Shri S. V. Kanoria, an MS in Computer Science from the University of Illinois – Urbana Champaign, USA, has about 18 years of commercial, industrial, managerial and operational experience including overseas work experience.

He was appointed a Member of the Board of the Company on 1st April, 2016.

He attended all the five Board Meetings held during the year 2021-22.

During the financial year ended 31st March 2022, remuneration amounting to Rs. 18,394,012/- was paid/payable to Shri S. V. Kanoria. He will be paid remuneration as per the terms and conditions of the Agreement dated 9th February, 2022, approved by the Members on 29th March 2022 by way of Postal Ballot.

He holds 556,440 Equity Shares in the Company. Except being a relative of Shri R. V. Kanoria, Managing Director and Smt. Madhuvanti Kanoria, a Director of the Company, he is not related to any other Director or Key Managerial Personnel of the Company.

He is a Member of the Stakeholders Relationship Committee and Finance Committee of the Board of Directors of the Company. He does not hold



any Committee chairmanship/ membership in any other company.

He is a Director in the following companies:

Name of the Company	Position held
KPL International Limited	Director
Vardhan Finvest Limited	Director
India General Trading Co. Limited	Director
R V Investment & Dealers Limited	Director
PHD Chamber of Commerce and Industry	Director
Fytomax Nutrition Private Limited	Director
Humbleschool Private Limited	Director

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

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

The appointment of Shri S. V. Kanoria as a Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, the Item No. 3 of the Notice is placed for your approval in the interest of the Company. The Board of Directors recommends the same in the interest of the Company.

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**Re: Item No. 4**

The Members of the Company at the 57th Annual General Meeting ('AGM') held on 4th September 2017, approved the appointment of M/s. JKVS & Co. (Formerly M/s. Jitendra K. Agarwal & Associates), Chartered Accountants, as the Statutory Auditors of the Company for a period of five years from the conclusion of the said AGM. JKVS & Co. will complete their term on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014. The present remuneration of JKVS & Co. for conducting the audit for the financial year 2021-22, as approved by the Board of Directors of the Company ("the Board") on the recommendation of the Audit Committee, pursuant to the approval of the Members is Rs. 8,00,000/-.

The Board, on the recommendation of the Audit Committee, recommended for the approval of the Members, the appointment of M/s. Singhi & Co. (Firm Registration No. 302049E), Chartered Accountants as the Statutory Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 67th AGM, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors, based on the recommendation of the Audit Committee. Singhi & Co. has been in the profession for over 80 years and is one of the well reputed audit firms in the country. They serve multiple listed companies and have tremendous experience in the field of audit. They have over 26 partners with 8 offices across the country. They are the Indian members of Moore Global network.

The Audit Committee considered various parameters like audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found Singhi & Co. to be best suited to handle the statutory audit of the Company.

Singhi & Co. have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

Accordingly, the Ordinary Resolution set out as Item No. 4 of the Notice is placed for the approval of the shareholders of the Company. The Board of Directors recommends passing of the said resolution in the interest of the Company.

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

Re: Item No. 5**Approval of Material Related Party Transactions between APAG Elektronik AG, Switzerland and APAG Elektronik s.r.o., Czech Republic, step down subsidiaries of the Company during the financial year 2022-23**

Regulation 23 of the SEBI Listing Regulations, inter alia, states that with effect from 1st April, 2022, all Material Related Party Transactions ('RPT') by the Company/its subsidiaries with its related parties shall require prior approval of the shareholders by means of an Ordinary Resolution, even if such transaction(s) are in the ordinary course of business and at an arm's length basis. A transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of a listed entity as per the last audited financial statements of the listed entity, whichever is lower. Regulation 2(1)(zc) of the SEBI Listing Regulations defines related party transaction to mean a transaction involving transfer of resources, services or obligations between a listed entity/its subsidiaries on one hand and their related party on the other hand, regardless of whether a price is charged or not.

The Company's step-down subsidiaries APAG Elektronik AG, Switzerland and APAG Elektronik s.r.o., Czech Republic (both the companies are wholly owned subsidiaries of APAG Holding AG, a Material Subsidiary of the Company) have standard business practice in the usual course of business for entering into various transactions including sales, purchases, reimbursement of expenses and business support services between them.

It may be noted that as per the Business Model of APAG Cosyst Group, the components manufactured at APAG Elektronik s.r.o., Czech Republic are mostly marketed by APAG Elektronik AG, Switzerland. This does not have any financial impact on the consolidated financials of the Company as both these companies are wholly owned subsidiaries of APAG Holding AG, Switzerland, a Material Subsidiary of the Company.



Further, due to amendment in the Listing Regulations, the said transactions between APAG Elektronik AG, Switzerland and APAG Elektronik s.r.o., Czech Republic are likely to exceed the threshold limit of material related party transactions during the financial year 2022-23 and thus require prior approval of the Audit Committee and the shareholders of the Company.

The Audit Committee has approved the proposed Related Party Transactions between APAG Elektronik AG, Switzerland and APAG Elektronik s.r.o., Czech Republic during the financial year 2022-23, as was placed before its Meeting held on 9th February, 2022.

The proposed transactions between APAG Elektronik AG, Switzerland and APAG Elektronik s.r.o., Czech Republic are as follows:

Nature of Transactions	Proposed Maximum Amount of Transactions	Nature of Relationship
The proposed transactions include Sales, Purchases, Reimbursement of Expenses and Business Support Services	INR. 5,550 million (Equivalent to CHF 67 million)	Both the companies are wholly owned subsidiaries of APAG Holding AG, a Material Subsidiary of the Company

The following information as required pursuant to the SEBI Circular dated 22nd November, 2021 is provided below to the shareholders. Similar information has also been provided by the management of the Company to the Audit Committee at its Meeting held on 9th February, 2022, for the approval of the proposed Related Party Transactions:

a) Type, material terms and particulars of the proposed transactions;	The proposed transactions include Sales, Purchases, Reimbursement of Expenses and Business Support Services.
b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);	APAG Elektronik AG, Switzerland and APAG Elektronik s.r.o., Czech Republic (Both are the wholly owned subsidiaries of APAG Holding AG, a Material Subsidiary of Kanoria Chemicals & Industries Limited).
c) Tenure of the proposed transactions (particular tenure shall be specified);	Financial year 2022-23
d) Value of the proposed transactions;	INR. 5,550 million (Equivalent to CHF 67 million)
e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction.	% of Kanoria Chemicals & Industries Limited's annual consolidated turnover for the year 2021-22 (INR 13,691.16 million) represented by the value of proposed transactions: 40.54%.

<p>f) For a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);</p>	<p>% of APAG Elektronik AG's annual standalone turnover for the year 2021-22 (INR 5,371.68 million) represented by the value of proposed transactions;- 103.32%.</p> <p>% of APAG Elektronik s.r.o's annual standalone turnover for the year 2021-22 (INR 4,731.50 million) represented by the value of proposed transactions; 117.30%.</p>
<p>g) Justification as to why the RPT is in the interest of the listed entity;</p>	<p>As per the Business Model of APAG Cosyst Group, the components manufactured at APAG Elektronik s.r.o., Czech Republic are mostly marketed by APAG Elektronik AG, Switzerland. All the transactions are done at arm's length and in the ordinary course of business and after following the transfer pricing mechanism acceptable in both the geographies.</p> <p>This does not have any financial impact on the consolidated financials of the Company as both these companies are wholly owned subsidiaries of APAG Holding AG, Switzerland, a Material Subsidiary of the Company.</p>

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives is in any way concerned or interested, whether financially or otherwise, in the proposed Resolution, except Shri R. V. Kanoria and Shri H. K. Khaitan, who hold directorship in APAG Elektronik AG.

Based on the recommendation of the Audit Committee, the Board of Directors recommends the Ordinary Resolution set out as Item No. 5 of the Notice for approval by the Members.

Members may note that in terms of the provisions of the SEBI Listing Regulations, no Related Party shall vote to approve the Ordinary Resolution set out in Item No. 5 of the Notice, whether the entity is a Related Party to the particular transaction or not.



Re: Item No. 6

The Board of Directors, on the recommendation of the Audit Committee, has considered and approved the appointment of M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on 31st March 2023 at a remuneration of Rs. 1,60,000/- (Rupees One Lakh Sixty Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit.

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

Accordingly, the Ordinary Resolution set out as Item No. 6 of the Notice is placed for ratification of the remuneration of the Cost Auditors in terms of Section 148 of the Companies Act, 2013. The Board of Directors recommends passing of the said resolution in the interest of the Company.

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

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Date: 26th May, 2022

By Order of the Board of Directors

N. K. Sethia
Company Secretary
Membership No.: F3522



Kanorja Chemicals
& Industries Limited



ANNUAL REPORT 2021-22



ANNUAL REPORT

2021-22

Registered Office

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

Corporate Office

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

Company Secretary

N.K. Sethia

Group Chief Financial Officer

N. K. Nolkha

Auditors

J K V S & CO
5 - A, Nandlal Jew Road
Kolkata - 700 026

Bankers

Axis Bank Limited
HDFC Bank Limited
Yes Bank Limited

Registrar & Transfer Agent

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





BOARD OF DIRECTORS



Mr. R.V. Kanoria
Chairman & Managing Director



Mr. Sidharth K. Birla
Non-executive Independent Director



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



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



Mr. Amitav Kothari
Non-executive Independent Director



Mr. Ravinder Nath
Non-executive Independent Director



Mr. G. Parthasarathy
Non-executive Independent Director



Mr. A. Vellayan
Non-executive Independent Director



Mrs. Suhana Murshed
Non-executive Independent Director



Mr. S.V. Kanoria
Wholetime Director





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CHAIRMAN'S STATEMENT



The global economies remained challenged with volatility, uncertainty and disruption, induced by the Covid-19 pandemic. Its impact was felt, particularly on global supply chains. The effects of the global response to the pandemic by way of cheap money, fuelled inflationary pressures. The subsequent measures to mitigate the rising prices by way of shock corrections to interest rates, many feel, could lead to an impending global recession. A careful balancing of the monetary policy by Central banks and fiscal prudence by Governments can yet, in my opinion, save the situation.

Amidst all this uncertainty, India seems to have managed its responses to the pandemic well. The Reserve Bank of India, in particular, has been astute and responsive to the situation making good timely interventions. The disenchantment with China also provides an opportunity for Indian Industry and the Indian economy. It is critical at this juncture to look at manufacturing more comprehensively and holistically. The Production Linked Incentive (PLI) scheme can only serve as a catalyst to growth. Sustained competitiveness, however, is I believe the only answer for sustained growth. The time period between now and phasing out of the PLI scheme needs to be judiciously used to address the fundamental factors affecting competitiveness.

The PLI scheme as it is designed now primarily targets large industries. The buoyant growth figures camouflage the growing disparities between big and small. If we are to meet the aspirations of the youth, we have to evolve policies targeted at medium and small scale manufacturing with an objective of job creation. This should also include an agenda for upskilling and reskilling in tune with the fast changing technological landscape.

As I write this statement, the effects of Ukraine conflict are manifesting itself, particularly in rising energy costs. We need to be cognizant that this might disrupt our macro-economic stability. I believe that the Reserve Bank's move towards interest rate correction needs to be accelerated to both, control inflationary pressures as well as encourage savings which has a direct correlation to investments and growth.

At our Company, the managements of each of the verticals have been nimble and agile in reacting to the ever changing economic conditions. During the year, the Alco Chemical Segment delivered a much improved

financial performance. Despite the constraints faced due to the pandemic, the units ran efficiently. The Alco Chemical Division is looking to expand its existing product lines as well as add new products at the Ankleshwar Manufacturing Unit, for which the Company has received environmental clearances during the year. As part of this expansion, a new manufacturing facility for resins is being set up at Ankleshwar to complement the Company's existing facility in the eastern region in Vizag.

The Company's electronic auto component business operating under APAG CoSyst Control Systems has also begun to see the results of its expansion and initiatives from the prior years. The year under review has unfortunately been affected due to the dual impact of both Covid-19 pandemic and the unprecedented global shortage of semi-conductors. The gestation period for the Canadian plant got prolonged. The outlook for the year 2022-23, however, looks promising as the order book is very healthy.

The Company's integrated denim business operating through its subsidiary Kanoria Africa Textiles Plc. is also much improved. The year under review has indeed been challenging with political crisis and civil unrest in Ethiopia. The prices and availability of cotton was also a global issue during the year. Improved efficiencies and stabilisation of production is likely to result in better prospects for 2022-23.

As I look back, I believe that the Company has managed to face its challenges and has probably emerged stronger in terms of operational efficiency, better cash management and much more responsive to uncertainty. I am confident that these last two years of stress will be put behind us and we will continue to focus on growing the businesses of the Company.

R. V. Kanoria
Chairman & Managing Director

THE YEAR IN REVIEW

The financial year 2021-22 was another challenging one for the Indian and global economy. Covid restrictions in the first half of the year had a significant impact on economies around the world, leading to very slow global GDP growth. The Indian economy too was also adversely impacted and GDP growth lagged behind estimates. The Covid-19 pandemic has given rise to newer ways of doing business and accelerated the pace of digitalisation, with an increased focus on sustainability and resilience. At KCIL, with the support of our employees, vendors, customers and bankers, we were able to take on the challenges in the business environment efficiently in these unprecedented times. The Company's assessments and prospects outlined hereunder are to be read in the context of the evolving and ever-changing situation.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Performance with respect to Operational Performance

After a difficult year characterised by disturbances in business activities caused by the Covid-19 pandemic, the Company, backed by strategic initiatives taken in earlier years, better efficiencies and improved demand for the Company's products delivered a significantly improved performance which further strengthened the Balance Sheet of the Company.

The Revenue from Operations of the Company on a standalone basis increased by 67% from Rs. 3,879 million in the year 2020-21 to Rs. 6,491 million in the year 2021-22. The EBITDA more than doubled from Rs. 334 million in the year 2020-21 to Rs. 704 million in the year 2021-22. The Company during the year generated a Net Profit of Rs. 250 million as against a loss of Rs. 37 million in the immediately preceding financial year.

The operations at APAG CoSyst Group (APAG), engaged in the manufacturing of electronics for the Automotive segment, were hampered by the acute global shortage of semiconductors. As a result, APAG could not operate its plant at the desired capacity which adversely impacted the expected revenue. The increased materials cost as also allocation of fixed overheads over less than expected revenue had a material impact on the profitability of APAG. APAG's Revenue from Operations marginally improved from Rs. 5,694 million in the year 2020-21 to Rs. 5,918 million in the year 2021-22. The EBITDA decreased from Rs. 370 million in the year 2020-21 to Rs. 66 million in the year 2021-22. APAG during the year suffered a Net Loss of Rs. 230 million as against a profit of Rs. 73 million in the immediately preceding financial year.

The year under review was also a challenging one for Kanoria Africa Textiles plc (KAT), another foreign subsidiary of the Company based in Ethiopia.

Events such as a political crisis, civil unrest, high cotton cost and continual devaluation of the Ethiopian Birr had an adverse impact on revenue and profitability. KAT's Revenue decreased by 7% from Rs. 1,375 million during FY 2020-21 to Rs. 1,282 million in the year 2021-22. The EBITDA decreased from Rs. 425 million in the year 2020-21 to Rs. 253 million in the year 2021-22. The Net Profit for the year was Rs. 2 million as against a profit of Rs. 123 million in the immediately preceding financial year.

The Consolidated Revenue from Operations increased by 25% from Rs. 10,949 million in the previous year to Rs. 13,691 million in the year under review. The Group's EBITDA decreased from Rs. 1,056 million in the year 2020-21 to Rs. 970 million in the year 2021-22. The Group's Net Profit stood at Rs. 22 million as against Rs. 160 million in the previous year.

Key Financial Ratios

	2021-22	2020-21
Debtors Turnover	6.51	5.30
Inventory Turnover	13.39	7.81
Interest Coverage Ratio	9.90	2.92
Current Ratio	1.44	1.25
Debt Equity Ratio	0.15	0.20
Operating Profit Margin (%)	9.15	7.34
Net Profit Margin (%)	3.79	(0.93)
Return on Net Worth (%)	3.99	(0.60)

1. Inventory Turnover Ratio improved due to increased sales due to better off take for Company's products.
2. Debt Equity Ratio improved due to increased profitability and reduction in total debt.
3. Interest Coverage Ratio, Operating Profit Margin, Net Profit Margin and Return on Net Worth Ratio improved due to increased profitability.



Alco Chemicals Segment

Industry structure and development

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

The Company is a leading producer of Formaldehyde, Pentaerythritol, Phenolic Resins and Hexamine in India. Its Formaldehyde plants are equipped with state-of-the-art technologies that have the advantages of lower operational costs and better product quality. Our Pentaerythritol, Hexamine and Phenolic Resins manufacturing technologies have been developed in-house by the Company and have been refined over the years to compete globally on cost and quality.

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

Opportunities

- The Company continued to retain the Responsible Care Logo (“RC Logo”) in the year 2021-22. The Company now stands among the prestigious 100 chemical companies across India which has been awarded with this recognition. RC Logo is an initiative voluntarily undertaken by chemical companies worldwide to address public concerns about manufacturing, distribution and use of chemicals, all having the common theme of making progress towards the vision of no accidents, injuries or harm to the environment.
- The Company's new Formaldehyde plant at Naidupet in the state of Andhra Pradesh is in operation. Work on new Formaldehyde consuming plants by reputed manufacturers in nearby areas is under progress. Once these plants are established, it will further improve our capacity utilisation at Naidupet.
- Considering the optimum capacity utilisation of the present Formaldehyde plant at Ankleshwar and upcoming demand from the Engineering Wood sector, the Company is assessing the opportunity to expand Formaldehyde manufacturing capacity in Ankleshwar.
- The Company has debottlenecked its Formaldehyde manufacturing capacity at Vizag from 300 TPD to 345 TPD.
- Phenolic Resins are used in a wide variety of applications. There is great potential for developing high value resins through continuous research which the Company is focussing on. Considering the success achieved so far, the Company has started the work on setting up a new Phenolic Resin plant at Ankleshwar.
- The Company's “Business Excellence Cell” is fully functional, and is working towards better management of plants for cost reductions and better efficiencies.

- The Company's newly formed “New Product Development Cell (NPD Cell)” has been working on identifying new products for the Company to manufacture. The work of this team will start bearing fruit in the coming years.

Threats

- Inordinate fluctuations in Methanol and Phenol prices due to disruptions in global supply chains and Covid-19 pandemic could affect margins.
- Cheaper imports of Pentaerythritol, Sodium Formate and Hexamine.
- The uncertainty of the evolution of the Covid-19 pandemic and its consequent impact on our operations.
- Geo-political disturbances and its consequent impact on our business.

Performance

The operations of the Alco Chemicals Division were partially disturbed during April-September 2021 due to Covid-19 restrictions in different Indian states. Production and sales volume of products of the Division were higher than the previous year.

Outlook

- The Government's focus on infrastructure and affordable housing should result in increasing overall demand for our products.
- The demand for our products is linked with India's GDP growth. Although Covid-19 has again reared its head in some states in India, the full year GDP growth in 2022-23 is estimated to be still quite good. Consequently, demand for our products is also estimated to be good.
- The production and revenues for the year 2022-23 are estimated to be higher over the previous year primarily due to improvement in the Indian economy on account of easing of Covid restrictions.



Solar Power Segment

Industry structure and development

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

The renewable energy sector, however, continues to face policy implementation and procedural difficulties. The Government also reduced the prices of RECs without commensurate adjustment in the number of RECs held. This is being collectively contested by the renewable energy industry through the concerned trade bodies, the Green Energy Association and the Indian Wind Power Association before the Hon'ble Supreme Court. The state Government has not extended the Power Purchase Agreement beyond 31st March 2019 and the same is being contested by us in the Hon'ble High Court of Rajasthan.

Opportunities

- The Government has ambitious targets for renewable energy generation.

Threats

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

Performance

The operation of the Solar Power Division was partly affected due to breakdown of inverter, tracking system and 1.25 MVA transformer. Thus, generation was lower during the year. The generation has since improved after replacement of Inverter and rectification of 1.25 MVA transformer.

Outlook

- We have replaced the failed Inverter with a new Inverter and the fault in 1.25 MVA transformer was rectified, thus Solar Power generation is expected to improve.

QUALITY ACCREDITATION AND OHSAS

The manufacturing units of the Company at Ankleshwar, Vizag and Naidupet had the ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environment Management Systems and practices) and ISO 45001:2018 (Occupational Health and Safety Management Systems) during the year. All the units are also RC 14001:2015 certified for implementation of Responsible Care management system, The Company has the permission for the use of Responsible Care Logo (RC) at the Ankleshwar unit till 2024.

SAFETY AND ENVIRONMENT

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

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

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

RISKS AND CONCERNS

Currently, the Company perceives the following main business risks:

- Restricted economic activities due to COVID-19 could severely hamper demand for our products in domestic and International markets.
- Cheap imports and dumping by other countries threaten to adversely impact domestic prices leading to lower margins.
- Extreme volatility in prices of raw materials and other inputs could lead to fluctuating margins.
- Non extension of Power Purchase Agreement by State DISCOM and reduction of REC price by the Central Electricity Regulatory Commission (CERC) are areas of concern for the Company's Solar Power business.



INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

The key elements of the control system are:

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

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

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

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

The number of persons permanently employed by the Company as at the end of the year was 409.

SUBSIDIARIES PERFORMANCE AND OUTLOOK

Textiles Segment

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

The last year has been challenging for KAT. The short-term future will see a return to steady cash profitability. With time, strategic projects that have begun this year will lead to higher profitability in the long-term.

KAT has endured a difficult period with a political crisis and civil unrest which hampered the supply chain and markets. Moreover, the last months were characterised by unexpectedly and abnormally high world cotton costs – KAT's main raw material comprising ~70% of sales. Continuous devaluation of the Ethiopian Birr also provides a challenge as many of KAT's costs require foreign exchange whilst the COVID pandemic has made export sales a poor proposition in terms of contribution margin.

With some stabilisation and control over cash reserves, KAT is starting to show improving performance. Cash reserves and working capital financing efforts are enabling strategic cotton procurement. This helps both to take advantage of seasonal low prices and increase negotiating power. Moreover, big opportunities for operational improvement are starting to be capitalised on and higher production efficiency is contributing to growing production and thereby steady monthly margins. A major near-term opportunity with existing capacity is the spinning division which is still operating at only 50% utilisation because it is waiting for machine components. In addition to this immediate opportunity, small strategic technology investments in the range of USD 500,000-700,000 can yield sizeable production volume and performance consistency outcomes.



Kanoria Africa Textiles Plc, Ethiopia, Africa

This amount of investment has been identified for projects which are calculated to break even within 1.5 years. These projects are being explored and prioritised now.

Quality consistency is an area that needs to be addressed. This will allow the development of higher value, export customers – a need for the company to sustainably generate foreign exchange sales to service its debt and import raw material procurement.

Automotive And Industrial Electronics Segment

APAG CoSyst Electronic Control Systems designs, develops, and produces electronics and lighting for the automotive and industrial sectors. The current and short-term future of the company is hampered by the COVID pandemic and the severe and unprecedented global shortage of semiconductors. The long-term prospects, however, remain bright.

With the pandemic, the gestation period for the Canadian plant got prolonged. Projects which were to ramp-up over the past years are now concentrated for ramp-up in the current fiscal year 2022-23. This concentration of ramp-ups is a challenge but will catapult the revenue of the North American operations to approximately 3x the previous year (2021-22) and bring the division to close to EBITDA break-even performance as long as the supply chain issues do not hamper material procurement. The semiconductor shortage is slowly abating. The impact of this on APAG, however, unfortunately lags other industries. This is because the peripheral/luxury automotive components that APAG specialises in use chips that give chip makers lower margins than those used in consumer and industrial electronics. Constant vigilance and quick response to the evolving situation has helped APAG in maintaining its customers and markets. Nonetheless, with over 5000 types of components for over 350 types of finished modules, lead times as high as 2 years, and late delivery

of components critical to convert stock into sellable finished goods, managing inventory and maintaining healthy liquidity is a challenge.

In the long-term, contrasting the current situation, APAG is poised to grow. Future contracted sales (based on single-source awarded projects) are high – with no additional sales effort, 2023-24 should see the company break the CHF 100 mn. turnover barrier and then remain above for the following two years. The order book is very healthy with contracted sales in excess of CHF 90 mn. for the year 2022-23 but we expect supply chain challenges may prevent delivery this year. As the situation of raw material shortage improves the prospects look bright.



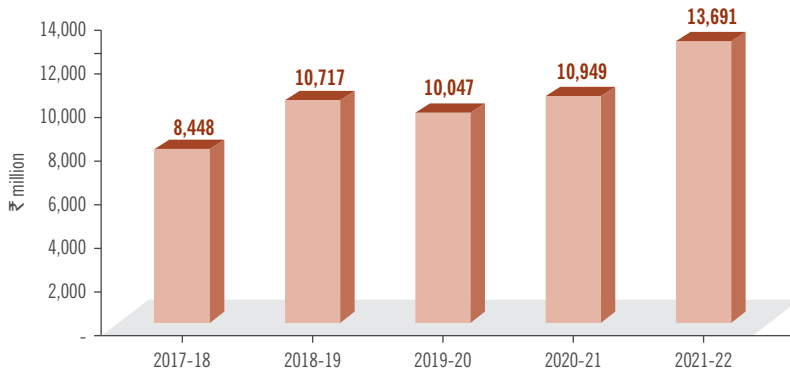
APAG Facility - Czech Republic

CAUTIONARY STATEMENT

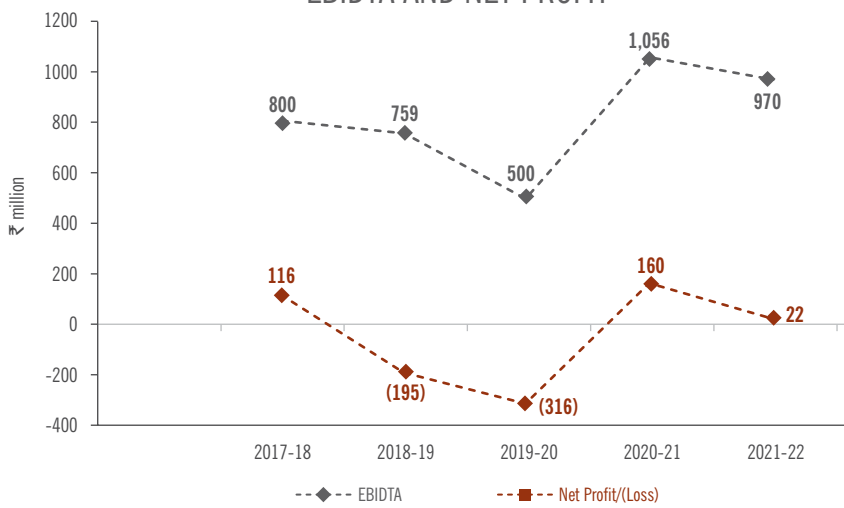
Statement in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed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

VALUE

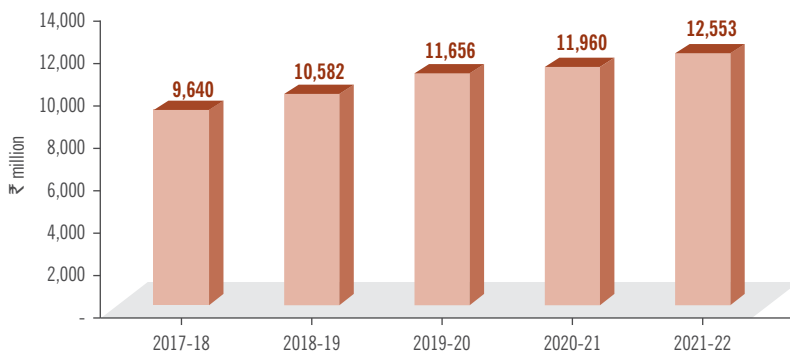
REVENUE FROM OPERATIONS



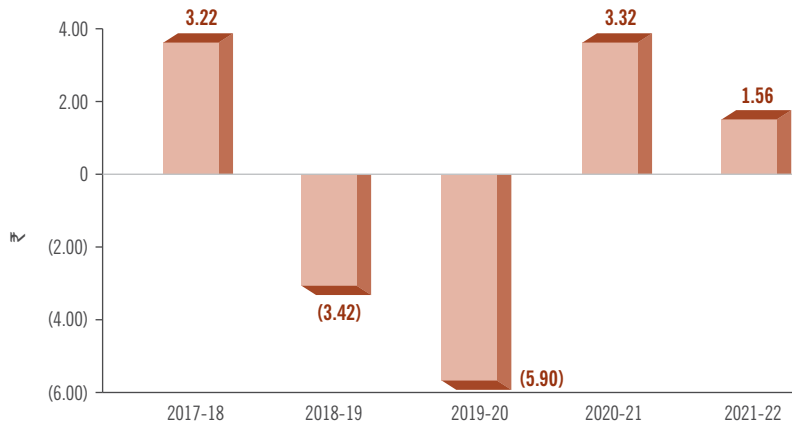
EBIDTA AND NET PROFIT



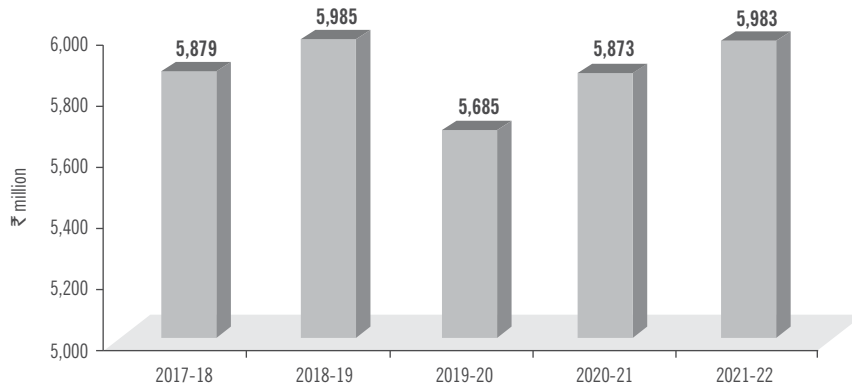
GROSS BLOCK



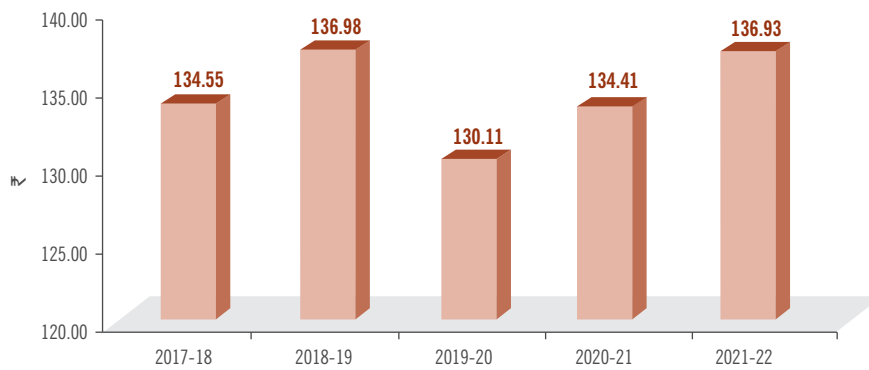
EARNING PER SHARE



EQUITY SHAREHOLDERS FUND



BOOK VALUE PER SHARE



Figures pertain to consolidated financials

DIRECTORS' REPORT

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting the Sixty Second Annual Report, along with the Audited Accounts of the Company for the financial year ended 31st March 2022.

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

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March 2022 is summarised below:

(Rs. in million)

Particulars	2021-2022	2020-2021
Total Income	6,601.22	3,928.33
Profit before Depreciation & Amortisation, Finance Costs, Exceptional Items and Tax	703.56	333.66
Depreciation and Amortisation	211.18	221.39
Finance Costs	91.34	124.71
Exceptional Items	-	37.85
Profit/(Loss) before Tax	401.04	(50.29)
Tax Expenses	151.18	(13.62)
Profit/(Loss) for the year	249.86	(36.67)
Other Comprehensive Income for the year, net of Tax	0.78	6.49
Total Comprehensive Income for the year	250.64	(30.18)

STATE OF COMPANY'S AFFAIRS

During the year under review, all three of the Company's manufacturing units continued to run despite Covid-19 related restrictions. The impact of Covid-19 on demand was felt more in the markets serviced by our manufacturing units in Andhra Pradesh, i.e. in Vizag and Naidupet. Consequently we moderated operations at these units. Global supply chain constraints continued to impact with volatility in the prices of key raw materials. Our efficiencies in marketing, supply chain and manufacturing helped us to show improved financial performance in our Alco-Chemical segment compared to the previous financial year.

During the year, the Company received environmental clearances for expanding its existing products as well as for adding new products at our Ankleshwar manufacturing unit in Gujarat.

The Company's Phenolic Resin business operating out of our Vizag unit continues to perform well. The focus remains product development and market penetration. Considering the significant improvement in our capacity utilization and future demand projections, we are in process of setting up a new manufacturing facility for Phenolic Resins at our Ankleshwar unit in Gujarat.

In the Solar Power segment, after the expiry of our Power Purchase Agreement (PPA) with the state Discom, the Govt. of Rajasthan has yet not renewed the PPA. In this regard we have filed a writ petition before the Hon'ble High Court of Rajasthan, and are awaiting a resolution. Generation was low due to inverter, tracking-system and transformer break downs which have since been rectified.

No material changes and commitments have occurred after the close of the financial year 2021-22 till the date of this Report, which affect the financial position of the Company.

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

DIVIDEND

The Board of Directors has recommended dividend @ 20% (Re. 1/-) per Equity Share on the Equity Shares of Rs. 5/- each of the Company for the financial year ended 31st March 2022.

The Dividend Distribution Policy as approved by the Board may be accessed on the Company's website at the following link:

<http://www.kanoriachem.com/images/Dividend-Distribution-Policy.pdf>

TRANSFER TO RESERVES

The Company has not transferred any amount to Reserves for the financial year ended 31st March 2022.

CREDIT RATINGS

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

CONSOLIDATED FINANCIAL STATEMENT

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and provisions of the Companies Act, 2013 ("Act"), the audited Consolidated Financial Statement for the year ended 31st March 2022 has been annexed with the Annual Report.

DEPOSITS

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

INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls with respect to financial statements. The policies and procedures adopted by the Company ensure prevention and detection of frauds and errors, accuracy and completeness of the records and timely preparation of reliable financial statements. No reportable material weakness in the design or operation was observed during the year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In the 61st AGM of the Company held on 16th September 2021, the shareholders approved re-appointment of Shri R. V. Kanoria (DIN: 00003792) as the Managing Director of the Company for a further period of three years with effect from 10th January 2021.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors, through a Circular Resolution passed on 22nd June, 2021, appointed Smt. Suhana Murshed (DIN: 08572394) as an Additional Director of the Company in the category of Independent Director, not liable to retire by rotation, for a period of 5 consecutive years with effect from 29th June, 2021, subject to the approval of the shareholders. At the 61st AGM, the shareholders approved the appointment of Smt. Suhana Murshed as an Independent Director of the Company for a period of 5 consecutive years with effect from 29th June, 2021.

During the year, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 9th February 2022, re-appointed Shri S. V. Kanoria (DIN: 02097441) as the Wholetime Director of the Company for a further period of three years with effect from 1st April 2022, subject to the approval of the shareholders of the Company. The Shareholders have approved the said re-appointment of Shri S. V. Kanoria as the Wholetime Director of the Company on 29th March 2022, by way of Postal Ballot.

The 2nd term of Shri G. Parthasarathy (DIN: 00068510) and Shri Ravinder Nath (DIN: 00062186), who were re-appointed as Independent Directors of the Company for a period of three years w.e.f. 4th September 2019, expires on 3rd September, 2022.

As declared by them, none of the Directors of the Company is disqualified for being appointed as a Director, as specified in sub-section (1) and (2) of Section 164 of the Act or is debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

The Company has received declarations from Shri A. Vellayan, Shri Amitav Kothari, Shri H. K. Khaitan, Shri Sidharth Kumar Birla, Shri G. Parthasarathy, Shri Ravinder Nath and Smt. Suhana Murshed confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and the Listing Regulations. In the opinion of the Board, the said Directors fulfil the conditions for appointment/continuation as Independent Directors as specified in the Act and the Listing Regulations and they are also independent of the Management.

Shri S. V. Kanoria (DIN: 02097441) retires by rotation at the ensuing AGM under the applicable provisions of the Act and being eligible, offers himself for appointment as a Director of the Company.

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

STATEMENT OF INTEGRITY, EXPERTISE AND EXPERIENCE OF INDEPENDENT DIRECTORS

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

PERFORMANCE EVALUATION

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

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

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

FAMILIARISATION PROGRAMMES

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/ procedures/ processes of the Company, etc. through various programmes including plant visits. The details of the familiarisation programmes for Independent Directors are put on the website of the Company and can be accessed at the link: <http://www.kanoriachem.com/images/Familiarisation%20Programme.pdf>

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2021-22, the Company held 5 (five) Meetings of the Board of Directors. The details of the Meetings and attendance of each of the Directors thereat are provided in the Report on Corporate Governance forming part of the Annual Report.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Shri Amitav Kothari, Shri H. K. Khaitan and Shri Sidharth Kumar Birla. Independent Directors and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company comprises Shri H. K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises Shri H. K. Khaitan, Shri Ravinder Nath and Shri G. Parthasarathy, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors' independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees, and the same may be accessed at the Company's website at the following link: <http://www.kanoriachem.com/images/NomRemPol.pdf>

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company comprises Smt. Madhuvanti Kanoria, Non-executive Director, Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director. Smt. Madhuvanti Kanoria is the Chairperson of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

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

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

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Rural Development activities/projects.
- Empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens.
- Ensuring environmental sustainability and ecological balance.

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

During the year, the Company has spent an amount of Rs. 0.21 million on the CSR activities as per the Budget of Rs. 0.21 million.

The unspent amount of Rs. 0.14 million relating to the ongoing CSR Project of 2020-21 has been spent during the year.

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

The CSR Policy may be accessed on the Company's website at the following link: <http://www.kanoriachem.com/images/Corporate-Social-Responsibility-Policy.pdf>

RISK MANAGEMENT COMMITTEE

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

RISK MANAGEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

SUBSIDIARIES

APAG Holding AG, Switzerland ("APAG") is a subsidiary of the Company. APAG Elektronik AG, APAG Elektronik s.r.o, CoSyst Control Systems GmbH, APAG Elektronik LLC and APAG Elektronik Corp. are step-down subsidiaries of the Company. Kanoria Africa Textiles Plc, Ethiopia ("KAT") is a wholly owned subsidiary of the Company.

APAG CoSyst Electronic Control Systems is in the business of electronics and lighting systems primarily for the automotive and industrial sectors. It has begun to see the results of its expansion and initiatives from the prior years. The setbacks caused by the Covid - 19 pandemic, accentuated by the unprecedented global shortage of semiconductors continue to impact capacity utilisation. The gestation period for the Canadian plant has got prolonged. The semiconductor shortage shows no signs of abating, however, constant vigilance and quick response to the evolving situation has helped APAG in maintaining its customers and markets. The order book is very healthy with contracted sales in excess of CHF 90 mn. for the year 2022-23. In particular, it is expected that the North American operations will be close to breaking-even at an EBITDA level. These contracted sales consider a 10% reduction as compared to customer requests (anticipated to be the case because of unavailability of chips). As the situation of raw material shortage improves the prospects look bright.

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

The year under review was a challenging year for KAT as events such as the political crisis and civil unrest in Ethiopia hampered the supply chain and markets. The price and availability of cotton, KAT's main raw material, was also a global issue this year. Continual devaluation of the Ethiopian Birr also impacted revenue

and profitability. KAT has been able to tackle these abnormal problems by taking appropriate actions.

With some stabilisation and control over cash reserves, KAT is starting to show improving performance. Cash reserves and working capital financing efforts are enabling strategic cotton procurement. This helps to take advantage of seasonal low prices and also increases negotiating power. The company's per unit realisation/contribution on sale of fabrics has shown considerable improvement.

Improvement in production efficiency at KAT is contributing to growing production. Cost control is taken on highest priority and as a result intensive preventive maintenance schedules are followed to improve productivity and quality. More emphasis is given on housekeeping and improving the facilities for the workforce and maintaining the machinery in good order. The skill level of workers has also improved. Reduced labour turnover and reducing absenteeism is also contributing to stabilisation of production.

During the covid period, the apparel and fashion industry has suffered order cancellation and lower order volumes but KAT has been able to retain its customers due to the quality of its product and service provided.

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

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the following link:
<http://www.kanoriachem.com/images/MatSub.pdf>

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

Details of investments made, loans given, guarantees given and securities provided as covered under the provisions of Section 186 of the Act are given in the Note Nos. 6 and 40 of the Standalone Financial Statements.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. None of the transactions with any of the related parties were in conflict with the Company's interest. The Company had not entered into any transaction with related parties during the year which could be considered material, in terms of materiality threshold for the related party transactions.

During the financial year, there was no contract entered into with any person or entity belonging to the Promoter/Promoter Group which holds 10% or more shareholding in the Company.

The Policy on Related Party Transactions as approved by the Board may be accessed on the Company's website at the following link:
<http://www.kanoriachem.com/images/RelPar.pdf>

CHANGE IN THE NATURE OF BUSINESS

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

VIGIL MECHANISM

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

The Whistle Blower Policy of the Company may be accessed on the Company's website at the following link:
<http://www.kanoriachem.com/images/Whistle%20Blower%20Policy.pdf>

CORPORATE GOVERNANCE

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

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

BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report is a part of the Annual Report.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March 2022 may be accessed on the Company's website at the following link: http://kanoriachem.com/images/Form_No._MGT_7_FY_2021_2022.pdf

AUDITORS AND AUDITORS' REPORT

As per the provisions of Section 139 of the Companies Act, 2013, the term of M/s. J K V S & CO, Chartered Accountants (Firm Registration No. 318086E), the existing Statutory Auditors of the Company, appointed at the 57th Annual General Meeting held on 4th September, 2017 for a term of 5 years, will end at the conclusion of the ensuing 62nd Annual General Meeting ("AGM") of the Company.

The Board of Directors of the Company at its Meeting held on 26th May 2022, on the recommendation of the Audit Committee, has made its recommendation for the appointment of M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), as the Statutory Auditors of the Company at the ensuing 62nd AGM, to hold office as such for a term of 5 years commencing from the conclusion of the 62nd AGM till the conclusion of the 67th AGM.

M/s. Singhi & Co. have consented and confirmed their eligibility for appointment as the Statutory Auditors of the Company.

The Auditors' Report for the financial year ended 31st March 2022 does not contain any qualification, reservation or adverse remark.

FRAUD REPORTING

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

COST AUDITORS

Pursuant to Section 148 of the Act, the Board, on the recommendation of the Audit Committee, has approved the appointment of M/s N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), Ahmedabad, as the Cost Auditors for conducting the audit of the cost records of the Company for the financial year ending on 31st March 2023, at a remuneration of Rs. 1,60,000/- (Rupees One Lakh Sixty Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred in the course of cost audit.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s Vinod Kothari & Co., Practising Company Secretaries (UIN: P1996WB042300), to conduct Secretarial Audit of the Company for the financial year 2021-22. The Secretarial Audit Report for the financial year 2021-22 is provided as an Annexure to this Report. The Report does not contain any qualification, reservation or adverse remark.

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

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

EMPLOYEES INFORMATION AND RELATED DISCLOSURES

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

SAFETY AND ENVIRONMENT

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

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

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

In view of Covid-19, all employees are given training on safe practices such as social distancing, usage of masks, personal hygiene, and sanitization. This has resulted in no working hour loss due to Covid-19 at any of our manufacturing units. The efficacy of the Company's commitment to safety was sorely tested during these unprecedented times, but the management, staff and workers rose to the occasion.

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

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

The Company also lays thrust on renewable energy sources and solar energy.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

Our employees are driven by a strong set of values. We keep thriving on being a high performance organisation by proactively identifying and addressing issues, which are of importance to our employees. We consider the safety and wellbeing of our employees to be our foremost priority with our safety policy focusing on zero injuries, zero occupational illness and zero property damage. We continue to nurture talent and create an environment where everyone can perform to his full potential. An inclusive work culture and well-defined roles help our employees achieve excellence.

During the year, various initiatives were taken to improve the employee engagement level. We conduct structured learning journeys and work in collaboration which help employees transition from one level to the other.

Employee relations during the year continued to be cordial and congenial.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended 31st March 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2022 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and are operating effectively; and
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

ACKNOWLEDGEMENTS

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

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 26th May, 2022

For and on behalf of the Board,

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

ANNEXURE TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

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

1. Brief outline on CSR Policy of the Company:

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

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

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Rural Development activities/projects.
- Empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens.
- Ensuring environmental sustainability and ecological balance.

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

2. Composition of CSR Committee:

Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Smt. Madhuvanti Kanoria	Non-executive Non Independent Director	2	2
Shri R V Kanoria	Managing Director	2	2
Shri H K Khaitan	Independent Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed: Please refer to Company's website at the link: <http://www.kanoriachem.com/about-us/social-responsibility.html>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable
6. Average net profit of the company as per section 135(5): Rs. 9.78 million

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 0.20 million
 (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): Rs. 0.20 million

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

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

- (b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (yes/No)	Location of the project		Amount spent for the project (Rs. In million)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR Registration No.
1	Intervention to secure Children's Education in post Covid Scenario	Clause II : Promotion of Education	Yes	Andhra Pradesh	Parvada Mandal Visakhapatnam	0.21	NO	M V Foundation, Secunderabad	CSR00011382

- (d) Amount spent in Administrative Overheads: NIL
 (e) Amount spent on Impact Assessment, if applicable: Not Applicable
 (f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e): Rs. 0.21 million
 (g) Excess amount for set off, if any: Rs. 0.01 million.

9. (a) Details of Unspent CSR amount for the preceding three financial years: Rs.0.14 million for the ongoing project of 2020-21.
 (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): For ongoing project of 2020-21:

Sl. No.	Project	Name of the Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (Rs. in million)	Amount spent on the project in the reporting Financial Year (Rs. in million)	Cumulative amount spent at the end of reporting Financial Year (Rs. in million)	Status of the project – Completed / Ongoing.
1	-	Intervention to Ensure Quality of Education in Government School and Empowering Adolescent Children.	2020-21	2020-21 to 2021-22	0.37	0.14	0.37	Completed

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:
 Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Registered Office
 'KCI Plaza'
 23-C, Ashutosh Chowdhury Avenue
 Kolkata-700 019
 Date: 26th May, 2022

N. K. Nolkha
 Group Chief Financial Officer

Madhuvanti Kanoria
 Chairperson, CSR Committee
 DIN:00142146

For and on behalf of the Board,

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

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanoria Chemicals & Industries Limited** [hereinafter called '**the Company**'] for the year ended March 31, 2022 ["**Period under Review**"] in terms of Audit Engagement Letter dated 16th June, 2021. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

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

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

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

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

ANNEXURE TO THE DIRECTORS' REPORT

MANAGEMENT RESPONSIBILITY:

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

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

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

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

We further report that:

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

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

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

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

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

1. Restructuring of loans granted by EXIM Bank to Kanoria Africa Textiles Plc, Ethiopia ("KATP")

The EXIM Bank had granted loans amounting to US\$ 21 million to KATP, vide original sanction letter dated 1st October, 2013 for which the Company had provided security to the lender. The board of directors of the Company, in its meeting held on 20th May, 2021 has approved extending the corporate guarantee and pledge of securities for the said loans.

2. Conversion of loan granted to Kanoria Africa Textiles Plc, Ethiopia ("KATP") into equity shares

Pursuant to the approval of the board of directors of the Company dated 12th February 2021, the loan(s) amounting to US\$ 8,619,992 equivalent to INR 629.63 million given to KATP has been converted into 23,995,797 equity shares of KATP during the year 2021-22.

3. Settlement order in respect of Settlement application dated 10th September, 2021 in the matter of insider trading

Pursuant to an investigation conducted by SEBI for the period 1st April, 2011 to 29th April, 2011, certain violations were observed under the erstwhile SEBI (Prohibition of Insider Trading) Regulations, 1992, consequent to which an Adjudicating Officer was appointed and show cause notice dated 12th July, 2021 was issued to the Company and officers-in-default. The Company and the respective officers-in-default filed settlement application letters dated 10th September, 2021 with SEBI.

Consequently, a settlement amount of Rs. 19,12,500/- (Rupees Nineteen Lakh Twelve Thousand Five Hundred only) was communicated to the Company vide mail dated 1st February, 2022, which has been duly remitted to SEBI on 28th February, 2022 and the proceedings in connection therewith was disposed of by SEBI vide its settlement order dated 14th March, 2022.

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

Pammy Jaiswal
Partner

Membership No.: A48046

CP No.: 18059

UDIN: A048046D000395217

Peer Review Certificate No.: 781/2020

Place: Kolkata

Date: 26th May, 2022

ANNEXURE TO THE DIRECTORS' REPORT

Annexure I

ANNEXURE TO SECRETARIAL AUDIT REPORT (UN-QUALIFIED)

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. We have conducted online and physical verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns. We have not been provided with the financial statements for the period under review and therefore, we have not provided any comments on the same.
6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis and sample basis.
8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
9. The contents of this Report have to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
10. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Pammy Jaiswal
Partner

Membership No.: A48046

CP No.: 18059

UDIN: A048046D000395217

Peer Review Certificate No.: 781/2020

Place: Kolkata

Date: 26th May, 2022

ANNEXURE TO THE DIRECTORS' REPORT

Annexure II

LIST OF DOCUMENTS

1. Agenda and signed minutes (including draft for the last meeting) of the following:
 - a. Board Meeting;
 - b. Audit Committee Meeting;
 - c. Nomination and Remuneration Committee Meeting;
 - d. Stakeholders Relationship Committee Meeting;
 - e. Corporate Social Responsibility Committee Meeting;
 - f. Risk Management Committee Meeting;
 - g. Annual General Meeting
2. Annual Report 2020-21;
3. Memorandum and Articles of Association;
4. Forms filed with ROC during the year 2021-22;
5. Disclosures under Act, 2013 and those under Listing Regulations;
6. Policies framed under Act, 2013 and Listing Regulations;
7. Disclosures under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as available on the stock exchange website.
8. Statutory Registers maintained by the Company (on a sample basis)

ANNEXURE TO THE DIRECTORS' REPORT

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

(A) Conservation of Energy

(i) The steps taken for conservation of energy:

Major energy conservation initiative taken during the financial year 2021-22

- Installation of VFD & LED Lights for energy savings in all units
- Installation of energy efficient pump on utility cooling tower at Ankleshwar
- Installation of low watt loss capacitors at Ankleshwar
- Improvement in power generation on back pressure turbine by redesigning steam pipe line at Ankleshwar
- Improvement in effluent treatment process in Hexamine at Ankleshwar
- Reduction of power consumption in Instrument air compressor by tuning dryer purging time at Naidupet.
- Reduction in power consumption by installation of energy efficient pump on fire jockey, methanol feed & boiler feed water system at Vizag
- Boiler Feed Water preheat system at Vizag

(ii) The steps taken by the Company for utilizing alternate sources of energy: Use of Briquette in place of Coal in Boiler for steam generation

(iii) The capital investment on energy conservation equipments: Rs. 3.81 million

(B) Technology Absorption

(i) The efforts made towards technology absorption: NIL

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

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

(iv) The expenditure incurred on Research and Development:

	(Rs. in million)
Revenue Expenditure	1.60

(C) Foreign Exchange Earnings and Outgo

	(Rs. in million)
Foreign Exchange earned in terms of actual inflows during the year	44.70
Foreign Exchange outgo in terms of actual outflows during the year	1,580.00

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 26th May, 2022

For and on behalf of the Board,

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

ANNEXURE TO THE DIRECTORS' REPORT

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

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

Sl. No.	Name of Directors and Key Managerial Personnel	Designation	The ratio of remuneration of each Director to the median remuneration of all employees of the Company for the financial year 2021-22	Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2021-22
1.	Shri R.V. Kanoria	Chairman & Managing Director	-	-
2.	Shri S. V. Kanoria	Wholetime Director	47.13	-
3.	Shri Amitav Kothari	Non-Executive Independent Director	0.92	20.00
4.	Shri H.K. Khaitan	Non-Executive Independent Director	1.08	27.27
5.	Shri Ravinder Nath	Non-Executive Independent Director	0.69	22.73
6.	Shri G. Parthasarathy	Non-Executive Independent Director	0.74	31.82
7.	Shri Sidharth Kumar Birla	Non-Executive Independent Director	0.90	25.00
8.	Shri A. Vellayan	Non-Executive Independent Director	0.64	25.00
9.	Smt. Suhana Murshed	Non-Executive Independent Director	0.38	-
10.	Smt. Madhuvanti Kanoria	Non-Executive Non-Independent Director	0.67	23.81
11.	Shri N.K. Nolkha	Group Chief Financial Officer		11.42
12.	Shri N.K. Sethia	Company Secretary		8.00

Notes: Directors other than the Executive Directors received only the sitting fees during the financial years 2020-21 and 2021-22.

In view of the Covid – 19 situation, Shri R. V.Kanoria, the Chairman & Managing Director decided to forgo his salary and did not take any remuneration during the years 2020-21 and 2021-22. Consequently, the comparison of his remuneration over the previous financial year and the ratio of remuneration to the median remuneration of all employees for the year are not given.

In view of the Covid – 19 situation, Shri S. V. Kanoria, the Wholetime Director decided to forgo his salary and did not take any remuneration during the year 2020-21. Consequently, the comparison of his remuneration over the previous financial year is not given.

Smt. Suhana Murshed was appointed as a Director of the Company w.e.f. 29th June, 2021 and as such the comparison of her remuneration over the previous financial year is not given.

- The number of permanent employees as on 31st March, 2022 was 409.
- During the year 2021-22, the median remuneration of the employees as compared to previous year increased by 19.10%.
- During the year, the average remuneration of the employees including Key Managerial Personnel increased by 10.85% as compared to the previous year.
- During the year, the average remuneration of the employees excluding Key Managerial Personnel increased by 10.20% and the average remuneration of Key Managerial Personnel increased by 20.84% compared to the previous year.

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

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

Top 10 Employees in terms of remuneration drawn

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

Sl. No.	Name and Age	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Joining	Last Employment
1.	S. V. Kanoria (40 Years)	Wholetime Director	1,83,94,012	MS in Computer Science (18 Years)	21.08.2006	Morgan Stanley, USA
2.	Ranjeet Singh (53 Years)	Chief Executive- Chemicals Business	1,18,70,400	B. Sc. (Chemistry), MBA – Marketing (29 Years)	10.10.2018	Jubilant Life Sciences Limited

(ii) Other Employees

Sl. No.	Name and Age	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Joining	Last Employment
3.	N. K. Nolkha (55 Years)	Group Chief Financial Officer	82,32,000	B. Com (Hons), ACA (34 Years)	02.04.1991	G. R. Magnets Limited
4.	Shanker Banerjee (60 Years)	Vice President (Resin Business)	50,24,400	Bachelor of Engineering and MBA (39 Years)	01.11.2018	SI Group
5.	Sanjay Kumar Ojha (50 Years)	Unit Head	43,01,088	B.E. (Mechanical) (25 Years)	11.06.2007	United Phosphorus Limited
6.	Anil S. Sodah (47 Years)	Asst. Vice President - Sales & Marketing	41,66,876	Diploma in Chemical Engineering (27 Years)	01.07.2019	Deepak Fertilisers And Petrochemicals Corporation Limited
7.	Anil D. Mishra (50 Years)	Asst. Vice President (EHS & Compliances)	39,29,614	M.Tech-Env. Engineering, PGDIS (Post Diploma Industrial Safety) (26 years)	20.12.2004	Khemani Distilleries Ltd., Daman
8.	Balaji Venkataraman (43 Years)	Vice President (Works)	38,86,027	M. Sc. (Chemical) (21 Years)	26.02.2018	Akzo Nobel India Limited
9.	Bhasker Panangadan (59 Years)	Assistance Vice President (Business Development)	34,46,716	Tech (Electrical Engineering), Post Graduate Diploma in FM (37 Years)	01.09.2011	KS Oils Ltd
10.	N. K. Sethia (61 Years)	Company Secretary	34,13,280	B. Com (Hons), LL. B, FCS, MBA (35 Years)	06.08.2005	Nav Jyoti Investment & Dealers Limited

The figures are on mercantile basis.

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

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

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

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Date: 26th May, 2022

For and on behalf of the Board,

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

BUSINESS RESPONSIBILITY REPORT

SECTION A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L24110WB1960PLC024910
2	Name of the Company	Kanoria Chemicals & Industries Limited
3	Registered address	KCI Plaza', 6 th Floor, 23-C, Ashutosh Chowdhury Avenue, Kolkata - 700 019
4	Website	www.kanoriachem.com
5	E-mail id	info@kanoriachem.com
6	Financial Year reported	2021-22
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical Manufacturing, Solar Power Generation
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Formaldehyde, Pentaerythritol, Hexamine
9	Markets served by the Company - Local / State / National / International	PAN India and International Markets

SECTION B: Financial Details

1	Paid up Capital (INR)	218.49 million
2	Total Turnover (INR)	6,491.32 million
3	Total profit/(Loss) after taxes (INR)	249.86 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	Rs. 0.21 million on CSR activities related to the year 2021-22 (2% of average net profit as per Section 135(5) of the Companies Act, 2013)
5	List of activities in which CSR expenditure has been incurred relating to the year 2021-22	Promotion of Education

SECTION C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has the following subsidiary companies : <ol style="list-style-type: none"> 1. Kanoria Africa Textile Plc, Ethiopia 2. APAG Holding AG, Switzerland 3. APAG Elektronik AG, Switzerland 4. APAG Elektronik s.r.o, Czech Republic 5. CoSyst Control Systems GmbH, Germany 6. APAG Elektronik LLC, United States 7. APAG Elektronik Corp., Canada
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)	The Company influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. All the Company's subsidiaries are guided to conduct their business in an ethical, transparent and accountable manner.
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?	No

BUSINESS RESPONSIBILITY REPORT

SECTION D: BR Information

1. Details of Director/Directors responsible for BR

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

Sl. No.	Particulars	Details
1	Name	Shri R. V. Kanoria
2	DIN (if applicable)	00003792
3	Designation	Managing Director
4	Telephone No.	(011) 43579200
5	Email id	rvk@kanoriachem.com

b) Details of the BR head : Not Applicable

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

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability “throughout their life cycle”
P3	Businesses should promote the wellbeing “of all employees”
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

BUSINESS RESPONSIBILITY REPORT

Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Policies adopted by the Company are comparable with the best in the industry. Most of the policies are aligned to various standards such as ISO 9001 (quality management systems), ISO 14001 (environment management systems and practices) and OHSAS 18001 (organizational health and safety systems).									
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The mandatory Polices under the Indian laws and regulations have been adopted by the Board and signed by the Managing Director. Other operational internal policies are approved by management and signed by the Managing Director/ Executive Director/Senior executives									
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The Company has an Audit Committee, CSR Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Risk Management Committee to oversee implementation of respective policies. Besides, the Functional Heads are also authorized to oversee the implementation thereof.									
6	Indicate the link for the policy to be viewed online?	www.kanoriachem.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Polices are communicated to internal stakeholders and the same are available internally with the respective Department. Wherever required, the Polices are also communicated to external stakeholders and/or made available on the Company's website.									
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of the policy by an internal or external agency?	The Company evaluates the Policies internally.								

If answer to the question at serial no. 1 against any principle, is 'No', please explain why:

Not Applicable

3. Governance related to BR

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

The aspects of Business Responsibility are reviewed by the Managing Director and top management from time to time.

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

The information on Business Responsibility is published in the Annual Report of the Company. The Annual Report is available on the website of the Company – www.kanoriachem.com

BUSINESS RESPONSIBILITY REPORT

SECTION E: Principle-wise performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Code of Conduct covers the Company. The Whistle Blower Policy of the Company extends to all stakeholders.

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

The Company has not received any complaint from any stakeholder relating to ethics, bribery and corruption during the financial year 2021-22.

PRINCIPLE 2: Businesses should provide goods and services 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.

- a) Formaldehyde
- b) Pentaerythritol
- c) Hexamine

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?

Being a responsible company, we are taking following steps for conservation of natural resources:

- i. The state-of-the-art Reverse Osmosis - Zero Liquid Discharge at the Company's Naidupet plant has enabled the Company to achieve zero discharge of water outside the plants. This has also resulted in less fresh water intake for producing per MT of Formaldehyde.
- ii. Implementation of "3R" (Reduced, Reuse, Recycle) in Pentaerythritol, resulting into reduced water consumption.
- iii. Disposal of solid waste (spent Carbon) generated from Hexamine and Pentaerythritol to Cement industry for co-processing instead of sending it to Treat, Storage & Disposal Facility (TSDF) for incineration.
- iv. Recovery of waste heat in Formaldehyde plant.
- v. Generation of Power from differential Steam Pressure.

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

The Company produces different industrial chemicals. Owing to the nature of business and diverse consumer segments, it is not practical to measure the reduction in usage by the consumers.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

The Company acknowledges that its supply chain can significantly impact the environment and society at large. In order to ensure sustainability across the entire value chain, the Company has made responsible sourcing an integral part of its sustainability strategy. The Company is actively involved in partnering with suppliers who have sustainability as one of the core values of their business and to achieve the same we do periodic audit and beyond that we also do Knowledge sharing with our suppliers and help them in making their operations more efficient for mutual benefit and greater good. The Company endeavors on protection of environment, stake holders interest and cost effectiveness while procuring any raw material or goods. Adequate steps are taken for safety during transportation and optimization of logistics which in turn help to mitigate the impact on climate.

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 the capacity and capability of local and small vendors?

The Company gives priority to local suppliers for consumable spares and job works. Additionally, the Company employs workmen from nearby communities. This workforce is educated and provided training in occupational health and safety.

BUSINESS RESPONSIBILITY REPORT

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%).

The Company has adopted best practices to manage waste disposal through a comprehensive waste management system under the Environment, Health and Safety Policy. Few mechanisms are given below:

- The manufacturing of Formaldehyde generates heat. This waste heat is utilized to generate high quality steam, which is used in many other processes of the Company and by the other nearby companies as well. This steam from waste heat replaces the steam generation by coal thereby reduces pollution.
- The manufacturing of formaldehyde also generates waste water. This waste water is recycled in Zero Liquid Discharge (ZLD) plant, situated in Naidupet site. In this ZLD plant 100% waste water is treated by reverse osmosis, followed by multi effect evaporator and Agitated Thin Film Dryer (ATFD.) The recovered water is recycled in to plant, thereby reducing fresh water consumption which is beneficial for the environment.

PRINCIPLE 3: Businesses should promote the well-being of all employees

Sl. No.	Particulars	Details	
1	Total number of permanent employees as on 31 st March, 2022	409	
2	Total number of employees hired on temporary/contractual/casual basis as on 31 st March, 2022	226	
3	Number of permanent women employees	8	
4	Number of permanent employees with disabilities	-	
5	Do you have an employee association that is recognized by management	No	
6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable	
7	Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in FY 2021-22.		
	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
7.1	Child labor/forced labor/ involuntary labor	0	0
7.2	Sexual harassment	0	0
7.3	Discriminatory employment	0	0
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		
a.	Permanent Employees	100%	
b.	Permanent Women Employees	100%	
c.	Casual/Temporary/ Contractual Employees	100%	
d.	Employees with Disabilities	Not Applicable	

The skills and knowledge of the Company's workforce are among its greatest strengths. The Company continues to focus on learning and skill development of its employees, various forms of training.

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

1. Has the Company mapped its internal and external stakeholders?

Yes, the Company has identified key stakeholder groups and mapped its internal and external stakeholders. The key categories include (i) Government and regulatory authorities (ii) Employees (iii) Consumers (iv) Suppliers (v) Investors, Shareholders and Lenders (vi) Local Community (vii) NGOs.

BUSINESS RESPONSIBILITY REPORT

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

The Company has not specifically identified the disadvantaged, vulnerable and marginalized stakeholders. It is done through its CSR initiatives.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

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

PRINCIPLE 5: Businesses should respect and promote 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?

The Company is committed to protect the human rights of its stakeholders. Human resource is considered as a valuable resource in the organization. Human resource practices of the Company aim at ensuring not only protection but also respect for human rights. All aspects of human rights are inbuilt and covered under the Company's Code of Conduct as well in various human resource practices / policies of the Company.

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

No complaint with respect to Human Rights was reported during the Financial Year ended 31st March, 2022.

PRINCIPLE 6: Business should respect, protect, and make efforts to restore 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 Company is committed towards environmental protection. The Company adheres to all the Statutory Environmental Regulatory requirements. The Company encourages its subsidiaries, suppliers and contractors to employ environment friendly measures in their day to day operations.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

The Company understands the impact of its operations on environment and therefore strives to minimize it through optimum consumption of resources, reducing the energy footprint, conserving water, curbing green house and other air emissions, responsibly managing effluents, spills and waste disposal and preserving the biodiversity profile of the area around its plants.

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

Yes. The Company has Risk Management mechanisms in place to identify and assess existing and potential risks across its operations.

The Company is committed to sustainable development and a safe & healthy workplace. Its approach to environment management is guided by the principle of provision of safe working environment through continuous up-gradation of technologies, prevention of pollution and conservation of resources and recycling waste. KCI business process is committed to achieve goal of zero injuries by adopting Safety as Core Value.

As a result of its sustained compliance to Environment, Health, Safety and Quality standards, the Company's Alco Chemical Divisions at Ankleshwar, Vizag and Naidupet are ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environment Management Systems and practices) and ISO 45001:2018 (Occupational Health and Safety Management Systems) certified. All the Divisions are also RC 14001:2015 certified for implementation of Responsible Care management system.

Indian Chemical Council (ICC) has audited and renewed the usage of Responsible Care Logo ("RC Logo") at our Ankleshwar unit for three years effective March 2021. We are glad to be among the first 100 companies across India which has been awarded with this recognition. RC Logo is an initiative voluntarily undertaken by chemical companies worldwide to address public concerns about manufacturing, distribution and use of chemicals, all having common theme of making progress towards vision of no accidents, injuries or harm to environment.

BUSINESS RESPONSIBILITY REPORT

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details. Also, if yes, whether any environmental compliance report is filed?

The Company did not have any project related to Clean Development Mechanism during the Financial Year 2021-22.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?

We have a department dedicated to identify and implement schemes related to efficiency improvement. Details of the major activities performed for energy efficiency improvement are made part of Annual Report as an annexure to Board's Report of the Company.

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

The Company is committed to minimizing its waste as well as emissions. It has initiated various measures across the manufacturing locations to waste minimization and reuse.

The emissions/waste generated are within the permissible limits specified by Central or State Pollution Control Board (CPCB/SPCB) for the financial year being reported.

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.

There are no show cause/legal notices from CPCB/SPCB which are pending as at the end of the 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:

The Company is member of the following associations:

Federation of Indian Chambers of Commerce & Industries (FICCI)

Confederation of Indian Industry (CII)

Indian Chamber of Commerce (ICC)

PHD Chamber of Commerce & Industry

Indian Chemical Council (ICC)

CHEMEXIL, Basic Chemicals Cosmetics & Dyes Export Promotion Council

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

Yes. The Company engages in policy advocacy in a responsible manner through its membership in various industry associations. The Company also submits comments/suggestions on matters related to laws and regulations including changes / amendments proposed therein.

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?

The Company has been one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society. The Company has a CSR Policy in accordance with the provisions of the Companies Act 2013 and rules made there under. The contents of the CSR Policy are disclosed on the website of the Company.

The Company has adopted CSR Policy, the key areas of focus of CSR Policy are:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Rural Development activities/projects.
- Empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens.
- Ensuring environmental sustainability and ecological balance.

BUSINESS RESPONSIBILITY REPORT

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

The above mentioned initiatives are implemented through registered Trusts and NGOs.

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

We periodically review the impact that our efforts have made on the society. However, no formal Impact Assessment is done.

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

The Company has spent an amount of Rs. 0.21 million on CSR activities related to the year 2021-22. The details of the same are provided in the Directors' Report of the Company.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Any project that comes up for CSR is first internally reviewed and assessed by the Management. If the Management is convinced of the project, it is put up to the CSR Committee for its consideration and approval. If the project is approved, it is tracked and the reports are taken from time to time.

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 complaints/consumer cases are pending as on the end of financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes. The Company adheres to all the applicable statutory laws regarding product labeling and displays relevant information on product label.

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

No case was filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

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

The Company has not carried out any formal consumer survey/consumer satisfaction trends. However, the Company keeps track of responses/comments from various stakeholders.

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 26th May, 2022

For and on behalf of the Board,

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

REPORT ON

CORPORATE GOVERNANCE

INTRODUCTION

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

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

BOARD OF DIRECTORS

Composition

The Board as on 31st March 2022 consisted of 10 (ten) Directors including 8 (eight) Non-executive Directors out of which 7 (seven) are Independent Directors. Shri R.V. Kanoria, B.Sc., MBA (Hons.), representing the promoters is holding the executive position and is designated as the Chairman & Managing Director of the Company. He has 48 years of industrial, managerial, administrative and commercial experience. Shri S. V. Kanoria, an MS in Computer Science having 18 years work experience, is the Wholtime Director of the Company.

During the year under review, the Board met 5 (five) times; on 20th May, 2021, 28th May, 2021, 11th August, 2021, 11th November, 2021 and 9th February, 2022.

The composition of the Board, Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2022 by each Director in the companies including this Company are as under:

Name of Director	Name of the other Indian listed company where directorship held	Category of Directors	Directorship ¹ (Including in Indian listed companies)	Committee Membership ²	Committee Chairmanship ²
Executive Directors					
Shri R.V. Kanoria (DIN: 00003792)	Nestle India Limited	Non-executive Independent Director	8	6	3
	J K Paper Limited	Non-executive Independent Director			
	Ludlow Jute & Specialties Limited	Non-executive Non-Independent Director			
Shri S. V. Kanoria (DIN: 02097441)	None	NA	5	1	-

Name of Director	Name of the other Indian listed company where directorship held	Category of Directors	Directorship ¹ (Including in Indian listed companies)	Committee Membership ²	Committee Chairmanship ²
Non-Executive Non-Independent Director					
Smt. Madhuvanti Kanoria (DIN: 00142146)	None	NA	1	-	-
Non-Executive Independent Directors					
Shri Amitav Kothari (DIN:01097705)	Kiran Vyapar Limited	Non-executive Independent Director	3	4	2
Shri H.K. Khaitan (DIN:00220049)	Steel Products Limited	Executive Director	4	5	2
	India Carbon Limited	Non-executive Independent Director			
Shri Ravinder Nath (DIN:00062186)	Voith Paper Fabrics India Limited	Non-executive Independent Director	3	2	1
	Somany Ceramics Limited	Non-executive Independent Director			
Shri G. Parthasarathy (DIN:00068510)	None	NA	1	-	-
Shri Sidharth Kumar Birla (DIN: 00004213)	Xpro India Limited	Executive Director	4	1	-
Shri A. Vellayan (DIN:00148891)	Coromandel International Limited	Non-executive Chairman (Non-independent)	3	-	-
Smt Suhana Murshed * (DIN: 08572394)	Saregama India Limited	Non-executive Independent Director	4	2	-
	Stel Holdings Limited	Non-executive Independent Director			
	Xpro India Limited	Non-executive Independent Director			

* Appointed as an Independent Woman Director with effect from 29th June, 2021

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

Notes

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

The attendance of Directors at the Board Meetings and the Annual General Meeting held during the year 2021-22 is as under:

Name of Director	Category of Directors	Board Meetings held during the year	Attendance at	
			Board Meetings	Last AGM
Shri R.V. Kanoria (DIN: 00003792)	Promoter – Chairman & Managing Director	5	5	Yes
Smt. Madhuvanti Kanoria (DIN: 00142146)	Non-Executive Non-Independent Director	5	5	Yes
Shri S. V. Kanoria (DIN: 02097441)	Executive Director	5	5	Yes
Shri Amitav Kothari (DIN:01097705)	Non-Executive Independent Director	5	5	Yes
Shri H.K. Khaitan (DIN:00220049)	Non-Executive Independent Director	5	5	Yes
Shri Ravinder Nath (DIN:00062186)	Non-Executive Independent Director	5	5	Yes
Shri G. Parthasarathy (DIN:00068510)	Non-Executive Independent Director	5	5	Yes
Shri Sidharth Kumar Birla (DIN: 00004213)	Non-Executive Independent Director	5	5	Yes
Shri A. Vellayan (DIN:00148891)	Non-Executive Independent Director	5	5	Yes
Smt Suhana Murshed* (DIN:08572394)	Non-Executive Independent Director	5	3	Yes

* Since her appointment as a Director, three Board Meetings held during the year and she attended all the three Meetings.

Equity Shares of the Company held by Directors

The Directors, who held the Equity Shares of the Company as on 31st March 2022 are Shri R.V. Kanoria (461,481), Smt. Madhuvanti Kanoria (498,321), Shri S. V. Kanoria (556,440), Shri A. Vellayan (15,000), Shri H. K. Khaitan (100), Shri Sidharth Kumar Birla (25), Shri Ravinder Nath (100), Shri Amitav Kothari (4), Shri G. Parthasarathy (1) and Smt Suhana Murshed (5).

Familiarisation Programmes for Board Members

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/procedures/ processes of the Company, etc. through various programmes including plant visits. The details of the familiarisation programmes for Independent Directors are put on the website of the Company and can be accessed at the link: <http://www.kanoriachem.com/images/Familiarisation%20Programme.pdf>

Skills/Expertise/Competence of the Board of Directors

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

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

Responsibilities

The Board's prime concentration is on strategy, policy and control, delegation of power and specifying approvals that remain in the Board's domain besides review of corporate performance and reporting to shareholders. The Board and Management's roles are clearly demarcated.

The Management is required to:

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

The management and the conduct of the affairs of the Company lie with the Managing Director who heads the management team.

Role of Independent Directors

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

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel. During the year under review, 1 (one) Meeting of Independent Directors was held on 7th February 2022, wherein the Independent Directors carried out the performance evaluation of the Chairman & Managing Director, Executive Director and other non-independent Director as well as the Board of the Company. The Meeting also assessed the quality, quantity and timeliness of the flow of information by the Management of the Company to the Board of Directors.

Confirmation of Independence

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

Certificate of Company Secretary in Practice

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

Resignation of the Independent Directors during the year

None of the Independent Directors resigned during the Financial Year 2021-22.

BOARD MEETINGS

Selection of Agenda Items for Board Meetings

- i) The Company holds a minimum of 4 (four) Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. The gap between two Meetings is not more than 120 days. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.
- ii) All divisions and departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion and approval by the Board or by Committees. All such matters are communicated to the Company Secretary in advance so that these may be included in the Agenda for the Board or Committee Meetings.
- iii) At the beginning of each meeting of the Board, the Chairman & Managing Director briefs the Board members about the key developments relating to the Company.
- iv) At each of the 4 (four) pre-scheduled Board Meetings, managers are invited to make presentations on the major business segments and operations of the Company before taking on record the results of the Company for the preceding financial quarter. Sufficient support information is provided to the Board in advance for all strategic matters of significance pertaining to expansion plans, financing and diversifications. These are discussed and deliberated in detail at the Board level.

- v) Among others, the following items are placed at the Board Meetings for the consideration/review/approval of the Board:
- Annual Operating Plans and Budgets and any updates.
 - Capital Budgets and any updates.
 - Quarterly results of the Company and its Business Segments.
 - Minutes of Meetings of the Board and its Committees.
 - The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
 - Show cause, demand, prosecution notices and penalty notices, which are materially important
 - Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
 - Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
 - Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
 - Details of any Joint Venture or Collaboration Agreement.
 - Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
 - Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
 - Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
 - Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
 - Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

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

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

Board Material Distributed in Advance

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

Recording Minutes of Proceedings at Board and/or Committee Meetings

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

Compliance

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

BOARD COMMITTEES

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

Audit Committee

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

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

- a) Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- b) Approval of payment to Statutory Auditors for rendering of any other services;
- c) Review and monitor the Auditor's independence and performance, and effectiveness of audit process and adequacy of Internal Control;
- d) Review with the Management, the Annual Financial Statement and the Auditors Report thereon before submission to the Board for approval, with particular reference to: (a) matters required to be included in the director's responsibility statement; (b) changes, if any, in accounting policies and practices and reasons for the same; (c) major accounting entries involving estimates based on the exercise of judgment by management; (d) significant adjustments made in the financial statements arising out of audit findings; (e) compliance with listing and other legal requirements relating to financial statements; (f) modified opinion(s) in the draft audit report;
- e) Reviewing with the Management, the quarterly Financial Statement before submission to the Board for approval;
- f) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- g) Approval or any subsequent modification of transactions of the Company with related parties;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever it is necessary;
- j) Evaluation of internal financial controls and risk management systems;
- k) Monitoring the end use of funds raised through public offers and related matters;
- l) Review of appointment, removal and terms of remuneration of Internal Auditor;
- m) Review of Internal Audit Reports and follow up of any significant findings therein;
- n) Discussion with Statutory Auditors post-audit to ascertain any area of concern;
- o) Review the functioning of the Whistle Blower mechanism;
- p) Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- q) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) Review the utilization of loans and/or advances from/investment by the holding company in the subsidiary as prescribed.
- s) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder;
- t) Review management discussion and analysis of financial condition and results of operations;
- u) Review management letters / letters of internal control weaknesses issued by the statutory auditors;
- v) Review statement of deviations;
- w) Approve appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function);
- x) To carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

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

During the financial year 2021-22, the Committee met 5 (five) times; on 20th May, 2021, 28th May, 2021, 11th August, 2021, 11th November, 2021 and 9th February, 2022, wherein all the members were present.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 16th September 2021.

Stakeholders Relationship Committee

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

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

- To approve and authorise issuance of share certificates for sub-division, split, consolidation, renewal, issuance of duplicates thereof or issuance of new certificates, in cases of loss or old decrepit or worn out certificates;
- To consider and resolve the grievances of security holders of the Company including complaints related to transfer / transmission of shares, non- receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.;
- Review the measures taken for effective exercise of voting rights by shareholders;

- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports/ statutory notices by the shareholders of the Company;
- To delegate powers of the above acts to any executive of the Company or to the Registrar and Transfer Agents (RTA) of the Company;
- To carry out any other function as may be referred to by the Board of Directors from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

Shri N.K. Sethia, Company Secretary and Compliance Officer under the relevant regulations, has been delegated authority to attend to Share transfer formalities at least once in a fortnight.

The Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting held on 16th September 2021.

During the year, no complaint was received and at the end of the year, no complaint was pending for resolution.

During the financial year 2021-22, one Meeting of the Committee was held on 7th February 2022, wherein all the members were present.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company comprises Shri H. K. Khaitan, Shri Ravinder Nath and Shri G. Parthasarathy, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee.

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

- i Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- ii Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and ensure that:-
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- iii To formulate criteria for performance evaluation of Independent Directors and the Board;
- iv Devising a policy on Board diversity;
- v To recommend to the Board, whether to extend or continue the term of appointment of Independent Director;
- vi To recommend to the Board, remuneration payable to senior management.
- vii To carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting held on 16th September 2021.

During the financial year 2021-22, the Committee met 2 (two) times; on 27th May, 2021 and 7th February, 2022.

Attendance of Members at Nomination and Remuneration Committee Meetings held during the year 2021-22:

Name of Director	No. of Meetings attended
Shri R. V. Kanoria	2
Shri H.K. Khaitan	2
Shri Ravinder Nath	1
Shri G. Parthasarathy	2

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

Criteria for Appointment of Directors

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

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

Remuneration Policy

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

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

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

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

Non-Executive/Independent Directors receive remuneration by way of fees for attending Meetings of Board or Committee thereof, as fixed by the Board of Directors from time to time, within the limits as prescribed under the applicable law. They are paid a sitting fee of Rs.50,000/- for attending each Board Meeting. The sitting fee for attending each Audit Committee Meeting and each Nomination and Remuneration Committee Meeting is Rs. 20,000/- and it is Rs.5,000/- for attending each Meeting of other Committees. Non-Executive/Independent Directors are also reimbursed for expenses incurred for participation in Meetings of the shareholders, the Board of Directors or Committee thereof or for any other purpose in connection with the business of the Company. There is no other pecuniary relationship or transactions of the non-executive Directors with the Company. There are no stock option benefits to any of the Directors.

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

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

The Nomination and Remuneration Policy may be accessed at the Company's website at the link: <http://www.kanoriachem.com/images/NomRemPol.pdf>

Criteria for Performance Evaluation of Directors

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

Details of Remuneration paid or payable to Directors for the Financial Year ended 31st March, 2022

(Figures in Rupees)

Name of Director	Salary	Perquisites and other benefits	Commission	Sitting Fees*	Total
Shri R.V. Kanoria [Ⓞ]	-	-	-	-	-
Shri Amitav Kothari	-	-	-	360,000	360,000
Shri H.K. Khaitan	-	-	-	420,000	420,000
Shri Ravinder Nath	-	-	-	270,000	270,000
Shri G. Parthasarathy	-	-	-	290,000	290,000
Shri Sidharth Kumar Birla	-	-	-	350,000	350,000
Shri A. Vellayan	-	-	-	250,000	250,000
Smt Madhuvanti Kanoria	-	-	-	260,000	260,000
Smt Suhana Murshed	-	-	-	150,000	150,000
Shri S. V. Kanoria	7,590,000	7,148,480	3,655,532	-	18,394,012

* Includes Sitting Fee paid for Committee Meetings.

[Ⓞ] In view of COVID - 19 situation, Shri R. V. Kanoria voluntarily decided to forgo his salary and did not take any remuneration during the year 2021-22.

Details of Agreement

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

[#] Re-appointed for three years with effect from 1st April, 2022, by the Shareholders through, Postal Ballot on 29th March, 2022.

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

Corporate Social Responsibility Committee

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

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

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

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

Role of the CSR Committee:-

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

During the financial year 2021-22, the Committee met two times; on 27th May, 2021 and 11th November 2021, wherein all the Members were present.

The CSR Policy may be accessed at the Company's website at the link: <http://www.kanoriachem.com/images/Corporate-Social-Responsibility-Policy.pdf>

Finance Committee

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

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

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

During the financial year 2021-22, one Meeting of the Committee was held on 30th April, 2021, wherein Shri Amitav Kothari and Shri H. K. Khaitan were present.

Risk Management Committee

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

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

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

During the year under review, the Committee met two times: on 11th August 2021 and 7th February 2022.

Complaints pertaining to Sexual Harassment

There was no complaint pertaining to sexual harassment filed with the Complaint Redressal Committee of the Company during the financial year 2021-22 and no complaint was pending at the end of the year.

GENERAL BODY MEETINGS

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

Year	Date	Time	Venue	No. of Special Resolution(s) passed
2020-21	16 th September 2021	11.00 A. M.	At the registered Office (deemed venue) of the Company – Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)	1
2019-20	15 th September 2020	11.00 A. M.		-
2018-19	4 th September 2019	02.30 P. M.	'Shripati Singhania Hall', Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020	5

During the year 2021-22, a special resolution was passed by the shareholders on 29th March, 2022 by way of Postal Ballot through electronic voting for re-appointment of Shri Saumya Vardhan Kanoria (DIN: 02097441) as Wholetime Director of the Company for a period of three years w.e.f. 1st April, 2022, pursuant to Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, subject to other approvals, if any,

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

As per the relevant circulars of the MCA and SEBI, the Postal Ballot Notice was sent electronically to those Members of the Company whose e-mail addresses were registered with the Company/Registrar and Transfer Agent/Depository Participants as on Friday the 18th February, 2022, being the cut-off date for e-voting.

The remote e-voting period commenced from 9.00 A.M. (IST) on Monday, the 28th February 2022 and ended at 5.00 P.M. (IST) on Tuesday, the 29th March 2022.

Based on the Scrutinizer's Report, results of the Postal Ballot through e-voting was declared on 31st March, 2022 at the Registered Office of the Company. The resolution was passed with the requisite majority. The details of the Postal Ballot Voting through e-voting are given below:

Voting Result of Special Resolution for re-appointment of Shri S. V. Kanoria as the Wholetime Director

Valid votes cast in favour of the resolution – 99.8306%

Valid votes cast against the resolution – 00.1694%

The details of the Postal Ballots are available on the Company's website, www.kanoriachem.com

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by Postal Ballot.

DISCLOSURES:

SUBSIDIARY COMPANIES

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

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/MatSub.pdf>.

RELATED PARTY TRANSACTIONS

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

None of the transactions with any of the related parties were in conflict with the Company's interest. Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the Note No. 45 to the Standalone Financial Statements, forming part of the Annual Report. There are no pecuniary relationships or transactions with the non-executive Director and Independent Directors.

The Policy on Related Party Transactions as approved by the Board of Directors may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/RelPar.pdf>

COMPLIANCE OF MATTERS RELATED TO CAPITAL MARKETS

There has been no non-compliance, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities, on any matter connected to capital markets relating to the last three years, except payment of settlement amount of Rs. 1.91 million by the Company during the year to SEBI as per SEBI's Settlement Order relating to non-closure of Trading Window in the year 2011-12, pursuant to the erstwhile SEBI (Prohibition of Insider Trading) Regulations, 1992.

WHISTLE BLOWER POLICY

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and the Listing Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors, employees and any other stakeholder to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct or policies and leak or suspected leak of unpublished price sensitive information of the Company. The concerns may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Whistle Blower Policy of the Company may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/Whistle%20Blower%20Policy.pdf>

MEANS OF COMMUNICATION

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

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

The financial results were also published in English and vernacular (Bengali) language newspapers within 48 hours of the Meeting and are displayed on website www.kanoriachem.com.

The Company issues official press releases to the print media from time to time and also updates Analysts on the activities of the Company.

The Company has its own website www.kanoriachem.com where information about the Company is displayed and regularly updated. An e-mail ID investor@kanoriachem.com has been created and displayed on the Company's website for the purpose of interaction including registering complaints by the investors.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CEO AND CFO CERTIFICATION

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

CODE OF CONDUCT

The Company has Codes of Conduct for its Directors and Senior Management Personnel as well as for its other Employees. The Codes of Conduct are available on the Company's website.

It is confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct for Directors and Senior Management Personnel for the financial year 2021-22, as required under Regulation 26(3) of the Listing Regulations, 2015 and a declaration to this effect signed by the Chairman & Managing Director forms part of the Annual Report.

MECHANISM TO PREVENT INSIDER TRADING

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

TRANSFER OF SHARES/UNCLAIMED DIVIDEND TO IEPF AUTHORITY

As required under Section 124(6) of the Companies Act, 2013, during the year the Company has transferred 15,509 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority.

During the year under review, the Company has deposited unclaimed dividend of Rs. 526,885/- for the year 2013-14 to the Investor Education and Protection Fund on 28th October, 2021, pursuant to Section 125 of the Companies Act, 2013 read with allied rules.

UNCLAIMED SHARES

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

Particulars	No. of Shareholders	No. of Shares
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	16	9,165
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	-	-
Number of shares transferred to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority, as required under Section 124(6) of the Companies Act, 2013	3	1,467
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the end of the year. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	13	7,698

TOTAL FEES PAID TO AUDITOR

Total fees for all the services paid by the Company to the Statutory Auditor during the year under review amounted to Rs. 2.13 million. None of the subsidiary companies has paid any fee to the Company's Statutory Auditor or any of its network firm.

RECOMMENDATIONS OF THE COMMITTEES

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

COMPLIANCE OF MANDATORY AND NON-MANDATORY REQUIREMENTS

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

i) Audit Opinion:

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

ii) Reporting of Internal Auditor:

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

COMPLIANCE CERTIFICATE OF THE AUDITORS

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

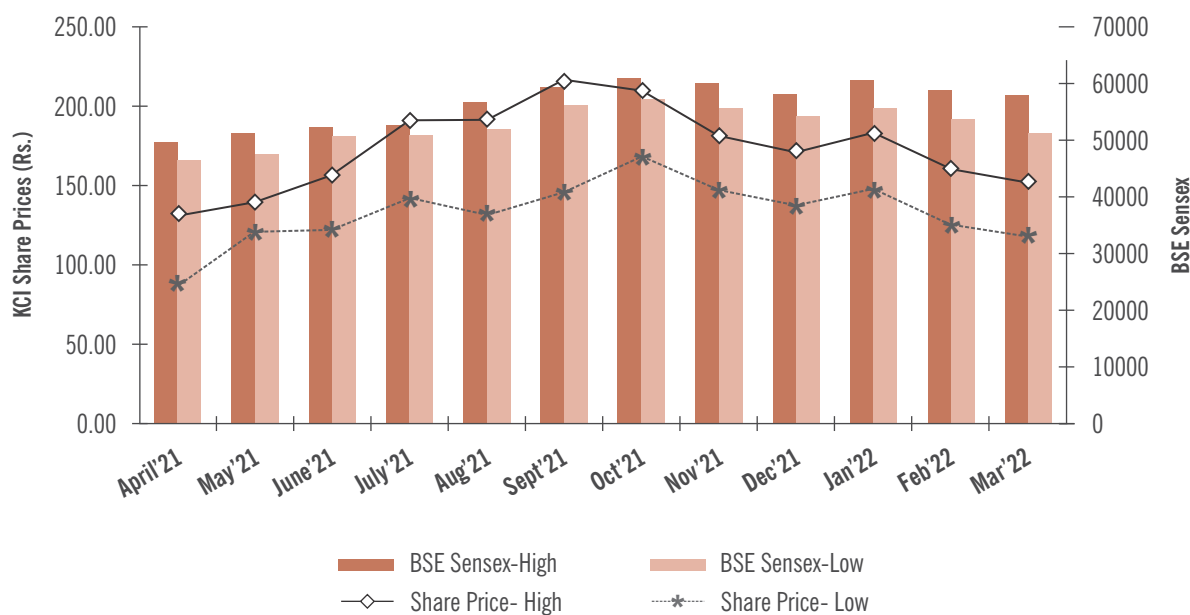
GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting • Date and time • Venue/Mode	Thursday, the 1 st September, 2022 at 11.00 A. M. Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial Year <u>Financial Calendar 2022-23</u> (tentative and subject to change) • Financial Results for the: quarter ending 30 th June 2022 quarter ending 30 th September 2022 quarter ending 31 st December 2022 year ending 31 st March 2023 • Annual General Meeting 2022-23	1 st April to 31 st March)) Within 45 days of end of respective quarter) By 30 th May 2023 By September 2023
3.	Date of Book Closure	26 th August, 2022 to 1 st September, 2022 (both days inclusive)

4.	Dividend Payment Date	On or after 7 th September, 2022 (subject to shareholders' approval)			
5.	Listing on Stock Exchanges	National Stock Exchange of India Ltd. 'Exchange Plaza' Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 www.nseindia.com BSE Limited P. J. Towers, Dalal Street, Fort Mumbai - 400 001 www.bseindia.com Note: Listing fee for the year 2021-22 has been paid to the above Stock Exchanges.			
6.	Stock Code: BSE Limited National Stock Exchange of India Limited	50 6525 KANORICHEM			
7.	Stock Price Data (in Rs./per share)				
	Months	BSE*	NSE*		
		High	Low	High	Low
	April 2021	130.65	87.45	129.00	86.50
	May 2021	143.00	120.00	144.70	118.00
	June 2021	160.30	120.95	159.00	121.00
	July 2021	195.55	143.20	195.90	143.05
	August 2021	196.15	130.95	196.10	130.05
	September 2021	219.70	145.60	221.55	149.10
	October 2021	212.90	172.00	214.90	170.00
	November 2021	180.25	152.00	182.00	150.50
	December 2021	171.00	142.85	169.85	141.55
	January 2022	182.00	148.10	183.50	148.00
	February 2022	156.60	123.00	160.50	122.30
	March 2022	152.40	118.90	153.40	118.50

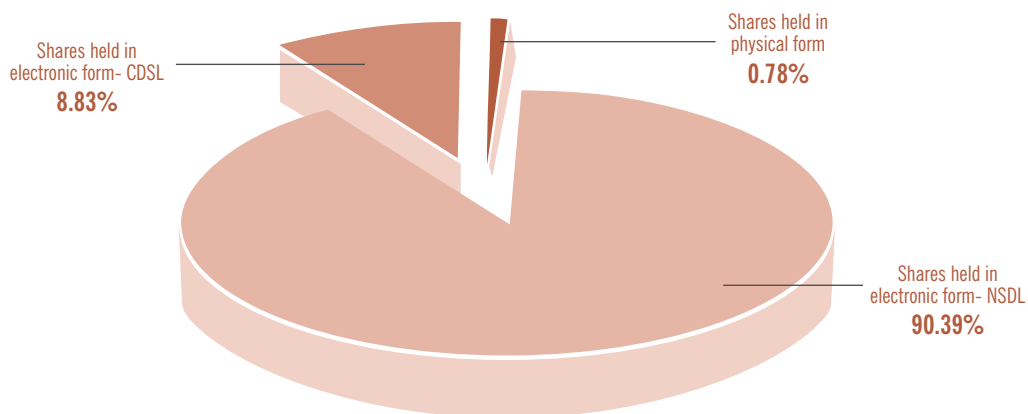
* Source: Website of BSE and NSE

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



8.	Registrar and Transfer Agent	CB Management Services (P) Limited P-22, Bondel Road, Kolkata –700 019 Phone : (033) 40116700 Fax : (033) 40116739 Email : rta@cbmsl.com
9.	(a) Share Transfer System	Shareholders' requests for transfer / transmission of Equity shares and other related matters are handled by the Registrar & Transfer Agent and are affected within stipulated timelines, if all the documents are valid and in order. Shares of the Company are transferred in dematerialised form.
	(b) Dematerialisation of Shares and liquidity	<p>Depositories: National Securities Depository Limited, Mumbai (“NSDL”) and Central Depository Services (India) Limited, Mumbai (“CDSL”). The Equity Shares of the Company are compulsorily traded and settled through Stock Exchanges only in the dematerialised form.</p> <p>Details of shares held in dematerialised form with depositories as on 31st March 2022:-</p> <p>NSDL: 39,493,395 Shares (90.39%) CDSL: 3,856,198 Shares (8.83%)</p> <p>Shares held in Physical form: 343,740 Shares (0.78%)</p> <p>Under the Depository System, International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 138C01024.</p> <p>Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Company is informed periodically by the Depositories about the beneficiary holdings to enable the Company to send corporate communication, dividend etc.</p> <p>The requests received for dematerialisation are processed within a period of 10 days from the date of receipt of request provided they are in order in every respect.</p>

The Company has connectivity with the Depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Annual Custody Fee for the financial year 2021-22 has been paid by the Company to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

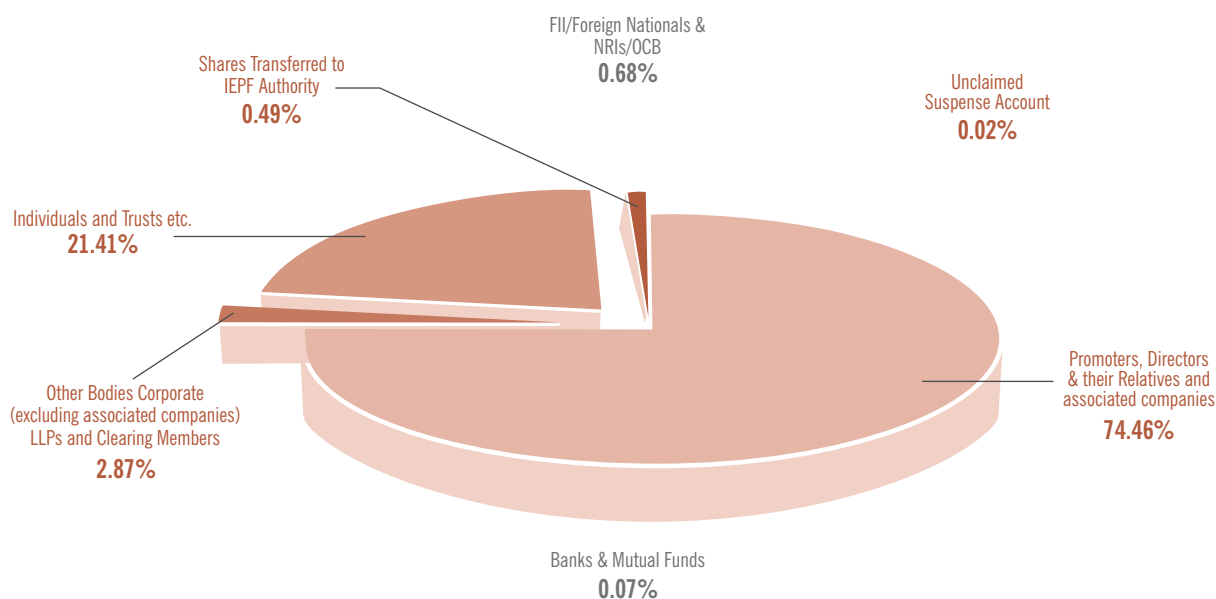


	(c) National Electronic Clearing Service (NECS) for Dividend	Members holding Shares in demat form should ensure that the correct and updated particulars of their Bank Account are available with their Depository Participant (DP) and Members holding Shares in physical form should provide the electronic credit mandate to the Registrar and Transfer Agent of the Company. This would facilitate receiving dividend payment through electronic mode from the Company and avoid postal delays and loss in transit.
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10. Distribution of Equity Shareholding as on 31 st March 2022					
	Nominal value of Shareholding	Number of Shareholders	% of Shareholders	Number of Equity Shares	% of Share Capital
	Up to Rs. 5,000	12,136	91.17	2,009,218	4.60
	Rs. 5,001 - Rs. 10,000	536	4.03	803,143	1.84
	Rs. 10,001 - Rs. 20,000	300	2.25	844,092	1.93
	Rs. 20,001 - Rs. 30,000	136	1.02	675,676	1.55
	Rs. 30,001 - Rs. 40,000	40	0.30	288,056	0.66
	Rs. 40,001 - Rs. 50,000	50	0.37	474,309	1.08
	Rs. 50,001 - Rs. 1,00,000	54	0.41	794,470	1.82
	Rs. 1,00,001 and above	60	0.45	37,804,369	86.52
	Total	13,312	100.00	43,693,333	100.00

11. Equity Shareholding Pattern as on 31 st March 2022			
	Category	No. of Shares held	% of Shareholding
	Promoters, Directors & their Relatives and associated companies	32,534,259	74.46
	FII/Foreign Nationals & NRIs/OCB	299,228	0.68
	Banks & Mutual Funds	31,425	0.07
	Other Bodies Corporate (excluding associated companies), LLPs and Clearing Members	1,255,171	2.87
	Individuals and Trusts etc.	9,352,505	21.41
	Shares transferred to IEPF Authority	213,047	0.49
	Unclaimed Suspense Account	7,698	0.02
	Total	43,693,333	100.00

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2022



12.	Top Ten Shareholders of the Company as on 31 st March 2022		
Sl. No	Name of Shareholders	No. of shares	% of shareholding
i.	Vardhan Limited	26,190,872	59.94
ii.	R V Investment & Dealers Limited	3,210,120	7.35
iii.	Sanjiv Dhiresbhai Shah	1,410,918	3.23
iv.	Kirtivardhan Finvest Services Limited	1,154,907	2.64
v.	Mukul Mahavir Agarwal	599,531	1.37
vi.	Saumya Vardhan Kanoria	556,440	1.27
vii.	Madhuvanti Kanoria	498,321	1.14
viii.	Vishal Rameshbhai Patel	461,601	1.06
ix.	Rajya Vardhan Kanoria	461,481	1.06
x.	Anand Vardhan Kanoria	434,739	0.99
	Total	34,978,930	80.05
13.	Outstanding GDR/ADRs/Warrants or any convertible Instruments, conversion date and likely impact on equity.	The Company has not issued GDRs/ ADRs/ Warrants or any other convertible Instruments.	
14.	Commodity Price Risk/Foreign Exchange Risk and Hedging Activities	<p>The Company is affected by the price volatility of methanol, one of its major raw materials. Its operating activities require a continuous supply of methanol. The Company monitors price and demand/supply situation on continuous basis and takes risk mitigation measures for any material adverse effect on the Company.</p> <p>The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company monitors the foreign exchange fluctuations on continuous basis and takes risk mitigation measures for any material adverse effect on the Company. The Company enters into forward exchange contracts against its foreign currency exposure relating to underlying liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign currency exposure as on 31st March, 2022 are disclosed in Note No. 43 to the Standalone Financial Statements.</p>	
15.	Credit Ratings and any revisions thereto for any debt instruments or any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad.	<p>The Company has not issued any debt instrument and does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad.</p> <p>Care Ratings Limited has reaffirmed the rating for the long-term bank facilities of the Company as CARE A- while revising Outlook to "Stable" (Single A Minus; Outlook: Stable) and also reaffirmed rating for the short-term bank facilities as CARE A2+ (A Two Plus).</p>	
16.	Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.	Not Applicable	
17.	Plant Locations	<p>I. Alcochem Ankleshwar Division Ankleshwar Chemical Works, 3407, GIDC Industrial Estate, P.O. Ankleshwar - 393 002, Dist. Bharuch (Gujarat).</p> <p>II. Alcochem Vizag Division Plot No.32, Jawaharlal Nehru Pharma City, Parwada, Vishakhapatnam - 531 021, Andhra Pradesh</p> <p>III. Alcochem Naidupet Division Plot No. 50 and 51, Block - C, Industrial Park, Menakur Village, Naidupet - 524 421, Dist. Nellore, Andhra Pradesh</p> <p>IV. Solar Power Plant Vill. Bawdi Barsinga, P.O. Bap, Tehsil: Phalodi, Dist. Jodhpur (Rajasthan)</p>	
18.	Address for Correspondence: For Investors' matters	<p><i>Company Secretary</i> Kanoria Chemicals & Industries Limited 'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019 Phone : (033) 4031 3200 Email: nksethia@kanoriachem.com Website: http://www.kanoriachem.com</p>	
	For queries relating to Financial Statements	<p><i>Group Chief Financial Officer</i> Kanoria Chemicals & Industries Limited 'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019 Phone: (033) 4031 3200 Email: nolkha@kanoriachem.com Website: http://www.kanoriachem.com</p>	

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata - 700 019
Date: 26th May, 2022

For and on behalf of the Board,

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

DECLARATION AFFIRMING COMPLIANCE WITH THE CODE OF CONDUCT

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

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

I hereby declare that all the Board Members and Senior Management Personnel have affirmed their compliance with the aforesaid Code for the Financial Year ended 31st March 2022.

Registered Office

'KCI Plaza'
23-C, Ashutosh Chowdhury Avenue
Kolkata - 700 019
Date: 26th May, 2022

For and on behalf of the Board,

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2022, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

For N.K. & Associates
Company Secretaries

Navin Kothari
Proprietor

FCS No.: 5935 CP No.: 3725
Peer Review No.: 1384/2021
UDIN.: F005935D000391727

Place: Kolkata
Date: 26.05.2022

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **Kanoria Chemicals & Industries Limited** ("the Company"), for the year ended on 31st March, 2022, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

Management's Responsibility

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

Auditor's Responsibility

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

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2022.

Other Matters and Restriction on Use

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

Place: New Delhi
Dated: 26th May, 2022

For J K V S & CO
Chartered Accountants
Firm's Registration No. 318086E

AJAY KUMAR
Partner
Membership No.: 068756
UDIN: 22068756AJRMYE9436

INDEPENDENT AUDITOR'S REPORT

To the Members of

KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of M/S. KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Company"), which comprises the Balance Sheet as at March 31 2022, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw our attention to Note 38 of the standalone financial statements, regarding revenue recognition for sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the current year is Rs. 21.8 million (Previous Year Rs. 23 million) and the corresponding to date receivables amounting to Rs. 66 million have been included in Trade Receivables. The Company is confident of recovery of the same in due course. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no Key Audit Matters to be communicated in our Audit Report.

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the relevant rules, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with

INDEPENDENT AUDITOR'S REPORT

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by the Companies (Auditor's report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

INDEPENDENT AUDITOR'S REPORT

- 2) As required by section 143(3) of the Act, we report that:
- a). We have sought and obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit.
 - b). In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c). The Balance Sheet, Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d). In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
 - e). On the basis of written representations received from the Directors as on March 31, 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 the standalone financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g). In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V to the Act; and
 - h). With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations as at March 31, 2022 on its financial position in its Standalone financial statements - Refer Note No. 32 to the Standalone financial statements.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company, except for Rs. 1.43 million which is held in abeyance due to pending legal cases.
 - iv) a. The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries (Refer Note 54 to the standalone financial statements).
 - b. The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, during the year no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 55 to the standalone financial statements).
 - c. Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under paragraph (2) (h) (iv) (a) & (b) above, contain any material mis-statement.
 - v). As stated in note 34 to the standalone financial statements, the Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

(AJAY KUMAR)
Partner
Membership No. 068756
UDIN: 22068756AJRLNM7945

Place: New Delhi
Dated: 26th day of May, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

- i. In respect of the Company's fixed assets:
- a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.
(B) The company has maintained proper records showing full particulars of intangible assets.
 - b) The management has physically verified the property, plant and equipment of the Company in a phased manner to cover the entire block of assets over a period of three years, which is reasonable having regard to the size of the Company and nature of its assets and no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company as at the balance sheet date.
 - d) The company has not revalued any of its property, plant and equipment (including Right of Use assets) or intangible asset during the year.
 - e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated during the year or are pending as at 31st March, 2022 against the Company for holding any benami property under the Prohibition of Benami Property Transaction Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The inventories have been physically verified during the year by the management. For stocks lying with the third parties at the year end, written confirmations have been obtained. In our opinion, the frequency of verification is reasonable and procedures & coverage as followed by the management were appropriate. The discrepancies noticed on verification between the physical stock and the book stock for each class of inventory, wherever ascertained were not more than 10%.
- (b) During the year, the company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current asset of the Company. The quarterly returns/statements filed by the company with such banks are in agreement with the books of accounts other than those as set out below (Refer note no. 48 to the standalone financial statements):

Name of the Banks	Quarter Ended	Particulars of security provided	Amount as per Books of Accounts (Rs. in million)	Amount as per Quarterly Statements (Rs. in million)	Differences (Rs. in million)	Reasons for material differences
Axis Bank, HDFC Bank and Yes Bank	June, 2021	Inventories and Debtors less Creditors	690.28	683.31	(6.97)	Inventory lying outside Company premises not considered in statement and certain liabilities not forming part of creditors for goods.
	September, 2021	Inventories and Debtors less Creditors	789.71	903.79	114.08	Primarily inclusion of certain liabilities not forming part of creditors for goods.
	December, 2021	Inventories and Debtors less Creditors	783.07	940.68	157.61	
	March, 2022	Inventories and Debtors less Creditors	739.05	850.17	111.12	

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

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

- a. During the year, the company has converted the loans amounting to Rs. 629.62 million given to its foreign subsidiary, Kanoria Africa Textiles Plc, Ethiopia "KATP" into investments and the balance loan of Rs. 398.52 million (including interest amounting to Rs 132.87 million accrued till Mar'22 has been converted to Funded Interest Term Loan 'FITL') which has been subordinated and is receivable together with future interest after the Export Import Bank of India's (EXIM Bank) loan to KATP is fully repaid in September, 2028, as per loan restructuring resolution plan approved by EXIM Bank unless prepaid earlier/approved otherwise. (Refer Note 36 & 45).
- b. According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and the terms and conditions of the loans or advances in the nature of loans granted during the year, prima facie are not prejudicial to the interest of the Company. The Company has not provided any guarantee or security during the year.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular.
- d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount during the year for more than ninety days in respect of loans given.
- e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties other than as disclosed in clause 3(iii)(a) above.
- f. According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees & securities provided, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of section 73 to 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government has prescribed maintenance of cost records under section 148(1) of the Act, for the Company. We have broadly reviewed such accounts and records and are of the opinion that prime facie, the prescribed accounts & records have been made & maintained but no detailed examination of such records and accounts have been carried out by us.
- vii. According to the information and explanations given to us and on the basis of our examination of the books of account:
 - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods & service tax, cess and other statutory dues during the year with the appropriate authorities. No undisputed statutory dues as above were outstanding as at March 31, 2022 for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, the details of disputed dues of income tax, sales tax, duty of customs, duty of excise, value added tax or goods and service tax or any other statutory dues which have not been deposited and the forum where the dispute is pending as on March 31, 2022 are as under:

Name of the statute	Nature of the Dues	Amount (Rs. in millions)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	56.57	AY 2016-17 & AY 2018-19	Commissioner Income Tax (Appeals), Kolkata
The Indian Stamp Act, 1899	Stamp Duty	4.06	2011-12	Rajasthan High Court

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

- viii. According to the information and explanations given to us, Company has not surrendered or disclosed any transactions, previously unrecorded in the books of accounts, as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us and the records of the Company examined by us including representation received from the management, the Company has not been declared wilful defaulter by any bank, financial institution or other lender.
- (c) According to the information and explanations given to us and the records of the Company examined by us, Term Loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, prima facie, no funds raised on short-term basis have been used for long-term purpose by the Company.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the company.
- (f) According to the information and explanations given to us and the records of the Company examined by us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the company.
- x. (a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument). Accordingly reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanations and representations made by the management, no whistle-blower complaints have been received during the year (and up to date of report) by the company.
- xii. The Company is not a Nidhi Company. Accordingly, clause 3(xii)(a) to 3(xii)(c) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) The company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit has been considered by us.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him and hence requirement to report on clause 3(xv) of the Order is not applicable on the Company.
- xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Management has represented that, to the best of its knowledge and belief, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. In our opinion and according to the information and explanations provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, provisions of clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx. (a) According to the records of the Company examined by us and the information and explanation given to us, the company has no unspent amount in respect of other than ongoing projects, accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no unspent amount under section 135(5) of the Companies Act, pursuant to ongoing projects at the balance sheet date, accordingly, clause 3(xx)(b) of the Order is not applicable.

Place: New Delhi
Dated: 26th day of May, 2022

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

(AJAY KUMAR)
Partner
Membership No. 068756
UDIN: 22068756AJRLNM7945

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls with reference to the standalone financial statement of Kanoria Chemicals & Industries Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to the standalone financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

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

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

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

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to the standalone financial statement and such internal financial controls with reference to the standalone financial statement were operating effectively as at March 31, 2022, based on the internal control with reference to the standalone financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

Place: New Delhi
Dated: 26th day of May, 2022

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

(AJAY KUMAR)
Partner
Membership No. 068756
UDIN: 22068756AJRLNM7945

BALANCE SHEET

As at 31st March 2022

(Rs. in million)

	Notes	As at 31 st March 2022	As at 31 st March 2021
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	3,992.16	4,043.79
(b) Capital Work-in-Progress	5C	48.77	125.29
(c) Other Intangible Assets	5B	3.44	0.65
(d) Financial Assets			
(i) Investments	6A	2,020.52	1,425.73
(ii) Loans	7	837.98	1,340.19
(iii) Others	8	19.51	17.62
(e) Other Non-Current Assets	9	24.72	3.68
Total Non-Current Assets		6,947.10	6,956.95
Current Assets			
(a) Inventories	10	520.60	441.53
(b) Financial Assets			
(i) Investments	6B	70.02	6.48
(ii) Trade Receivables	11	1,143.35	834.38
(iii) Cash and Cash Equivalents	12A	36.21	9.99
(iv) Bank Balances other than (iii) above	12B	14.02	14.90
(v) Loans	7	2.69	2.29
(vi) Others	8	86.64	167.74
(c) Current Tax Assets (Net)	13	111.09	174.86
(d) Other Current Assets	9	57.04	80.19
(e) Assets held for Sale	14	20.88	-
Total Current Assets		2,062.54	1,732.36
Total Assets		9,009.64	8,689.31
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	15	218.49	218.49
Other Equity	16	6,169.36	5,918.72
Total Equity		6,387.85	6,137.21
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	588.70	645.12
(b) Provisions	19	85.55	80.99
(c) Deferred Tax Liabilities (Net)	20A	514.00	434.99
Total Non-Current Liabilities		1,188.25	1,161.10
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	381.28	597.60
(ii) Trade Payables	21		
Total outstanding dues of Micro and Small Enterprises		41.47	18.41
Total outstanding dues of Others		818.41	600.89
(iii) Other Financial Liabilities	18	122.13	116.04
(b) Other Current Liabilities	22	30.00	21.92
(c) Provisions	19	40.25	36.14
Total Current Liabilities		1,433.54	1,391.00
Total Liabilities		2,621.79	2,552.10
Total Equity and Liabilities		9,009.64	8,689.31
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed
For J K V S & CO
Chartered Accountants
Firm Registration No.318086E

AJAY KUMAR
Partner
Membership No. 068756
Place: New Delhi
Date: 26th May, 2022

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary
(FCS: 3522)

STATEMENT OF PROFIT & LOSS

For the year ended 31st March 2022

(Rs. in million)

	Notes	For the year ended 31 st March 2022	For the year ended 31 st March 2021
INCOME			
Revenue from Operations	23	6,491.32	3,879.49
Other Income	24	109.90	48.84
Total Income		6,601.22	3,928.33
EXPENSES			
Cost of Materials Consumed		4,749.42	2,575.94
Change in Inventories of Finished Goods and Work-in-Progress	25	(50.46)	135.50
Employee Benefit Expenses	26	357.66	290.96
Other Expenses	27	841.04	592.27
Expenses		5,897.66	3,594.67
Profit before Finance Costs, Depreciation & Amortisation, Exceptional Items and Tax		703.56	333.66
Finance Costs	28	91.34	124.71
Depreciation and Amortisation Expenses	5A, 5B	211.18	221.39
Profit/(Loss) before Exceptional Items and Tax		401.04	(12.44)
Exceptional Item	29	-	37.85
Profit/(Loss) before Tax		401.04	(50.29)
Tax Expenses:			
Current Tax		72.20	-
Deferred Tax		78.98	(13.62)
Profit/(Loss) for the Year		249.86	(36.67)
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	30A	0.81	8.43
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		(0.03)	(1.94)
B (i) Items that will be reclassified to Profit or Loss	30B	-	-
(ii) Income Tax relating to items that will be reclassified to Profit or Loss		-	-
Other Comprehensive Income for the Year (net of tax)		0.78	6.49
Total Comprehensive Income for the Year		250.64	(30.18)
Earning per Share (INR) – Basic & Diluted	31	5.72	(0.84)
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2022

(Rs. in million)

(A) Equity Share Capital						
	Year ended 31 st March 2022			Year ended 31 st March 2021		
	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period
Equity Share Capital	218.47	-	218.47	218.47	-	218.47
Add : Forfeited Shares (amount paid up)	0.02	-	0.02	0.02	-	0.02
Total	218.49	-	218.49	218.49	-	218.49

(B) Other Equity							
	Reserves and Surplus				Items of Other Comprehensive Income		Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	Equity Instruments	Debt Instruments	
As at 31 st March 2020	34.17	161.50	72.69	5,677.85	2.69	-	5,948.90
(Loss) for the Year				(36.67)			(36.67)
Other Comprehensive Income				3.00	3.49	-	6.49
Total Comprehensive Income	34.17	161.50	72.69	5,644.18	6.18	-	5,918.72
As at 31 st March 2021	34.17	161.50	72.69	5,644.18	6.18	-	5,918.72
Profit for the Year				249.86			249.86
Other Comprehensive Income				0.88	(0.10)	-	0.78
Total Comprehensive Income	34.17	161.50	72.69	5,894.92	6.08	-	6,169.36
As at 31 st March 2022	34.17	161.50	72.69	5,894.92	6.08	-	6,169.36

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed
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STATEMENT OF CASH FLOW

For the year ended 31st March 2022

(Rs. in million)

	For the year ended 31 st March 2022	For the year ended 31 st March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Exceptional Items and Tax	401.04	(12.44)
Adjustments for:		
Unrealized Debts and Claims Written Off	1.16	0.10
Provision for Bad & Doubtful Debts & Advances (Net)	(1.89)	(1.45)
Finance Costs	91.34	124.71
Depreciation & Amortisation	211.18	221.39
(Profit)/Loss on Sale of Fixed Assets (Net)	(0.42)	0.25
(Gain)/Loss on Sale/Written off of Investments as FVTPL/FVTOCI (Net)	(1.19)	22.90
Interest Income	(39.86)	(67.71)
Fair Value (Gain)/Loss on Financial Instruments as FVTPL (Net)	(45.12)	17.63
Dividend Income	(0.18)	(0.31)
Guarantee Fee Income	(16.21)	(14.33)
Liabilities Written Back	(4.37)	(0.74)
Operating Profit before Working Capital Changes	595.48	290.00
Adjustments for:		
(Increase)/ Decrease in Trade and Other Receivables (Net)	(287.30)	(196.88)
Inventories	(79.07)	102.33
Increase/ (Decrease) in Trade and other Payables (Net)	270.40	(10.61)
Cash Generated from Operations	499.51	184.84
Income Tax (Paid)/Refund (net)	(8.42)	1.95
Net Cash used in/from Operating Activities	491.09	186.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(127.32)	(69.83)
Sale of Fixed Assets	3.00	0.69
Loans & Advances to Subsidiaries (Net)	5.39	6.94
Purchase of Investments	(0.28)	(5.12)
Sale of Investments	17.79	29.22
Bank Deposits including held as Margin Money (net)	0.35	85.72
Interest Received	1.76	27.20
Guarantee Fee Received	0.15	2.41
Dividend Received	0.18	0.31
Net Cash used in/from Investing Activities	(98.98)	77.54
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (Net)	(272.74)	(205.93)
Finance Costs Paid	(93.15)	(127.18)
Net Cash used in/from Financing Activities	(365.89)	(333.11)
Net Increase/(Decrease) in Cash and Cash Equivalents	26.22	(68.78)
Cash and Cash Equivalents at the beginning of the year	9.99	78.77
Cash and Cash Equivalents at the end of the year (Note 12A)	36.21	9.99

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

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NOTES TO THE FINANCIAL STATEMENTS

1: Corporate Information

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

2: Basis of Preparation

A. Statement of Compliance

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

These financial statements have been approved for issue by the Board of Directors on 26th May, 2022.

B. Functional and Presentation Currency

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

C. Historical Cost Convention

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

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

D. Fair Value Measurement

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

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

- I. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- II. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- III. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation, based on the lowest level input that is significant to the fair value measurement, at the end of each reporting period.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

NOTES TO THE FINANCIAL STATEMENTS

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

E. Current versus Non-Current Classification

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

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

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

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

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

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

F. Use of Estimates and Judgements

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

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

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

3: Significant Accounting Policies

A. Foreign Currency Transactions

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date

NOTES TO THE FINANCIAL STATEMENTS

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

B. Property, Plant & Equipment

I. *Recognition & Measurement*

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

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

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

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

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

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

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

II. *Depreciation methods, estimated useful life and residual value*

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Freehold land is not depreciated.

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

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

C. Intangible Assets

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

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

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

D. Leases

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

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

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

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

E. Assets Held for Sale

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

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

F. Financial Instruments

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

I. Financial Assets

Initial recognition and measurement:

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Subsequent measurement:

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

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

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

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

i. Financial assets measured at amortized cost:

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

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

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

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

ii. Financial assets measured at FVTOCI:

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

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

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

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

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

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

iii. Financial assets measured at FVTPL:

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

NOTES TO THE FINANCIAL STATEMENTS

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

Derecognition:

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

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

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

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

Impairment of financial assets:

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

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

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

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

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

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

II. Financial Liabilities

Initial recognition and measurement:

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

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the

NOTES TO THE FINANCIAL STATEMENTS

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

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

Subsequent measurement:

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

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

III. Derivative Financial Instruments

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

G. Impairment

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

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

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

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

H. Inventories

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

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on weighted average method.

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

I. Income Tax

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

I. Current Tax

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

II. Deferred Tax

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

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

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

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

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

J. Revenue Recognition

I. Revenue from Contract with Customer:

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

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

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

The impact of the adoption of the accounting policy as per this standard on the financial statements of the Company is insignificant.

II. Renewable Energy Certificates (RECs)

RECs are recognised as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is

NOTES TO THE FINANCIAL STATEMENTS

measured on the basis of actual sale price on transfer of RECs and at CERC prescribed floor price for RECs held by/accrued to the Company.

III. Interest Income

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

IV. Dividend

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

K. Employee Benefits

I. Short-term employee benefits

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

II. Defined contribution plan

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

III. Defined benefit plan

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

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

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

IV. Other long term employee benefits

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

L. Borrowing Costs

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

M. Exceptional items

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

NOTES TO THE FINANCIAL STATEMENTS

N. Earning per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

O. Cash and cash equivalents

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

P. Cash dividend to Equity shareholders

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

Q. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

R. Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are not recognised in the financial statements.

S. Segment Reporting

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

T. Events after Reporting date

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

U. Recent applicable Accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards / amendments under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

- I Ind AS 16: Property, plant and equipment – The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2022.

NOTES TO THE FINANCIAL STATEMENTS

- II Ind AS 37 : Provisions, contingent liabilities and contingent assets – The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2022, although early adoption is permitted.
- III Ind AS 103 : Business combinations – The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103.
- IV Ind AS 109 : Financial instruments – The amendment clarifies which fees an entity includes when it applies the ‘10%’ test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The Company has evaluated the above amendments and there is no material impact on its standalone financial statements.

4: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Equity Investments measured at FVTOCI

The company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to PL.

(b) Business Model for Investment of Debt Instruments

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset. Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows. Such financial assets have been accordingly classified and measured at amortised cost.

(ii) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

(a) Defined Benefit Plans

"The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

(b) Fair Value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Depreciation/Amortisation and Useful Lives of Property, Plant and Equipment/Intangible Assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

(d) Impairment of Financial Assets

The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(e) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

(f) Taxes

The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

NOTES TO THE FINANCIAL STATEMENTS

5A: Property Plant and Equipment

(Rs. in million)

	Gross Carrying Value				Depreciation				Net Carrying Value
	As at 01.04.21	Additions	Disposal/Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Disposal/Reclassification	As at 31.03.22	As at 31.03.22
Land & Site Development :									
Freehold *	762.37	-	15.50	746.87	-	-	-	-	746.87
Leasehold	797.80	-	-	797.80	67.24	11.21	-	78.45	719.35
Buildings *	924.79	55.90	10.04	970.65	188.58	31.10	4.14	215.54	755.11
Plant & Equipment	2,684.87	115.37	1.31	2,798.93	915.41	158.83	0.64	1,073.60	1,725.33
Furniture & Fixtures	46.63	0.84	0.36	47.11	22.52	3.49	0.15	25.86	21.25
Vehicles & Fork Lifts	23.35	6.55	3.54	26.36	12.21	2.48	2.48	12.21	14.15
Office Equipment	26.96	3.91	0.60	30.27	17.02	3.63	0.48	20.17	10.10
Total	5,266.77	182.57	31.35	5,417.99	1,222.98	210.74	7.89	1,425.83	3,992.16

* Freehold Land of Rs. 15.50 million and Building of Rs. 5.38 million are classified as assets held for sale.

	Gross Carrying Value				Depreciation				Net Carrying Value
	As at 01.04.20	Additions	Disposal/Reclassification	As at 31.03.21	As at 01.04.20	For the Year	Disposal/Reclassification	As at 31.03.21	As at 31.03.21
Land & Site Development :									
Freehold	760.40	1.97	-	762.37	-	-	-	-	762.37
Leasehold	797.80	-	-	797.80	56.03	11.21	-	67.24	730.56
Buildings	923.75	1.04	-	924.79	155.79	32.79	-	188.58	736.21
Plant & Equipment	2,638.94	46.42	0.49	2,684.87	750.69	164.81	0.09	915.41	1,769.46
Furniture & Fixtures	46.60	0.09	0.06	46.63	18.12	4.46	0.06	22.52	24.11
Vehicles & Fork Lifts	24.72	-	1.37	23.35	10.50	2.55	0.84	12.21	11.14
Office Equipment	25.84	1.17	0.05	26.96	13.54	3.52	0.04	17.02	9.94
Total	5,218.05	50.69	1.97	5,266.77	1,004.67	219.34	1.03	1,222.98	4,043.79

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

NOTES TO THE FINANCIAL STATEMENTS

5B: Intangible Assets

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.21	Additions	Disposal/ Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Disposal/ Reclassification	As at 31.03.22	As at 31.03.22
Computer Software	17.55	3.23	-	20.78	16.90	0.44	-	17.34	3.44

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.20	Additions	Disposal/ Reclassification	As at 31.03.21	As at 01.04.20	For the Year	Disposal/ Reclassification	As at 31.03.21	As at 31.03.21
Computer Software	17.55	-	-	17.55	14.85	2.05	-	16.90	0.65

5C: Capital Work-in-Progress Aging Schedule:

	Amount in Capital Work-in-Progress					Amount in Capital Work-in-Progress				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.22	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.21
Project in Progress	48.77	-	-	-	48.77	50.87	32.75	41.67	-	125.29

Completion Schedule of Capital work-in-Progress whose completion is overdue or has exceeded its cost compared to its original plan:

	31 st March 2022 To be completed in				31 st March 2021 To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
Formaldehyde Plant	-	-	-	-	102.64	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

7: Loans

(Rs. in million)

	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
(Unsecured, considered good) Loans to Related Parties				
Loans to Subsidiaries (Refer note 40)	836.45	-	1,338.59	-
Other Loans				
Loans to Employees	1.53	2.69	1.60	2.29
Total Loans	837.98	2.69	1,340.19	2.29

8: Other Financial Assets

(Unsecured considered good) Security Deposits	19.51	-	17.62	-
Export Benefits and Claims Receivable	-	12.03	-	14.41
Interest and Dividend Receivable	-	0.56	-	1.89
Interest and Fees receivable from Related Parties	-	74.05	-	151.44
Total Other Financial Assets	19.51	86.64	17.62	167.74

9: Other Assets

(a) Capital Advances	19.34	-	0.67	-
(b) Advances other than Capital Advances				
(i) Advances to Related Party	-	36.86	-	18.00
(ii) Other Advances	5.38	15.41	3.01	13.68
(iii) Balance with Government Authorities		4.77		48.52
Total Other Assets	24.72	57.04	3.68	80.19

10: Inventories

	31 st March 2022	31 st March 2021
(At lower of cost and net realisable value) Raw Materials	192.93	197.10
Raw Materials in Transit	102.52	88.12
Work-in-Progress	10.84	10.28
Finished Goods	114.05	67.21
Finished Goods in Transit	5.95	2.89
Stores & Spare Parts	94.31	75.93
Total Inventories	520.60	441.53

NOTES TO THE FINANCIAL STATEMENTS

11: Trade Receivables

(Rs. in million)

	31 st March 2022	31 st March 2021
Secured, considered good	2.37	2.37
Unsecured, considered good	1,140.98	832.01
With Significant Increase in Credit risk	0.95	2.84
Less: Allowance for Bad & Doubtful Debts	0.95	2.84
Total Trade Receivables	1,143.35	834.38

Trade Receivables Ageing Schedule

	Outstanding for following periods from due date of payment						31 st March 2022
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables-considered good	925.34	149.37	0.05	0.24	0.01	-	1,075.01
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.09	0.09
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	2.37	2.37
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.86	0.86
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	0.95	0.95
Unbilled Trade Receivable	65.97						65.97
Total	991.31	149.37	0.05	0.24	0.01	2.37	1,143.35

	Outstanding for following periods from due date of payment						31 st March 2021
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables-considered good	637.95	145.43	3.11	0.26	0.08	0.01	786.84
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	1.65	1.65
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	2.37	2.37
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	1.18	1.18
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	2.84	2.84
Unbilled Trade Receivable	45.17						45.17
Total	683.12	145.43	3.11	0.26	0.08	2.38	834.38

12A: Cash and Cash Equivalent

	31 st March 2022	31 st March 2021
Balance with Banks	35.93	9.67
Cash on hand	0.28	0.32
Total Cash and Cash equivalent	36.21	9.99

NOTES TO THE FINANCIAL STATEMENTS

12B: Other Bank Balances

(Rs. in million)

	31 st March 2022	31 st March 2021
Earmarked balances with Banks (Unpaid Dividend Account)	4.44	4.96
Bank Deposits (held as security)	9.58	9.94
Total Other Bank Balances	14.02	14.90

13: Current Tax Assets

	31 st March 2022	31 st March 2021
Income Tax Payments (net of provision)	111.09	174.86
Total Current Tax Assets	111.09	174.86

14: Assets held for Sale

	31 st March 2022	31 st March 2021
Freehold Land	15.50	-
Building	5.38	-
Total Assets held for Sale	20.88	-

15: Equity Share Capital

	31 st March 2022		31 st March 2021	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised Share Capital				
Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid				
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02
Total		218.49		218.49

(c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

(d) Shares held by holding company

	31 st March 2022		31 st March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Vardhan Limited	26,190,872	130.95	26,190,872	130.95

NOTES TO THE FINANCIAL STATEMENTS

(e) Details of shareholders holding more than 5% shares in the company

Name of the Shareholder	31 st March 2022		31 st March 2021	
	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,190,872	59.94	26,190,872	59.94
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

(f) Promoter's Shareholding

Name of the Promoters	Shares held by promoters as at 31 st March 2022		Shares held by promoters as at 31 st March 2021		Percentage of change during the year
	No. of Shares	% holding	No. of Shares	% holding	
Vardhan Limited	26,190,872	59.94	26,190,872	59.94	-
Rajya Vardhan Kanoria	461,481	1.06	461,481	1.06	-
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35	-
Kirtivardhan Finvest Services Ltd.	1,154,907	2.64	1,154,907	2.64	-
Madhuvanti Kanoria	498,321	1.14	498,321	1.14	-
Sheela Devi Kanoria	12,144	0.03	12,144	0.03	-
Saumya Vardhan Kanoria	556,440	1.27	556,440	1.27	-
Anand Vardhan Kanoria	434,739	0.99	434,739	0.99	-
Total	32,519,024	74.43	32,519,024	74.43	-

(g) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

(h) The company has not issued any shares for consideration other than cash nor issued any bonus shares nor have brought back any shares during the period of five years immediately preceding the current financial year.

(i) None of the securities are convertible into shares at the end of the reporting period.

(j) No calls are unpaid including that by any Director or Officer of the Company.

16: Other Equity

(Rs. in million)

	31 st March 2022		31 st March 2021	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium				
As per last Balance Sheet		161.50		161.50
Retained Earnings				
As per last Balance Sheet	5,644.18		5,677.85	
Add : Profit/(Loss) for the Year	249.86		(36.67)	
Add : Actuarial gain/(loss) on Defined Benefit Plan (Net)	0.88	5,894.92	3.00	5,644.18
Other Comprehensive Income (OCI)				
As per last Balance Sheet	6.18		2.69	
Add : Movement in OCI (Net) during the year	(0.10)	6.08	3.49	6.18
Total Other Equity		6,169.36		5,918.72

NOTES TO THE FINANCIAL STATEMENTS

17: Borrowings

(Rs. in million)

	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loan				
From Banks/Financial Institution ¹	588.70		645.12	
Current Maturities of Long Term Debts		115.02		90.55
Short Term Loan				
From Banks ²	-	266.26	-	311.76
Loans Repayable on Demand				
From Banks ²	-	-	-	45.29
Unsecured				
Short Term Loan				
From Bodies Corporate	-	-	-	150.00
Total Borrowings	588.70	381.28	645.12	597.60

¹ Term Loan of Rs. 627.48 million (Previous year Rs. 707.17 million) secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Naidupet & Vizag Division, Rs. 42.54 million (Previous year Rs. 28.50 million) Secured by second charge on Current Assets of the Company and movable fixed assets of Ankleshwar Division and Rs. 33.70 million (previous year -Nil) Secured by second charge on entire fixed assets of the Naidupet and Vizag Division.

² Secured by hypothecation of Current Assets of the Company and movable fixed assets of Ankleshwar Division.

18: Other Financial Liabilities

	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
Interest Accrued	-	5.71	-	7.52
Security Deposits	-	6.43	-	6.77
Liabilities for Capital Goods	-	25.14	-	24.51
Unpaid Dividend ¹	-	4.44	-	4.96
Employee related Liabilities	-	26.74	-	20.58
Other Liabilities	-	53.67	-	51.70
Total Other Financial Liabilities	-	122.13	-	116.04

¹ These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.43 million (previous year Rs. 1.31 million) which is held in abeyance due to legal case pending.

19: Provisions

	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
Provision for Employee Benefits	85.55	40.25	80.99	36.14
Total Provisions	85.55	40.25	80.99	36.14

NOTES TO THE FINANCIAL STATEMENTS

20: Income Tax

A. Deferred Tax

The major components of deferred tax liabilities/assets arising on account of timing differences are as follows:

	1 st April 2021	Profit & Loss (Net)	OCI (Net)	31 st March 2022
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	693.96	33.04	-	727.00
Fair Value of Investments	1.01	14.00	(0.00)	15.01
Deferred Tax Assets				
MAT Credit Entitlement	172.35	8.21	-	180.56
Unabsorbed Business Losses/Depreciation/Capital Loss	47.59	(44.40)	-	3.19
Expenses relating to Retirement Benefits	39.10	4.89	(0.03)	43.96
Others	0.94	(0.64)	-	0.30
Net Deferred Tax Liabilities	434.99	78.98	0.03	514.00

Deferred Tax Expenses includes an amount of Rs. 28.38 million pertaining to earlier years provided on account of increase in applicable surcharge from 7% to 12% consequent to increase in Taxable Income of the Company beyond Rs. 100 million.

	1 st April 2020	Profit & Loss (Net)	OCI (Net)	31 st March 2021
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	699.49	(5.53)	-	693.96
Fair Value of Investments	2.27	(1.70)	0.44	1.01
Deferred Tax Assets				
MAT Credit Entitlement	172.35	-	-	172.35
Unabsorbed Business Losses/Depreciation	42.85	4.74	-	47.59
Expenses relating to Retirement Benefits	37.45	3.15	(1.50)	39.10
MTM Adjustment on Forward Contracts	1.01	(1.01)	-	-
Others	1.43	(0.49)	-	0.94
Net Deferred Tax Liabilities	446.67	(13.62)	1.94	434.99

B. Reconciliation of tax expense on the accounting profit for the year:

	31 st March 2022	31 st March 2021
Profit/(Loss) before income tax	401.04	(50.29)
At India's statutory Income tax rate of 34.944% (previous year 33.384%)	140.14	(16.79)
Effect of applicable current tax rate of 29.12% for the year	(23.36)	-
Deferred Tax pertaining to earlier years due to increase in applicable surcharge	28.38	-
Tax effect on non-deductible expenses	0.07	0.14
Effect of income exempt from tax	(0.56)	-
Others	6.51	3.03
Tax expenses reported in the statement of profit and loss	151.18	(13.62)

NOTES TO THE FINANCIAL STATEMENTS

21: Trade Payable

(Rs. in million)

	31 st March 2022	31 st March 2021
Trade Payable		
Total outstanding dues of Micro and Small Enterprises	41.47	18.41
Total outstanding dues of creditors other than Micro and Small Enterprises	818.41	600.89
Total Trade Payables	859.88	619.30
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.		
i. Principal	41.47	18.41
ii. Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Trade Payable Ageing Schedule

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2022
i. MSME	41.47	-	-	-	-	41.47
ii. Others	803.39	14.63	0.09	0.16	0.14	818.41
iii. Disputed dues-MSME	-	-	-	-	-	-
iv. Disputed dues-Others	-	-	-	-	-	-
Total	844.86	14.63	0.09	0.16	0.14	859.88

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2021
i. MSME	18.41	-	-	-	-	18.41
ii. Others	590.94	9.02	0.54	0.23	0.15	600.89
iii. Disputed dues-MSME	-	-	-	-	-	-
iv. Disputed dues-Others	-	-	-	-	-	-
Total	609.35	9.02	0.54	0.23	0.15	619.30

22: Other Current Liabilities

	31 st March 2022	31 st March 2021
Statutory Liabilities	23.18	14.14
Customers' Credit Balances	6.82	7.78
Total Other Current Liabilities	30.00	21.92

NOTES TO THE FINANCIAL STATEMENTS

23: Revenue from Operations

(Rs. in million)

	31 st March 2022	31 st March 2021
(a) Sale of Products		
Manufactured products		
Alco Chemicals	6,418.98	3,826.29
Solar Power (refer note 38)	22.35	23.00
Total Sale	6,441.33	3,849.29
(b) Other Operating Revenues		
Miscellaneous Sales	48.88	27.27
Insurance and other claims	0.27	1.24
Export benefits	0.84	1.69
Total Other Operating Revenues	49.99	30.20
Total Revenue from Operations	6,491.32	3,879.49

24: Other Income

	31 st March 2022	31 st March 2021
Interest Income		
On Investments	0.26	3.77
From Others	3.69	6.04
From Related Parties	35.91	57.90
Dividend Income	0.18	0.31
Gain/(Loss) on Sale/written off of Investments classified as FVTPL (Net)	1.19	(22.90)
Fair value gain/(loss) on Financial Instruments classified as FVTPL (Net)	45.12	(17.63)
Profit on Fixed Assets sold/discarded (Net)	0.42	-
Foreign Exchange Rate Fluctuation (Net)	-	3.45
Guarantee fee from Related Parties	16.21	14.33
Rent Income	1.09	1.63
Liabilities Written Back	4.37	0.74
Other Non Operating Income	1.46	1.20
Total Other Income	109.90	48.84

25: Change in Inventories of Finished Goods and Work-in-Progress

	31 st March 2022	31 st March 2021
Opening Stock		
Finished Goods	70.10	212.75
Work-In-Process	10.28	3.13
	80.38	215.88
Closing Stock		
Finished Goods	120.00	70.10
Work-In-Process	10.84	10.28
	130.84	80.38
Change in Inventories		
Finished Goods	(49.90)	142.65
Work-In-Process	(0.56)	(7.15)
Total Change in Inventories of Finished Goods and Work-in-Progress	(50.46)	135.50

NOTES TO THE FINANCIAL STATEMENTS

26: Employee Benefits Expense

(Rs. in million)

	31 st March 2022	31 st March 2021
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	319.82	260.16
Contribution to Provident Fund	16.58	12.60
Staff Welfare Expenses	21.26	18.20
Total Employee Benefits Expense	357.66	290.96

27: Other Expenses

	31 st March 2022	31 st March 2021
Consumption of Stores & Spare parts etc.	136.27	95.57
Other Manufacturing Expenses	32.47	26.17
Power & Fuel	338.40	225.99
Repairs to -		
Plant & Machinery	75.73	57.38
Buildings	2.31	0.65
Others	9.66	9.28
Water Charges & Cess	38.58	26.31
Rates & Taxes	8.66	8.72
Rent	7.51	8.35
Insurance	18.11	16.47
Legal and Professional Charges	19.81	18.08
Miscellaneous Expenses	50.88	43.61
Foreign Exchange Rate Fluctuation (Net)	1.93	-
CSR Expenditure (Refer Note No. 33)	0.21	0.42
Commission & Brokerage to Others	9.81	7.89
Freight, Handling & Other Charges	82.54	42.42
Directors' Fees	2.35	1.76
Travelling Expenses	4.22	1.99
Provision for bad & doubtful Debts & Advances (Net)	(1.89)	(1.45)
Unrealized Debts and Claims written off	1.16	0.10
Payment to Auditors	2.32	2.31
Loss on Fixed Assets sold/discarded (Net)	-	0.25
Total Other Expenses	841.04	592.27

Additional Information regarding Payment to Auditors

	31 st March 2022	31 st March 2021
(a) Statutory Auditors		
Audit Fees	0.80	0.80
For Certificates & Others	1.33	1.33
For Travelling and out of pocket expenses	0.03	0.03
(b) Cost Auditors		
Audit Fees	0.16	0.15
Total payment to Auditors	2.32	2.31

NOTES TO THE FINANCIAL STATEMENTS

28: Finance Costs

(Rs. in million)

	31 st March 2022	31 st March 2021
Interest Expense	71.04	114.38
Exchange difference regarded as an adjustment to Borrowing Cost	14.99	4.26
Bank/Finance charges	5.31	6.07
Total Finance Cost	91.34	124.71

29: Exceptional Items

	31 st March 2022	31 st March 2021
i) Demand for escalation in Operation & Maintenance charges pertaining to the financial years 2013-14 to 2019-20, raised by the concerned service provider of Jawahar Lal Nehru Pharma City, Visakhapatnam.	-	29.95
ii) Write down in the value of Renewable Energy Certificates on reduction in floor price as notified by the Central Electricity Regulatory Commission	-	7.90
Total Exceptional Items	-	37.85

30: Other Comprehensive Income (OCI)

	31 st March 2022	31 st March 2021
A. Items that will not be reclassified to Profit or Loss		
1. Actuarial Gain/(Loss) on Defined Benefit Plan	0.91	4.51
Deferred Tax	(0.03)	(1.50)
2. Net Gain/(Loss) on Equity instruments designated as FVTOCI	(0.10)	3.92
Deferred Tax	0.00	(0.44)
Net OCI not to be reclassified to Profit or Loss	0.78	6.49
B. Items that will be reclassified to Profit or Loss		
(Gain)/Loss transferred to Profit or Loss on reclassification of Debt Securities	-	-
Deferred Tax	-	-
Net OCI to be reclassified to Profit or Loss	-	-
Other Comprehensive Income for the year, net of tax	0.78	6.49

31: Earning per Share (EPS)

	31 st March 2022	31 st March 2021
Details for calculation of Basic and Diluted Earning per Share:		
Profit/(Loss) after Tax as per Statement of Profit and Loss	249.86	(36.67)
Weighted average number of Equity Share	43,693,333	43,693,333
Basic and Diluted Earning per Share (Rs.) (Face Value Rs. 5 each)	5.72	(0.84)

NOTES TO THE FINANCIAL STATEMENTS

32: Commitments and Contingencies

(Rs. in million)

	31 st March 2022	31 st March 2021
(i) Contingent Liabilities		
(a) Claims/Disputed Liabilities not acknowledged as Debt		
Excise Duty Demands	-	3.09
Sales Tax Demands (paid Rs. 0.43 million)	0.43	0.43
Income Tax Demands (paid Rs. 12.63 million)	69.20	112.11
Other Claims being disputed by the Company (paid Rs. 1.50 million)	5.56	5.56
(b) Outstanding Bank Guarantees	44.00	46.93
(c) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019 set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and further clarification in the matter to assess any potential impact on the Company and consequently no adjustments have been made in the books of account.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	72.49	5.66
Advances paid	19.34	0.67
(b) Uncalled Liability on Investments	-	0.28

33: CSR Activities

	31 st March 2022	31 st March 2021
Gross amount required to be spent by the Company during the year	0.20	0.42
Amount of expenditure incurred on :		
Total of previous years shortfall	0.14	-
(i) Construction/acquisition of any Asset	-	-
(ii) Purposes other than (i) above	0.35	0.28
Shortfall at the end of the year	-	0.14
Reason for shortfall	-	Ongoing Project
Nature of CSR activities	Promotion of Education	Promotion of Education and Contribution to PM Care Fund
Details of related party transactions	NIL	NIL

34: Distribution Proposed

	31 st March 2022	31 st March 2021
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31 March 2022: Rs. 1.00 per share (31 March 2021: NIL)	43.69	-

35: Details of pre-operative expenses capitalised

	31 st March 2022	31 st March 2021
Employee Benefit Expenses	0.35	-
Other Expenses	0.23	-
	0.58	-

NOTES TO THE FINANCIAL STATEMENTS

36: Export Import Bank of India (Exim Bank) has approved and implemented a resolution plan for restructuring of loan granted to Kanoria Africa Textiles Plc, Ethiopia (KAT), a subsidiary of the Company, in May 2021. As per the terms of the resolution plan, the Company's Loan of Rs. 629.62 million to the said subsidiary has been converted into Equity Shares of KAT and balance loan including interest receivable aggregating Rs. 398.52 million has been subordinated which together with interest is receivable after the Exim Bank's loan is fully repaid in September, 2028, unless prepaid earlier/approved otherwise.

37: Segment Information

The Company is organised into business units based on its products and services and has following reportable segments:

- I. Alco Chemicals
- II. Solar Power

(A) Primary Segment information (by Business segment)

(Rs. in million)

Business Segment	Year ended 31 st March 2022			Year ended 31 st March 2021		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
Segment Revenue						
Revenue from Operations	6,468.97	22.35	6,491.32	3,856.49	23.00	3,879.49
Segment Result	527.90	(27.47)	500.43	180.81	(24.86)	155.95
Less: (i) Finance Costs			91.34			124.71
(ii) Exceptional Item			-			37.85
(iii) Un-allocable expenditure net off Un-allocable income			8.05			43.68
Profit/(Loss) before Tax			401.04			(50.29)
Tax Expense			151.18			(13.62)
Net Profit/(Loss):			249.86			(36.67)
Segment Assets	5,403.55	189.77	5,593.32	5,106.56	204.34	5,310.90
Un-allocable Corporate Assets			3,416.32			3,378.41
Total Assets:			9,009.64			8,689.31
Segment Liabilities	1,045.75	6.44	1,052.19	786.51	11.35	797.86
Un-allocable Corporate Liabilities			1,569.60			1,754.24
Total Liabilities:			2,621.79			2,552.10
Other Disclosures						
Capital Expenditure	102.35	0.06	102.41	65.41	-	65.41
Un-allocable Capital Expenditure			6.87			0.19
Total Capital Expenditure:			109.28			65.60
Depreciation & Amortization	166.46	35.17	201.63	175.68	35.17	210.85
Un-allocable Depreciation			9.55			10.54
Total Depreciation & Amortization:			211.18			221.39

(B) Secondary Segment information

Not applicable, as all the plants of the Company are located in India and Exports does not constitute 10% or more of total Segment Revenue.

(C) Other Disclosures

Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde, Hexamine and Resin etc. and Solar Power business includes Power generation.

NOTES TO THE FINANCIAL STATEMENTS

38: The Company, since April 2019, is recognising revenue from sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the year is Rs. 21.82 million and Rs. 23 million for the previous year and the corresponding receivables have been included in Trade Receivables.

39: Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

A. Defined Benefit Plan

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans.

(Rs. in million)

Particulars	31 st March 2022	31 st March 2021
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	93.55	90.46
- Current Service Cost	6.59	5.83
- Interest Expense or Cost	6.31	6.06
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	(0.01)
change in financial assumptions	(2.80)	(0.26)
experience variance	1.89	(4.24)
- Benefits paid	(5.06)	(4.29)
- Present Value of Obligation as at the end	100.48	93.55
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	6.59	5.83
- Interest Expense or Cost	6.31	6.06
Total	12.90	11.89
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	(0.01)
change in financial assumptions	(2.80)	(0.26)
experience variance	1.89	(4.24)
Total	(0.91)	(4.51)
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	7.25%	6.75%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 2012-14)	100.00%	100.00%
Attrition/Withdrawal rates, based on age: (per annum)		
up to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%

NOTES TO THE FINANCIAL STATEMENTS

5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(Rs. in million)

Particulars	31 st March 2022	31 st March 2021
Discount rate increase by 1%	(95.49)	(88.77)
Discount rate decrease by 1%	106.13	98.96
Salary Growth rate increase by 1%	106.09	98.90
Salary Growth rate decrease by 1%	(95.43)	(88.74)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)	5 years
Expected cash flow over the next (valued on undiscounted basis)	
1 year	14.93
2 to 5 years	64.56
6 to 10 years	26.00
More than 10 years	61.73

7. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

NOTES TO THE FINANCIAL STATEMENTS

B. Defined Contribution Plan

The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trust or by the Central Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company had a interest shortfall of Rs. 0.85 million which was paid by the company. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 16.58 million (previous year Rs. 12.60 million).

40: Details of Loans given, Guarantees given and Security provided under Section 186 (4) of the Companies Act, 2013.

(Rs. in million)

Name of the Company	Relation	Nature	Purpose	31 st March 2022	31 st March 2021
APAG Holding AG	Subsidiary	Loans (Interest Bearing)	Capital Expenditure, Working Capital and acquisition	437.93	447.71
Kanoria Africa Textiles Plc	Subsidiary	Loans (Interest Bearing)	Capital Expenditure and Working Capital	398.52	890.88
Kanoria Africa Textiles Plc	Subsidiary	Pledge of shares of Kanoria Africa Textiles Plc	Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India	1,619.97	990.35
APAG Elektronik s.r.o. ¹	Subsidiary	Corporate Guarantee	Borrowing by APAG Elektronik s.r.o from Ceskoslovenska obchodni banka, a.s.	336.87	344.40
Kanoria Africa Textiles Plc ²	Subsidiary	Corporate Guarantee	Borrowing by Kanoria Africa Textiles Plc from Export- Import Bank of India	1,518.01	1,617.10

¹ Loan Outstanding Rs. 70.42 million (Previous year Rs. 107.99 million)

² Loan Outstanding Rs. 1,369.04 million (Previous year Rs. 1,205.88 million)

NOTES TO THE FINANCIAL STATEMENTS

41: Category-wise classification of Financial Instruments

(Rs. in million)

	Refer Note	Non-Current		Current	
		31 st March 2022	31 st March 2021	31 st March 2022	31 st March 2021
Financial Assets					
Measured at cost					
Investments	6A	1,867.31	1,237.68	-	-
Measured at amortised cost					
Trade Receivables	11	-	-	1,143.35	834.38
Cash and cash equivalents	12A	-	-	36.21	9.99
Other Bank balances	12B	-	-	14.02	14.90
Loans	7	837.98	1,340.19	2.69	2.29
Other Financial Assets	8	19.51	17.62	86.64	167.74
Measured at fair value through profit or loss					
Investments	6A&B	135.79	170.52	70.02	6.48
Measured at fair value through other comprehensive income					
Investments	6A	17.42	17.53	-	-
Total Financial Assets		2,878.01	2,783.54	1,352.93	1,035.78
Financial Liabilities					
Measured at amortised cost					
Borrowings	17	588.70	645.12	381.28	597.60
Trade Payables	21	-	-	859.88	619.30
Other Financial Liabilities	18	-	-	122.13	116.04
Total Financial Liabilities		588.70	645.12	1,363.29	1,332.94

42: Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Company's financial assets and liabilities:

Financial assets/financial liabilities	Fair value hierarchy as at 31 st March 2022			Fair value hierarchy as at 31 st March 2021		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss						
Unquoted Alternate Investment funds	-	205.81	-	-	177.00	-
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	9.06	-	-	9.17	-	-
Unquoted Equity Shares	-	-	8.36	-	-	8.36

Financial Instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

NOTES TO THE FINANCIAL STATEMENTS

43: Financial Risk Management - Objectives and Policies

The company's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances, loans and other financial assets.

The Company is exposed to market risk and credit risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigation measures. The Company enters into forward exchange contracts against its foreign currency exposure relating to underlying liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to likely changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(Rs. in million)

	31 st March 2022						31 st March 2021					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	JPY	INR
Foreign Currency Receivable/ (Payable) (Net)	0.00	(0.76)	5.46	459.48	(9.85)	(6.16)	5.07	372.18	5.23	450.14	(9.71)	(6.44)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(0.04)		22.97		(0.31)		18.61		22.51		(0.32)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		0.04		(22.97)		0.31		(18.61)		(22.51)		0.32

Total hedged foreign currency payable (net)- NIL (Previous year - NIL).

(b) Commodity price risks

The company is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Company monitors price and demand/supply situation on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigation measures.

Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

(Rs. in million)

	31 st March 2022		31 st March 2021	
	+5%	-5%	+5%	-5%
Consumption of Methanol	3,552.66		1,882.97	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	(177.63)	177.63	(94.15)	94.15

NOTES TO THE FINANCIAL STATEMENTS

(c) Equity price risks

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Company's management on a regular basis.

Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares, unquoted alternative investment funds.

(Rs. in million)

	31 st March 2022		31 st March 2021	
Investment	223.23		194.53	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	11.16	(11.16)	9.73	(9.73)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Company does not hold collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

(iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

	Less than 1 year	1 to 5 years	Over 5 years	Total	Carrying Value
As at 31st March, 2022					
Borrowings (refer note 17)	381.28	542.20	47.50	970.98	969.98
Trade payable (refer note 21)	859.88	-	-	859.88	859.88
Other financial liabilities (refer note 18)	122.13	-	-	122.13	122.13
As at 31st March, 2021					
Borrowings (refer note 17)	597.60	470.41	176.04	1,244.05	1,242.72
Trade payable (refer note 21)	619.30	-	-	619.30	619.30
Other financial liabilities (refer note 18)	116.04	-	-	116.04	116.04

NOTES TO THE FINANCIAL STATEMENTS

44: Capital Management

The Company's objective when managing capital (defined as net debt and equity) are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company. The Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

45: Related Party Disclosures:

(i) List of related parties and relatives with whom transaction taken place:

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Kanoria Africa Textiles Plc, Ethiopia	Subsidiary Companies
3. APAG Holding AG, Switzerland	
4. APAG Elektronik AG, Switzerland	
5. APAG Elektronik s.r.o., Czech Republic	
6. CoSyst Control Systems GmbH, Germany	
7. APAG Elektronik LLC, USA	
8. APAG Elektronik Corp., Canada	
9. Mr. R. V. Kanoria - Chairman & Managing Director	
10. Mr. S. V. Kanoria - Whole Time Director	
11. Mr. Amitav Kothari - Director	
12. Mr. H.K. Khaitan - Director	
13. Mr. Ravinder Nath - Director	
14. Mr. G. Parthasarathy - Director	
15. Mr. Sidharth K. Birla - Director	
16. Mr. A. Vellayan - Director	
17. Mrs. M. Kanoria - Director	
18. Mrs. Suhana Murshed - Director	Relative of KMP
19. Mr. A. V. Kanoria	
20. Mrs. V. Kanoria	Enterprise over which KMP exercises significant influence
21. KPL International Limited	
22. Kirtivardhan Finvest Services Limited	
23. R V Investment & Dealers Limited	
24. Fytomax Nutrition Pvt Ltd	
25. Kanoria Employees' Provident Fund Trust	Post Employment Benefit Plan entity

NOTES TO THE FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. in million)

Nature of Transaction	2021-2022				2020-2021			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Directors' Fees								
Mr. Amitav Kothari	-	0.36	-	-	-	0.30	-	-
Mr. H.K. Khaitan	-	0.42	-	-	-	0.33	-	-
Mr. Ravinder Nath	-	0.27	-	-	-	0.22	-	-
Mr. G. Parthasarathy	-	0.29	-	-	-	0.22	-	-
Mr. Sidharth K Birla	-	0.35	-	-	-	0.28	-	-
Mr. A. Vellayan	-	0.25	-	-	-	0.20	-	-
Mrs. M. Kanoria	-	0.26	-	-	-	0.21	-	-
Mrs. Suhana Murshed	-	0.15	-	-	-	-	-	-
Loans & Advances Given								
Kanoria Africa Textiles PLC	18.86	-	-	-	6.40	-	-	-
Loans converted into equity								
Kanoria Africa Textiles PLC	629.62	-	-	-	-	-	-	-
Interest & Fee Income for the year								
Kanoria Africa Textiles PLC	36.76	-	-	-	56.17	-	-	-
APAG Holding AG	14.23	-	-	-	14.54	-	-	-
APAG Elektronik s.r.o.	1.13	-	-	-	1.52	-	-	-
Remuneration								
Mr. S. V. Kanoria	-	18.39	-	-	-	-	-	-
Commission Paid								
KPL International Limited	-	-	0.86	-	-	-	1.12	-
Rent received								
KPL International Limited	-	-	1.02	-	-	-	1.02	-
Interest Expense for the year								
Kirtivardhan Finvest Services Limited	-	-	-	-	-	-	2.70	-
Rent received								
Fytomax Nutrition Pvt Ltd	-	-	0.04	-	-	-	-	-
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	-	-	-	3.61	-	-	-	2.53

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in million)

Nature of Transaction	2021-2022				2020-2021			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Balances as at 31st March								
Investments								
Kanoria Africa Textiles PLC	1,444.17	-	-	-	814.54	-	-	-
APAG Holding AG	423.14	-	-	-	423.14	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	435.39	-	-	-	908.88	-	-	-
APAG Holding AG	437.93	-	-	-	447.71	-	-	-
Interest and fees Receivable								
Kanoria Africa Textiles PLC	58.69	-	-	-	149.92	-	-	-
APAG Holding AG	14.23	-	-	-	-	-	-	-
APAG Elektronik s.r.o.	1.13	-	-	-	1.52	-	-	-
Remuneration Payable								
Mr. S. V. Kanoria	-	3.66	-	-	-	-	-	-
Creditor								
KPL International Limited	-	-	0.73	-	-	-	0.57	-
Rent Receivable								
Fytomax Nutrition Pvt Ltd	-	-	0.00	-	-	-	-	-

46: Analytical Ratios

Ratios	Numerator	Denominator	2021-22	2020-21	% Variation
Current Ratio	Current Assets	Current Liabilities	1.44	1.25	16%
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.15	0.20	-25%
Debt Services Coverage Ratio	Earning available for Debt Service	Debt Service	3.78	1.42	166%
Return on Equity Ratio	Net profit after tax	Average Shareholder's Equity	3.99	(0.60)	769%
Inventory Turnover Ratio	Total Sales	Average Inventory	13.39	7.81	71%
Trade Receivables Turnover Ratio	Total Sales	Average Trade Receivable	6.51	5.30	23%
Trade Payables Turnover Ratio	Total Purchases	Average Trade Payable	6.64	4.19	59%
Net Capital Turnover Ratio	Total Sales	Working Capital	10.24	11.28	-9%
Net Profit Ratio	Net Profit	Total Income	3.79%	-0.93%	505%
Return on Capital Employed	Earning before Interest & Tax	Equity + Debt + Deferred Tax	6.25%	0.95%	557%
Return on Investments	Income from Investments	Average Investment	26.16%	-1.20%	2282%

Reasons for Variance in excess of 25%

- i. Debt Equity Ratio improved due to increased profitability and reduction in total debt.
- ii. Debt Service Coverage Ratio, Return on Equity Ratio, Net Profit Ratio and Return on Capital Employed improved due to increased profitability.
- iii. Inventory Turnover Ratio improved due to increased sales due to better off take for Company's products.
- iv. Trade Payable Turnover Ratio improved due to increased liquidity.
- v. Return on Investments improved primarily due to fair value gain on investments.

NOTES TO THE FINANCIAL STATEMENTS

47: The Company does not have any transactions with companies which are struck off except the following:

Name of the struck off company	Nature of transaction	As at 31 st March, 2022 (Amount in Rs.)	As at 31 st March, 2021 (Amount in Rs.)	Relationship with the struck off company
Nilgiri Investment Co. Pvt. Ltd.	Shares held by struck off company	3,390.00	3,390.00	Shareholder

48: The Company has filed quarterly statements with the banks against the sanctioned working capital facilities and a reconciliations of the same between books of accounts and statements submitted is as under:

Name of the struck off company	Quarter Ended	Particulars of security provided	Amount as per Books of Accounts	Amount as per Quarterly Statements (Rs. in million)	Differences (Rs. in million)	Reasons for material differences
Axis Bank, HDFC Bank and Yes Bank	June, 2021	Inventories and Debtors less Creditors	690.28	683.31	(6.97)	Inventory lying outside Company premises not considered in statement and certain liabilities not forming part of creditors for goods.
	September, 2021	Inventories and Debtors less Creditors	789.71	903.79	114.08	Primarily inclusion of certain liabilities not forming part of creditors for goods.
	December, 2021	Inventories and Debtors less Creditors	783.07	940.68	157.61	
	March, 2022	Inventories and Debtors less Creditors	739.05	850.17	111.12	

49: None of the Loans or Advances in the nature of loans as at 31st March, 2022 and as at 31st March, 2021 are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are: (a) repayable on demand or (b) without specifying any terms or period of repayment.

50: The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

51: No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

52: All the Registration of Charges or Satisfaction of Charges with the Registrar of Companies are completed within the statutory period.

53: The company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017.

54: The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

55: The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

56: The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year ended 31st March, 2022 and 31st March, 2021 in the tax assessments under the Income Tax Act, 1961.

57: The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

58: The company has not been declared wilful defaulter by any bank or financial Institution or other lender.

59: Figures for the previous year have been regrouped/rearranged, wherever found necessary.

Signature to Note 1 to 59

As per our report of even date annexed

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

AJAY KUMAR
Partner
Membership No. 068756

Place: New Delhi
Date: 26th May, 2022

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary
(FCS: 3522)

INDEPENDENT AUDITOR'S REPORT

To the Members of

KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of **M/S. KANORIA CHEMICALS & INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as 'the Group') comprising of the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022 and their consolidated profit (including other comprehensive income), their consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw our attention to Note 38 of the consolidated financial statements, regarding revenue recognition for sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the current year is Rs. 21.8 million (Previous Year Rs. 23 million) and the corresponding to date receivables amounting to Rs. 66 million have been included in Trade Receivables. The Company is confident of recovery of the same in due course.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

The Holding Company's Board of Directors is responsible for preparation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued there under. The respective Board of Directors / Management of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of

INDEPENDENT AUDITOR'S REPORT

preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group is also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

OTHER MATTERS

We did not audit the consolidated financial statements of APAG Holding AG and Kanoria Africa Textiles PLC, the foreign subsidiaries of Holding Company whose financial statements and other financial information reflect total assets of Rs 7,540 million as at March 31, 2022, and total revenues of Rs. 7,200 million, total net loss after tax Rs. (227) million, total comprehensive income of Rs. (227) million for the year ended on that date and net cash outflows of Rs. 157 million for the year ended March 31, 2022, as considered in the Statement which have been audited by their respective independent auditors.

The independent auditor's report on the financial statements of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

Both the subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside

INDEPENDENT AUDITOR'S REPORT

India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our report on the consolidated financial statement is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with complies (Indian accounting standards) Rules, 2015, as amended from time to time.
 - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group 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 the consolidated financial statement of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure 'A'.
 - g. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group – Refer Note 33 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India except for Rs 1.43 million which is held in abeyance due to pending legal cases.
 - iv. (a) The Holding Company's management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or behalf of the Company (Ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries (Refer Note 52 to the consolidated financial statements).
 - (b) The Holding Company's management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, during the year no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 53 to the consolidated financial statements).
 - (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to our attention that cause us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under paragraph (h) (iv) (a) & (b) above, contain any material mis-statement.
- v. As stated in note 34 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

(AJAY KUMAR)
Partner
Membership No. 068756
UDIN: 22068756AJRMAP7095

Place: New Delhi
Dated: 26th day of May, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls with reference to the consolidated financial statement of **M/S. KANORIA CHEMICALS & INDUSTRIES LIMITED** ("the Holding Company") as of and for the year ended March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Group.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

The Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to the consolidated financial statement criteria established by the covered entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to covered entities' policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statement of the holding company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statement was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

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

OPINION

In our opinion, the holding company has in all material respects, an adequate internal financial controls with reference to the consolidated financial statement and such internal financial controls with reference to the consolidated financial statement were operating effectively as at March 31, 2022, based on the internal control with reference to the consolidated financial statement criteria established by the covered entities considering the essential components of internal control stated in the Guidance Note.

OTHER MATTER

The subsidiaries of the Holding company are incorporated outside India, accordingly the provisions of section 143(3) are not applicable to them.

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

(AJAY KUMAR)
Partner
Membership No. 068756
UDIN: 22068756AJRMAP7095

Place: New Delhi
Dated: 26th day of May, 2022

CONSOLIDATED BALANCE SHEET

As at 31st March 2022

(Rs. in million)

Particulars	Notes	As at 31 st March 2022	As at 31 st March 2021
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	8,254.88	8,258.88
(b) Capital Work-in-Progress	5C	102.92	133.24
(c) Goodwill on Consolidation	5B	346.22	343.26
(d) Other Intangible Assets	5B	32.32	38.18
(e) Intangible Assets Under Development	5D	0.94	3.86
(f) Financial Assets			
(i) Investments	6A	153.21	188.05
(ii) Loans	7	1.53	1.60
(iii) Others	8	30.83	28.44
(g) Other Non-Current Assets	9	45.24	31.05
Total Non-Current Assets		8,968.09	9,026.56
Current Assets			
(a) Inventories	10	2,538.14	1,667.16
(b) Financial Assets			
(i) Investments	6B	70.02	6.48
(ii) Trade Receivables	11	1,732.24	2,031.96
(iii) Cash and Cash Equivalents	12A	188.77	319.57
(iv) Bank Balances other than (iii) above	12B	60.33	26.97
(v) Loans	7	2.69	2.29
(vi) Others	8	18.03	18.57
(c) Current Tax Assets (Net)	13	107.53	174.95
(d) Other Current Assets	9	322.58	344.44
(e) Assets held for Sale	14	20.88	-
Total Current Assets		5,061.21	4,592.39
Total Assets		14,029.30	13,618.95
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	15	218.49	218.49
Other Equity	16	5,764.70	5,654.05
Equity attributable to equity holders of the parent		5,983.19	5,872.54
Non-Controlling Interest		36.30	81.43
Total Equity		6,019.49	5,953.97
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	3,429.86	3,451.14
(iia) Lease Liability	18	20.98	25.93
(ii) Other Financial Liabilities	19	33.98	30.09
(b) Provisions	20	85.55	80.98
(c) Deferred Tax Liabilities (Net)	21	349.35	324.01
Total Non-Current Liabilities		3,919.72	3,912.15
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	1,294.37	1,448.40
(iia) Lease Liability	18	2.49	3.06
(ii) Trade Payables	22		
Total outstanding dues of Micro and Small Enterprises		41.47	18.41
Total outstanding dues of Others		2,054.97	1,504.11
(iii) Other Financial Liabilities	19	389.87	445.38
(b) Other Current Liabilities	23	246.62	282.89
(c) Provisions	20	60.30	50.58
Total Current Liabilities		4,090.09	3,752.83
Total Liabilities		8,009.81	7,664.98
Total Equity and Liabilities		14,029.30	13,618.95
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed
For J K V S & CO

Chartered Accountants
Firm Registration No.318086E

AJAY KUMAR
Partner
Membership No. 068756

Place: New Delhi
Date: 26th May, 2022

For and on behalf of the Board

SIDHARTH K. BIRLA
Director

(DIN:00004213)

N. K. NOLKHA
Group Chief Financial Officer

R. V. KANORIA
Managing Director

(DIN:00003792)

N. K. SETHIA
Company Secretary
(FCS: 3522)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2022

(Rs. in million)

Particulars	Notes	For the year ended 31 st March 2022	For the year ended 31 st March 2021
INCOME			
Revenue from Operations	24	13,691.16	10,948.55
Other Income	25	288.65	119.43
Total Income		13,979.81	11,067.98
EXPENSES			
Cost of Materials Consumed		9,799.18	7,106.15
Change in Inventories of Finished Goods and Work-in-Progress	26	(278.47)	148.25
Employee Benefit Expenses	27	1,965.93	1,607.86
Other Expenses	28	1,522.99	1,149.96
Expenses		13,009.63	10,012.22
Profit before Finance Costs, Depreciation & Amortisation, Exceptional Items and Tax		970.18	1,055.76
Finance Costs	29	266.88	323.29
Depreciation and Amortisation Expenses	5A, 5B	571.96	580.38
Profit before Exceptional Items and Tax		131.34	152.09
Exceptional Items	30	-	37.85
Profit before Tax		131.34	114.24
Tax Expenses:			
Current Tax		80.31	1.84
Deferred Tax		28.70	(47.08)
Tax for earlier years		-	(0.41)
Profit for the year		22.33	159.89
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	31A	0.81	8.43
(ii) Income-tax relating to items that will not be reclassified to Profit & Loss		(0.03)	(1.94)
B (i) Items that will be reclassified to Profit or Loss	31B	-	-
(ii) Income-tax relating to items that will be reclassified to Profit & Loss		-	-
Other Comprehensive Income for the Year (net of tax)		0.78	6.49
Total Comprehensive Income for the Year		23.11	166.38
Profit/(Loss) attributable to			
Owners of the Company		68.26	145.23
Non-Controlling Interest		(45.93)	14.66
Other Comprehensive Income attributable to			
Owners of the Company		0.78	6.49
Non-Controlling Interest		-	-
Total Comprehensive Income attributable to			
Owners of the Company		69.04	151.72
Non-Controlling Interest		(45.93)	14.66
Earning per Share (INR) - Basic & Diluted	32	1.56	3.32
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

AJAY KUMAR
Partner
Membership No. 068756

Place: New Delhi
Date: 26th May, 2022

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary
(FCS: 3522)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2022

(Rs. in million)

(A) Equity Share Capital						
	Year ended 31 st March 2022			Year ended 31 st March 2021		
	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period
Equity Share Capital	218.47	-	218.47	218.47	-	218.47
Add: Forfeited Shares (amount paid up)	0.02	-	0.02	0.02	-	0.02
Total	218.49	-	218.49	218.49	-	218.49

(B) Other Equity										
	Attributable to the equity holders of the parent									
	Reserves and Surplus				Items of Other Comprehensive Income		Foreign Currency Translation Reserve	Total	Non Controlling Interest	Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	Equity Instruments	Debt Instruments				
As at 31st March 2020	34.17	625.59	72.69	4,824.33	4.04	(1.35)	(92.81)	5,466.66	119.93	5,586.59
Profit for the year				145.23				145.23	14.66	159.89
Other Comprehensive Income				3.00	3.49	-		6.49		6.49
Total Comprehensive Income	34.17	625.59	72.69	4,972.56	7.53	(1.35)	(92.81)	5,618.38	134.59	5,752.97
Foreign Currency translation adjustment		(4.63)		56.74			(16.44)	35.67	(53.16)	(17.49)
As at 31st March 2021	34.17	620.96	72.69	5,029.30	7.53	(1.35)	(109.25)	5,654.05	81.43	5,735.48
Profit for the year				68.26				68.26	(45.93)	22.33
Other Comprehensive Income				0.88	(0.10)	-		0.78		0.78
Total Comprehensive Income	34.17	620.96	72.69	5,098.44	7.43	(1.35)	(109.25)	5,723.09	35.50	5,758.59
Foreign Currency translation adjustment		34.89		(57.27)			63.99	41.61	0.80	42.41
As at 31st March 2022	34.17	655.85	72.69	5,041.17	7.43	(1.35)	(45.26)	5,764.70	36.30	5,801.00

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

AJAY KUMAR
Partner
Membership No. 068756

Place: New Delhi
Date: 26th May, 2022

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary
(FCS: 3522)

STATEMENT OF CONSOLIDATED CASH FLOW

For the year ended 31st March 2022

(Rs. in million)

Particulars	Notes	For the year ended 31 st March 2022	For the year ended 31 st March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Exceptional Items and Tax		131.34	152.09
Adjustments for:			
Unrealised Debts & Claims Written Off		16.74	2.52
Provision for Bad & Doubtful Debts & Advances (Net)		16.89	(1.12)
Finance Costs		266.88	323.29
Depreciation & Amortization		571.96	580.38
(Profit)/Loss on Sale of Fixed Assets (Net)		(7.87)	1.85
(Gain)/Loss on Sale/Written off of Investments as FVTPL/FVTOCI (Net)		(1.19)	22.90
Interest Income		(3.96)	(14.11)
Fair Value (Gain)/Loss on Financial Instruments as FVTPL (Net)		(45.12)	17.63
Dividend Income		(0.18)	(0.31)
Liabilities Written Back		(5.33)	(2.16)
Unrealised Foreign Exchange (Gain) (Net)		(105.73)	(62.48)
Operating Profit before Working Capital changes		834.43	1,020.48
Adjustments for:			
(Increase)/ Decrease in Trade and other Receivables (Net)		287.11	(562.18)
Inventories		(870.98)	146.00
Increase/ (Decrease) in Trade and other Payables (Net)		593.08	218.74
Cash generated from Operations		843.64	823.04
Income Tax (Paid)/Refund (net)		(12.88)	1.56
Net Cash used in/from Operating Activities		830.76	824.60
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(428.57)	(276.45)
Sale of Fixed Assets		8.41	41.21
Purchase of Investments		(0.28)	(5.12)
Sale of Investments		17.79	29.22
Bank Deposits including held as Margin Money (net)		(33.89)	77.36
Interest Received		5.28	15.32
Dividend Received		0.18	0.31
Net Cash used in/from Investing activities		(431.08)	(118.15)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/Payments of Borrowings (Net)		(300.31)	(494.51)
Finance Costs Paid		(230.17)	(254.58)
Net Cash used in/from Operating Activities		(530.48)	(749.09)
Net Increase/(Decrease) in Cash and Cash Equivalents		(130.80)	(42.64)
Cash and Cash Equivalents at the beginning of the year		319.57	362.21
Cash and Cash Equivalents at the end of the year (Note 12A)		188.77	319.57

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

As per our report of even date annexed

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

AJAY KUMAR
Partner
Membership No. 068756

Place: New Delhi
Date: 26th May, 2022

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary
(FCS: 3522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1: Corporate Information

Kanoria Chemicals & Industries Limited (the Company or Parent Company) having its registered office at 'KCI Plaza', 23C Ashutosh Chowdhury Avenue, Kolkata – 700 019, India is a Public Limited Company incorporated and domiciled in India. The Equity Shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. The Consolidated Financial Statements (CFS) comprise financial statements of Kanoria Chemicals & Industries Ltd. and its subsidiaries (collectively the Group) as at and for the year ended 31 March 2022. The Group is primarily engaged in manufacture of Industrial Chemicals, Electronic Automotive and Textiles.

2: Basis of Preparation

A. Statement of Compliance

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

These Consolidated financial Statements have been approved for issue by the Board of Directors on 26th May 2022.

B. Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:

- I. The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- II. Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- III. In case of foreign subsidiaries, revenue items are consolidated at the average monthly rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- IV. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- V. Non Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- VI. Non Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

C. Functional and presentation currency

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

D. Historical cost convention

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

E. Fair value measurement

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

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

- i. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Consolidated financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation, based on the lowest level input that is significant to the fair value measurement, at the end of each reporting period.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

F. Current versus non-current classification

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G. Use of estimates and judgements

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

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

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

3: Significant Accounting Policy

A. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of each Company in the Group, at the exchange rates on the date the transaction first qualifies for recognition.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Consolidated Statement of Profit and Loss are also recognised in OCI or Consolidated Statement of Profit and Loss, respectively.

B. Property, Plant & Equipment

I. Recognition & Measurement

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

II. Depreciation methods, estimated useful lives and residual value

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act and/or based on the local requirements in respect of foreign subsidiaries.

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

Freehold land is not depreciated.

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

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

C. Intangible Assets

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

Internally generated development expenditure is capitalised as part of the cost of the resulting intangible assets only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in the Consolidated Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill is not amortised and is tested for impairment annually.

The Group amortises intangible assets with a finite useful life using the straight line method over the following periods:

Computer Softwares	3 years
Product Development	5 years

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

D. Leases

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

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

The Group determines the lease term as non-cancellable period of a lease, together with both the periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to terminate a lease, it considers all relevant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease.

Leasehold land having perpetual rights are included in Property, plant and equipment.

E. Assets Held for Sale

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

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

F. Financial Instruments

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

I. Financial Assets

Initial recognition and measurement:

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

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

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

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

Subsequent measurement:

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

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

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

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

i. Financial assets measured at amortized cost:

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

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

This category applies to certain investment in debt instruments, cash and bank balances, trade receivables, loans and other financial assets of the

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Group. Such financial assets are subsequently measured at amortized cost using the effective interest method.

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

ii. Financial assets measured at FVTOCI:

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

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

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

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

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

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

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in subsidiary companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Consolidated Statement of Profit and Loss.

Derecognition:

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

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

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

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

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Impairment of financial assets:

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

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

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

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

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

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

II. Financial Liabilities

Initial recognition and measurement:

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

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

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

Subsequent measurement:

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

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Consolidated Statement of Profit and Loss.

III. Derivative Financial Instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G. Impairment

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

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

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

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

H. Inventories

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

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition. Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on FIFO/weighted average method, as appropriate.

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

I. Income Tax

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

I. Current Tax

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

II. Deferred Tax

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

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

Deferred Tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax

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laws that have been enacted or substantively enacted by the reporting date.

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

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

J. Revenue Recognition

I. Revenue from Contract with Customer:

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

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

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

Sale of Services: Revenue from sale of services is recognized when the Group has an enforceable right to receive payment for services rendered. The impact of the adoption of the accounting policy as per this standard on the financial statements of the Group is insignificant.

II. Renewable Energy Certificates (RECs)

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

III. Interest Income

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

IV. Dividend

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

K. Employee Benefits

I. Short-term employee benefits

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

II. Defined contribution plan

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

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III. Defined benefit plan

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

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

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

IV. Other long term employee benefits

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

L. Borrowing Costs

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

M. Exceptional items

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

N. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

O. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short term deposits with remaining maturity of 12 months or less, which are subject to an insignificant risk of change in value.

P. Cash dividend to Equity shareholders

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Q. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

R. Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the Consolidated financial Statements. Contingent assets are not recognised in the Consolidated financial Statements.

S. Segment Reporting

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

T. Events after Reporting date

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

U. Recent applicable Accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards / amendments under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

- I. Ind AS 16: Property, plant and equipment – The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2022.
- II. Ind AS 37 : Provisions, contingent liabilities and contingent assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2022, although early adoption is permitted.
- III. Ind AS 103 : Business combinations – The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103.
- IV. Ind AS 109 : Financial instruments – The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The Group has evaluated the above amendments and there is no material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) *Equity Investments measured at FVTOCI*

The Group has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to PL.

(b) *Business Model for Investment of Debt Instruments*

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the group has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset. Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the group has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows. Such financial assets have been accordingly classified and measured at amortised cost.

(ii) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) *Defined Benefit Plans*

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

(b) *Fair Value measurement of Financial Instruments*

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Depreciation/Amortisation and Useful Lives of Property, Plant and Equipment/Intangible Assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

(d) Impairment of Financial Assets

The Group reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(e) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Group uses internal business plans, quoted market prices and the Group's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Group does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

(f) Taxes

The Group calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5A: Property Plant and Equipment

(Rs. in million)

	Gross Carrying Value					Depreciation					Net Carrying Value
	As at 01.04.21	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 31.03.22
Land & Site Development :											
Freehold *	833.07	-	3.35	15.50	820.92	-	-	-	-	-	820.92
Leasehold	1,105.19	-	10.02	-	1,115.21	90.86	15.20	0.85	-	106.91	1,008.30
Buildings *	2,487.77	63.69	61.18	10.04	2,602.60	392.56	85.18	9.28	4.14	482.88	2,119.72
Plant & Equipment	6,219.78	319.05	131.61	60.41	6,610.03	2,068.24	407.67	52.49	59.50	2,468.90	4,141.13
Furniture & Fixtures	92.17	8.94	1.74	0.36	102.49	44.97	8.70	1.02	0.17	54.52	47.97
Vehicles & Fork Lifts	115.85	10.69	2.64	12.14	117.04	54.26	18.83	1.38	6.30	68.17	48.87
Office Equipment	176.61	28.74	5.77	1.77	209.35	120.67	17.98	4.38	1.65	141.38	67.97
Total	11,030.44	431.11	216.31	100.22	11,577.64	2,771.56	553.56	69.40	71.76	3,322.76	8,254.88

* Freehold Land of Rs. 15.50 million and Building of Rs. 5.38 million are classified as assets held for sale.

	Gross Carrying Value					Depreciation					Net Carrying Value
	As at 01.04.20	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.21	As at 01.04.20	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.21	As at 31.03.21
Land & Site Development :											
Freehold	825.65	1.97	5.45	-	833.07	-	-	-	-	-	833.07
Leasehold	1,113.06	-	(7.87)	-	1,105.19	76.21	15.19	(0.54)	-	90.86	1,014.33
Buildings	2,444.50	8.07	35.20	-	2,487.77	301.98	84.63	5.95	-	392.56	2,095.21
Plant & Equipment	6,014.92	206.85	45.34	47.33	6,219.78	1,640.25	404.19	36.81	13.01	2,068.24	4,151.54
Furniture & Fixtures	88.24	3.50	0.50	0.07	92.17	36.18	8.66	0.20	0.07	44.97	47.20
Vehicles & Fork Lifts	110.56	19.91	1.70	16.32	115.85	43.69	17.46	0.69	7.58	54.26	61.59
Office Equipment	157.44	14.64	4.93	0.40	176.61	102.59	16.56	1.92	0.40	120.67	55.94
Total	10,754.37	254.94	85.25	64.12	11,030.44	2,200.90	546.69	45.03	21.06	2,771.56	8,258.88

5B: Intangible Assets

	Gross Carrying Value					Amortisation					Net Carrying Value
	As at 01.04.21	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 01.04.21	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.22	As at 31.03.22
Goodwill	343.26	-	2.96	-	346.22	-	-	-	-	-	346.22
Computer Software	141.32	10.63	5.57	0.46	157.06	135.57	5.66	5.42	0.46	146.19	10.87
Product Development	445.11	-	26.98	-	472.09	412.68	12.74	25.22	-	450.64	21.45
Total	929.69	10.63	35.51	0.46	975.37	548.25	18.40	30.64	0.46	596.83	378.54

	Gross Carrying Value					Amortisation					Net Carrying Value
	As at 01.04.20	Additions	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.21	As at 01.04.20	For the Year	Foreign Currency Translation Adjustment	Disposal/Reclassification	As at 31.03.21	As at 31.03.21
Goodwill	343.65	-	(0.39)	-	343.26	-	-	-	-	-	343.26
Computer Software	131.44	3.03	6.85	-	141.32	120.98	8.12	6.47	-	135.57	5.75
Product Development	426.38	22.14	(3.41)	-	445.11	391.12	25.57	(4.01)	-	412.68	32.43
Total	901.47	25.17	3.05	-	929.69	512.10	33.69	2.46	-	548.25	381.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5C: Capital Work-in-Progress Aging Schedule:

(Rs. in million)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.22	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.21
Project in Progress	102.92	-	-	-	102.92	58.82	32.75	41.67	-	133.24

Capital work-in-Progress whose completion is overdue or has exceeded its cost compared to its original plan:

	31 st March 2022 To be completed in				31 st March 2021 To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
Formaldehyde Plant	-	-	-	-	102.64	-	-	-

5D: Intangible Assets Under Development Aging Schedule:

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.22	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31.03.21
Project in Progress	0.94	-	-	-	0.94	3.86	-	-	-	3.86

The Group do not have any Intangible Assets under Development which is overdue or has exceeded its cost compared to its original plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6: Investments

(Rs. in million)

	31 st March 2022			31 st March 2021		
	Face Value (Rs.)	Nos.	Amount	Face Value (Rs.)	Nos.	Amount
(A) Non-Current Investments:						
Investments at Fair Value through OCI						
Equity Shares, Fully Paid (Quoted)						
IFCI Ltd.	10	200	0.00	10	200	0.00
HDFC Bank Ltd.	1	5,000	7.35	1	5,000	7.47
Bank of India.	10	9,000	0.41	10	9,000	0.61
NMDC Ltd.	1	8,000	1.30	1	8,000	1.09
Equity Shares, Fully Paid (Unquoted)						
Enviro Technology Ltd.	10	10,000	0.10	10	10,000	0.10
BEIL Infrastructure Ltd.	10	1,400	0.01	10	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.	50	5	0.00	50	5	0.00
Narmada Clean Tech	10	822,542	8.23	10	822,542	8.23
Woodlands Multispeciality Hospital Ltd.	10	2,180	0.02	10	2,180	0.02
Total Investments at Fair Value through OCI			17.42			17.53
Investments at Fair Value through PL						
Alternative Investment Funds (Unquoted)						
IIFL Income Opportunities Fund Series-Special Situations	-	-	-	5	9,313,812	43.85
IIFL Real Estate Fund (Domestic) Sr.2	-	-	-	7	5,365,000	29.03
IIFL Seed Venture Fund	7	2,411,693	82.88	8	2,411,693	55.37
ICICI Prudential Real Estate AIF-II	-	-	-	100	157,980	12.98
Chiratae Trust	100,000	200	52.91	100,000	197	29.29
Total Investments at Fair Value through PL			135.79			170.52
Total Non Current Investments (A)			153.21			188.05
(B) Current Investments:						
Investments at Fair Value through PL						
Alternative Investment Fund (Unquoted)						
IIFL Income Opportunities Fund Series-Special Situations	-	-	-	4	4,776,976	6.48
IIFL Real Estate Fund (Domestic) Sr.2	4	9,313,812	33.99	-	-	-
IIFL Real Estate Fund (Domestic) Sr.3	7	5,365,000	26.68	-	-	-
ICICI Prudential Real Estate AIF-II	100	144,418	9.35	-	-	-
Total Investments at Fair Value through PL			70.02			6.48
Total Current Investments (B)			70.02			6.48

	Non-Current	Current	Non-Current	Current
Aggregate book value of quoted investments	9.06	-	9.17	-
Aggregate market value of quoted investments	9.06	-	9.17	-
Aggregate value of unquoted investments	144.15	70.02	178.88	6.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7: Loans

(Rs. in million)

Particulars	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
(Unsecured considered good) Other Loans				
Loan to Employees	1.53	2.69	1.60	2.29
Total Loans	1.53	2.69	1.60	2.29

8: Other Financial Assets

(Unsecured considered good) Security Deposits	30.83	5.44	28.44	2.28
Export Benefits and Claims Receivable	-	12.03	-	14.41
Interest and Dividend Receivable	-	0.56	-	1.88
Total Other Financial Assets	30.83	18.03	28.44	18.57

9: Other Assets

(a) Capital Advances	28.41	-	7.70	-
(b) Advances other than Capital Advances				
(i) Other Advances	16.83	139.20	23.35	109.36
(ii) Balance with Government Authorities	-	183.38	-	235.08
Total Other Assets	45.24	322.58	31.05	344.44

10: Inventories

(At lower of cost and net realisable value) Raw Materials		1,530.21		979.21
Raw Materials in transit		102.60		88.13
Work-in-Progress		482.00		291.00
Finished Goods		280.81		188.49
Goods in Transit		5.95		2.89
Stores & Spare Parts		136.57		117.44
Total Inventories		2,538.14		1,667.16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11: Trade Receivables

(Rs. in million)

Particulars	31 st March 2022	31 st March 2021
Secured, considered good	2.37	2.37
Unsecured, considered good	1,729.87	2,029.59
With Significant Increase in Credit risk	9.25	3.15
Less: Allowance for Bad & Doubtful Debts	9.25	3.15
Total Trade Receivables	1,732.24	2,031.96

Trade Receivables Ageing Schedule

Particulars	Outstanding for following periods from due date of payment						31 st March 2022
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables-considered good	1,414.03	244.84	3.86	1.09	0.08	-	1,663.90
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	8.39	8.39
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	2.37	2.37
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.86	0.86
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	9.25	9.25
Unbilled Trade Receivable	65.97	-	-	-	-	-	65.97
Total	1,480.00	244.84	3.86	1.09	0.08	2.37	1,732.24

Particulars	Outstanding for following periods from due date of payment						31 st March 2021
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed Trade Receivables-considered good	1,695.94	274.37	7.84	1.32	4.94	0.01	1,984.42
ii. Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	1.96	1.96
iii. Undisputed Trade Receivables – credit impaired	-	-	-	-	-	2.37	2.37
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
v. Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	1.19	1.19
vi. Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for Bad & Doubtful Debts	-	-	-	-	-	3.15	3.15
Unbilled Trade Receivable	45.17	-	-	-	-	-	45.17
Total	1,741.11	274.37	7.84	1.32	4.94	2.38	2,031.96

12A: Cash and Cash Equivalent

Particulars	31 st March 2022	31 st March 2021
Balance with banks:		
On Current Accounts	181.23	318.11
Cheque/Drafts/Remittance in hand	6.35	-
Cash on hand	1.19	1.46
Total Cash and cash equivalent	188.77	319.57

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12B: Other Bank Balances

(Rs. in million)

Particulars	31 st March 2022	31 st March 2021
Earmarked balances with Banks (Unpaid Dividend Account)	4.44	4.96
Bank Deposits (held as security)	55.89	22.01
Total Other Bank Balances	60.33	26.97

13: Current Tax Assets

Particulars	31 st March 2022	31 st March 2021
Income Tax Payments (net of provision)	107.53	174.95
Total Current Tax Assets	107.53	174.95

14: Assets held for Sale

Particulars	31 st March 2022	31 st March 2021
Freehold Land	15.50	-
Building	5.38	-
Total Assets held for Sale	20.88	-

15: Equity Share Capital

Particulars	31 st March 2022		31 st March 2021	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised Share Capital Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid				
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02
Total		218.49		218.49

(c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

(d) Shares held by holding company

Particulars	31 st March 2022		31 st March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Vardhan Limited	26,190,872	130.95	26,190,872	130.95

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Details of shareholders holding more than 5% shares in the company

Name of the Shareholder	31 st March 2022		31 st March 2021	
	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,190,872	59.94	26,190,872	59.94
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

(f) Promoter's Shareholding

Name of the Promoters	Shares held by promoters as at 31 st March 2022		Shares held by promoters as at 31 st March 2021		Percentage of change during the year
	No. of Shares	% holding	No. of Shares	% holding	
Vardhan Limited	26,190,872	59.94	26,190,872	59.94	-
Rajya Vardhan Kanoria	461,481	1.06	461,481	1.06	-
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35	-
Kirtivardhan Finvest Services Ltd.	1,154,907	2.64	1,154,907	2.64	-
Madhuvanti Kanoria	498,321	1.14	498,321	1.14	-
Sheela Devi Kanoria	12,144	0.03	12,144	0.03	-
Saumya Vardhan Kanoria	556,440	1.27	556,440	1.27	-
Anand Vardhan Kanoria	434,739	0.99	434,739	0.99	-
Total	32,519,024	74.43	32,519,024	74.43	-

(g) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

(h) The company has not issued any shares for consideration other than cash nor issued any bonus shares nor have brought back any shares during the period of five years immediately preceding the current financial year.

(i) None of the securities are convertible into shares at the end of the reporting period.

(j) No calls are unpaid including that by any Director or Officer of the Company.

16: Other Equity

(Rs. in million)

	31 st March 2022		31 st March 2021	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium				
As per last Balance Sheet	620.96		625.59	
Add : Foreign Currency Translation adjustment	34.89	655.85	(4.63)	620.96
Retained Earnings				
As per last Balance Sheet	5,029.30		4,824.33	
Add : Profit/(Loss) for the year	68.26		145.23	
Add : Actuarial gain/(loss) on defined benefit plan (Net)	0.88		3.00	
Add : Foreign Currency Translation adjustment	(57.27)	5,041.17	56.74	5,029.30
Foreign Currency Translation Reserve				
As per last Balance Sheet	(109.25)		(92.81)	
Add : Foreign Currency Translation adjustment	63.99	(45.26)	(16.44)	(109.25)
Other Comprehensive Income (OCI)				
As per last Balance Sheet	6.18		2.69	
Add : Movement in OCI (Net) during the year	(0.10)	6.08	3.49	6.18
Total Other Equity		5,764.70		5,654.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17: Borrowings

(Rs. in million)

Particulars	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans				
From Banks/Financial Institution ¹	2,424.07		2,482.51	
Current maturities of Long term debts		356.90		264.88
Short Term Loan				
From Banks ²		266.26		311.76
Loans Repayable on Demand				
From Banks ²		671.21		721.76
Unsecured				
Term Loans				
From Banks	741.60	-	735.83	-
From Government	154.71	-	121.10	-
From Body Corporate	109.48	-	111.70	-
Short Term Loans				
From Bodies Corporate	-	-	-	150.00
Total Borrowings	3,429.86	1,294.37	3,451.14	1,448.40

¹ Term Loan of Rs. 627.48 million secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Naidupet & Vizag Division, of Rs. 42.54 million secured by second charge on Current Assets of the Company and movable fixed assets of Ankleshwar Division, of Rs. 33.70 million secured by second charge on entire fixed assets of the Naidupeta and Vizag Division, of Rs. 1530.06 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, of Rs. 185.84 million secured by Land & Building of APAG Elektronik s.r.o., Czech Republic and Rs. 361.35 million secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic

² Loan of Rs. 266.26 million secured by hypothecation of Current Assets of the Company and movable fixed assets of Ankleshwar Division, of Rs. 122.69 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, Ethiopia and Loan of Rs. 548.52 million secured by Inventories and Trade Receivables of APAG Elektronik s.r.o., Czech Republic

18: Lease Liability

Particulars	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
Leasehold Land Obligations Payable	20.98	2.49	25.93	3.06

19: Other Financial Liabilities

Particulars	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
Interest Accrued	-	15.26	-	107.41
Security Deposit	-	6.43	-	6.77
Liabilities for Capital Goods	-	25.14	-	24.51
Unpaid Dividend ¹	-	4.44	-	4.96
Employee related liabilities	-	100.37	-	99.36
Deferred Grant	33.98	5.73	30.09	4.35
Other liabilities	-	232.50	-	198.02
Total Other Financial Liabilities	33.98	389.87	30.09	445.38

¹ These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.43 million (previous year Rs. 1.31 million) which is held in abeyance due to legal case pending.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20: Provisions

(Rs. in million)

	31 st March 2022		31 st March 2021	
	Non-Current	Current	Non-Current	Current
Provision for Gratuity	85.55	14.93	80.98	12.57
Provision for Accrued Leave	-	45.37	-	38.01
Total Provisions	85.55	60.30	80.98	50.58

21: Deferred Tax Liabilities (Net)

The major components of deferred tax liabilities/assets arising on account of timing differences (net of foreign exchange fluctuation) are as follows:

	1 st April 2021	Profit & Loss (Net)	OCI (Net)	31 st March 2022
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	713.88	36.11	-	749.99
Fair Value of Investments	1.01	14.00	(0.00)	15.01
Deferred Tax Assets				
MAT Credit Entitlement	172.35	8.21	-	180.56
Unabsorbed Business Losses/Depreciation	178.48	12.35	-	190.83
Expenses relating to Retirement Benefits	39.10	4.89	(0.03)	43.96
Others	0.95	(0.65)	-	0.30
Net Deferred Tax Liabilities	324.01	25.31	0.03	349.35

Deferred Tax Expenses includes an amount of Rs. 28.38 million pertaining to earlier years provided on account of increase in applicable surcharge from 7% to 12% consequent to increase in Taxable Income of the Company beyond Rs. 100 million.

	1 st April 2020	Profit & Loss (Net)	OCI (Net)	31 st March 2021
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	722.66	(8.78)	-	713.88
Fair Value of Investments	2.27	(1.70)	0.44	1.01
Deferred Tax Assets				
MAT Credit Entitlement	172.35	-	-	172.35
Unabsorbed Business Losses/Depreciation/Capital Loss	139.36	39.12	-	178.48
Expenses relating to Retirement Benefits	37.45	3.15	(1.50)	39.10
MTM Adjustment on Forward Contracts	1.02	(1.02)	-	-
Others	1.43	(0.48)	-	0.95
Net Deferred Tax Liabilities	373.32	(51.25)	1.94	324.01

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22: Trade Payable

(Rs. in million)

	31 st March 2022	31 st March 2021
Trade Payable		
Total outstanding dues of Micro and small enterprises	41.47	18.41
Total outstanding dues of creditors other than Micro and small enterprises	2,054.97	1,504.11
Total Trade Payables	2,096.44	1,522.52
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.		
i. Principal	41.47	18.41
ii. Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Trade Payable Ageing Schedule

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2022
i. MSME	41.47	-	-	-	-	41.47
ii. Others	1,524.83	529.75	0.09	0.16	0.14	2,054.97
iii. Disputed dues-MSME	-	-	-	-	-	-
iv. Disputed dues-Others	-	-	-	-	-	-
Total	1,566.30	529.75	0.09	0.16	0.14	2,096.44

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	31 st March 2021
i. MSME	18.41	-	-	-	-	18.41
ii. Others	1,311.40	191.78	0.55	0.23	0.15	1,504.11
iii. Disputed dues-MSME	-	-	-	-	-	-
iv. Disputed dues-Others	-	-	-	-	-	-
Total	1,329.81	191.78	0.55	0.23	0.15	1,522.52

23: Other Current Liabilities

	31 st March 2022	31 st March 2021
Statutory Liabilities	153.58	239.86
Customers' Credit Balances	93.04	43.03
Total Other Current Liabilities	246.62	282.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24: Revenue from Operations

(Rs. in million)

	31 st March 2022	31 st March 2021
(a) Sale of Products		
Manufactured products		
Alco Chemicals	6,418.98	3,826.28
Solar Power (refer note 38)	22.35	23.00
Electronic Automotive	5,766.60	5,482.24
Textile	1,267.86	1,364.05
	13,475.79	10,695.57
(b) Sale of Services	127.86	195.09
Total Sale	13,603.65	10,890.66
(c) Other Operating Revenues		
Miscellaneous Sales	77.23	42.13
Insurance and other claims	0.27	1.24
Export benefits	0.84	1.69
Others	9.17	12.83
Total Other Operating Revenues	87.51	57.89
Total Revenue from Operations	13,691.16	10,948.55

25: Other Income

	31 st March 2022	31 st March 2021
Interest Income		
On Investments	0.26	3.77
From Others	3.70	10.35
Dividend Income	0.18	0.31
Gain/(Loss) on Sale/Written off of Investments classified as FVTPL (Net)	1.19	(22.90)
Fair value gain on Financial Instruments classified as FVTPL (Net)	45.12	(17.63)
Profit/(Loss) on Fixed Assets sold/discarded (Net)	7.87	-
Rent Income	1.09	1.63
Foreign Exchange Rate Fluctuation (Net)	212.60	111.38
Liabilities Written Back	5.33	2.16
Other non operating income	11.31	30.36
Total Other Income	288.65	119.43

26: Change in Inventories of Finished Goods and Work-in-Progress

	31 st March 2022	31 st March 2021
Opening Stock		
Finished Goods	191.38	467.45
Work-In-Process	291.00	191.61
	482.38	659.06
Closing Stock		
Finished Goods	286.76	191.38
Work-In-Process	482.00	291.00
	768.76	482.38
Change in Inventories		
Finished Goods	(95.38)	276.07
Work-In-Process	(191.00)	(99.39)
Foreign Currency Translation adjustment	7.91	(28.43)
Total Change in Inventories of Finished Goods and Work-in-Progress	(278.47)	148.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27: Employee Benefits Expense

(Rs. in million)

	31 st March 2022	31 st March 2021
"Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	1,658.78	1,343.16
Contribution to Provident Fund etc.	232.24	202.36
Staff Welfare Expenses	74.91	62.34
Total Employee Benefits Expense	1,965.93	1,607.86

28: Other Expenses

	31 st March 2022	31 st March 2021
Consumption of Stores & Spare parts etc.	239.68	198.94
Other Manufacturing Expenses	71.02	52.19
Power & Fuel	428.96	315.11
Repairs to -		
Plant & Machinery	100.70	82.28
Buildings	5.40	3.16
Others	24.28	22.55
Water Charges & Cess	39.59	27.21
Rates & Taxes	10.19	10.84
Rent	53.22	53.97
Insurance	46.58	36.42
Legal and Professional Charges	102.60	91.36
Miscellaneous Expenses	189.68	140.34
CSR Expenditure	0.21	0.42
Commission & Brokerage to Others	23.68	23.73
Freight, Handling & Other Charges	120.96	69.71
Directors' Fees	2.35	1.76
Travelling Expenses	21.46	9.26
Charity & Donations	0.92	0.03
Provision for bad & doubtful Debts & Advances (net)	16.89	(1.12)
Unrealized Debts and Claims written off	16.74	2.52
Payment to Auditors	7.88	7.43
Loss on Fixed Assets sold/discarded (Net)	-	1.85
Total Other Expenses	1,522.99	1,149.96

Additional Information regarding Payment to Auditors

	31 st March 2022	31 st March 2021
(a) Statutory Auditors		
Audit Fees	6.36	5.92
For Certificates & Others	1.33	1.33
For Travelling and out of pocket expenses	0.03	0.03
(b) Cost Auditors		
Audit Fees	0.16	0.15
Total payment to Auditors	7.88	7.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29: Finance Costs

(Rs. in million)

	31 st March 2022	31 st March 2021
Interest Expense	198.58	296.70
Exchange difference regarded as an adjustment to borrowing cost	14.99	4.26
Bank/Finance charges	53.31	22.33
Total Finance Costs	266.88	323.29

30: Exceptional Items

	31 st March 2022	31 st March 2021
i) Demand for escalation in Operation & Maintenance charges pertaining to the financial years 2013-14 to 2019-20, raised by the concerned service provider of Jawahar Lal Nehru Pharma City, Visakhapatnam.	-	29.95
ii) Write down in the value of Renewable Energy Certificates on reduction in floor price as notified by the Central Electricity Regulatory Commission	-	7.90
Total Exceptional Items	-	37.85

31: Other Comprehensive Income (OCI)

	31 st March 2022	31 st March 2021
A. Items that will not be reclassified to Profit or Loss (PL) -		
1. Actuarial gain/(loss) on Defined Benefit Obligations	0.91	4.51
Deferred Tax	(0.03)	(1.50)
2. Net gain/(loss) on FVTOCI Equity securities	(0.10)	3.92
Deferred Tax	0.00	(0.44)
Net OCI not to be reclassified to PL	0.78	6.49
B. Items that will be reclassified to Profit or Loss (PL) -		
(Gain)/loss transferred to PL upon Recycling of FVTOCI Debt Instruments	-	-
Deferred Tax	-	-
Net OCI to be reclassified to PL	-	-
Other Comprehensive Income for the year, net of tax	0.78	6.49

32: Earning per Share (EPS)

	31 st March 2022	31 st March 2021
Details for calculation of basic and diluted earning per share:		
Profit after tax as per Statement of Profit and Loss	68.26	145.23
Weighted average number of equity share (Numbers)	43,693,333	43,693,333
Basic and diluted earning per share (Rs.)	1.56	3.32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33: Commitments and Contingencies

(Rs. in million)

	31 st March 2022	31 st March 2021
(i) Contingent Liabilities		
(a) Claims/Disputed Liabilities not acknowledged as Debt		
Excise Duty Demands	-	3.09
Sales Tax Demands (paid Rs. 0.43 million)	0.43	0.43
Income Tax Demands (paid Rs. 12.63 million)	69.20	112.11
Other Claims being disputed by the Company (paid Rs. 1.50 million)	5.56	5.56
(b) Outstanding Bank Guarantees	44.00	50.27
(c) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019 set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and further clarification in the matter to assess any potential impact on the Company and consequently no adjustments have been made in the books of account.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	95.95	5.74
Advances paid	28.41	0.75
(b) Uncalled Liability on Investments	-	0.28

34: Distribution Proposed

	31 st March 2022	31 st March 2021
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31 March 2022: Rs. 1.00 per share		
(31 March 2021: NIL)	43.69	-

35: Details of pre-operative expenses capitalised

	31 st March 2022	31 st March 2021
Employee Benefit Expenses	0.35	-
Other Expenses	0.23	-
	0.58	-

36: Export Import Bank of India (Exim Bank) has approved and implemented a resolution plan for restructuring of loan granted to Kanoria Africa Textiles Plc, Ethiopia (KAT), a subsidiary of the Company, in May 2021. As per the terms of the resolution plan, the Company's Loan of Rs. 629.62 million to the said subsidiary has been converted into Equity Shares of KAT and balance loan including interest receivable aggregating Rs. 398.52 million has been subordinated which together with interest is receivable after the Exim Bank's loan is fully repaid in September, 2028, unless prepaid earlier/approved otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37: Segment Information

For management purposes, the Group is organised into business units based on its products and services and has following reportable segments:

- I. Alco Chemicals
- II. Solar Power
- III. Electronic Automotive
- IV. Textile

(Rs. in million)

Business Segment	Year ended 31 st March 2022					Year ended 31 st March 2021				
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Total	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Total
Segment Revenue										
Revenue from operations	6,468.97	22.35	5,917.74	1,282.10	13,691.16	3,856.49	23.00	5,693.69	1,375.38	10,948.56
Segment Result	527.90	(27.47)	(204.76)	110.60	406.27	180.81	(24.86)	100.83	262.28	519.06
Less: (i) Finance Costs					266.88					323.29
(ii) Exceptional items					-					37.85
(iii) Other Un-allocable expenditure net off Un-allocable income					8.05					43.68
Profit/(Loss) before Tax					131.34					114.24
Tax Expense					109.01					(45.65)
Net Profit/(Loss):					22.33					159.89
Segment Assets	5,403.55	189.77	4,130.76	3,409.13	13,133.21	5,106.56	204.34	3,983.46	3,397.46	12,691.82
Un-allocable Corporate Assets					896.09					927.13
Total Assets:					14,029.30					13,618.95
Segment Liabilities	1,045.75	6.44	1,394.16	239.61	2,685.96	786.51	11.35	1,211.74	244.33	2,253.93
Un-allocable Corporate Liabilities					5,323.85					5,411.05
Total Liabilities:					8,009.81					7,664.98
Other Disclosures										
Capital Expenditure	102.35	0.06	291.56	7.65	401.62	65.41	-	195.10	4.54	265.05
Un-allocable Capital Expenditure					6.88					0.22
Total Capital Expenditure:					408.50					265.27
Depreciation & Amortization	166.46	35.17	254.26	106.52	562.41	175.68	35.17	252.63	106.36	569.84
Un-allocable Depreciation					9.55					10.54
Total Depreciation & Amortization:					571.96					580.38

(B) Secondary Segment information

Geographical Segment == =>	Year ended 31 st March 2022			Year ended 31 st March 2021		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	6,403.60	7,287.56	13,691.16	3,811.28	7,137.28	10,948.56
Segment Assets	6,413.17	7,616.13	14,029.30	6,221.97	7,396.98	13,618.95
Segment Liabilities	6,289.14	1,720.67	8,009.81	6,157.40	1,507.58	7,664.98
Capital Expenditure	109.29	299.21	408.50	65.63	199.64	265.27

(C) Other Disclosures

Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company and its subsidiaries.

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde & Hexamine etc., Solar Power business includes Power generation from Solar energy, Textile business includes yarn & denim manufacturing, Electronic Automotive business includes electronic & mechatronic modules etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38: The Group, since April 2019, is recognising revenue from sale of Solar Power supplied to Discom based on the tariff declared by the Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 pending execution of Power Purchase Agreement, the execution of which is sub-judice. The unbilled revenue towards this for the year is Rs. 21.82 million and Rs. 23 million for the previous year and the corresponding receivables have been included in Trade Receivables.

39: Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

A. Defined Benefit Plan

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise. Subsidiaries are not having defined benefit plan scheme for its employees.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans as relates to parent only.

(Rs. in million)

Particulars	31 st March 2022	31 st March 2021
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	93.55	90.46
- Current Service Cost	6.59	5.83
- Interest Expense or Cost	6.31	6.06
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	(0.01)
change in financial assumptions	(2.80)	(0.26)
experience variance	1.89	(4.24)
- Benefits paid	(5.06)	(4.29)
- Present Value of Obligation as at the end	100.48	93.55
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	6.59	5.83
- Interest Expense or Cost	6.31	6.06
Total	12.90	11.89
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	(0.01)
change in financial assumptions	(2.80)	(0.26)
experience variance	1.89	(4.24)
Total	(0.91)	(4.51)
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	7.25%	6.75%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 2012-14)	100.00%	100.00%
Attrition/Withdrawal rates, based on age: (per annum)		
up to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(Rs. in million)

	31 st March 2022	31 st March 2021
Discount rate increase by 1%	(95.49)	(88.77)
Discount rate decrease by 1%	106.13	98.96
Salary Growth rate increase by 1%	106.09	98.90
Salary Growth rate decrease by 1%	(95.43)	(88.74)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)	5 Years
Expected cash flow over the next (valued on undiscounted basis)	
1 year	14.93
2 to 5 years	64.56
6 to 10 years	26.00
More than 10 years	61.73

7. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

B. Defined Contribution Plan

The Group contributes certain percentage of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company had a interest shortfall of Rs. 0.85 million which was paid by the company. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 232.24 million (previous year Rs. 202.36 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40: The list of subsidiaries which are included in the Consolidated Financial Statements of the Kanoria Chemicals & Industries Limited and its effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			31 st March 2022	31 st March 2021
Kanoria Africa Textiles PLC	Subsidiary	Ethiopia	100.00%	100.00%
APAG Holding AG	Subsidiary	Switzerland	80.00%	80.00%

For the purpose of consolidation, the consolidated financial statements of APAG Holding AG reflecting consolidation of following entities as at the Balance Sheet date 31st March, 2022 prepared in accordance with Swiss Standard on the Limited Review (PS 910) have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			31 st March 2022	31 st March 2021
APAG Elektronik AG	Subsidiary	Switzerland	100%	100%
APAG Elektronik s.r.o.	Subsidiary	Czech Republic	100%	100%
CoSyst Control Systems GmbH	Subsidiary	Germany	100%	100%
APAG Elektronik LLC	Subsidiary	US	100%	100%
APAG Elektronik Corp.*	Subsidiary of APAG Elektronik AG	Canada	100%	100%

* Converted from 1st level to 2nd level step down subsidiary of APAG Elektronik AG w.e.f. 30th September, 2021.

41: Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries.

Name of the Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	2021-2022		2021-2022		2021-2022		2021-2022	
	As % of consolidated net assets	Amount Rs. in millions	As % of consolidated profit or loss	Amount Rs. in millions	As % of consolidated other Comprehensive Income	Amount Rs. in millions	As % of Total Comprehensive Income	Amount Rs. in millions
Parent Kanoria Chemicals & Industries Limited	64.25%	3,867.62	885.43%	197.76	(100.00%)	0.78	858.97%	198.54
Subsidiaries								
Foreign								
Kanoria Africa Textiles PLC	25.20%	1,516.79	171.05%	38.20	-	-	165.28%	38.20
APAG Holding AG (Consolidated)	9.95%	598.78	(750.84%)	(167.70)	-	-	(725.54%)	(167.70)
Non-Controlling interest in all subsidiaries	0.60%	36.30	(205.64%)	(45.93)	-	-	(198.71%)	(45.93)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)

Name of the Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	2020-2021		2020-2021		2020-2021		2020-2021	
	As % of consolidated net assets	Amount Rs. in millions	As % of consolidated profit or loss	Amount Rs. in millions	As % of consolidated other Comprehensive Income	Amount Rs. in millions	As % of Total Comprehensive Income	Amount Rs. in millions
Parent Kanoria Chemicals & Industries Limited	61.90%	3,685.94	(68.65%)	(109.76)	(100.00%)	6.49	(62.06%)	(103.27)
Subsidiaries								
Foreign Kanoria Africa Textiles PLC	23.97%	1,426.87	112.59%	180.01	-	-	108.19%	180.01
APAG Holding AG (Consolidated)	12.76%	759.73	46.89%	74.98	-	-	45.06%	74.98
Non-Controlling interest in all subsidiaries	1.37%	81.43	9.17%	14.66	-	-	8.81%	14.66

42: Category-wise classification of Financial Instruments

	Refer Note	Non-Current		Current	
		31 st March 2022	31 st March 2021	31 st March 2022	31 st March 2021
Financial Assets					
Measured at amortised cost					
Trade Receivables	11	-	-	1,732.24	2,031.96
Cash and cash equivalents	12A	-	-	188.77	319.57
Other Bank balances	12B	-	-	60.33	26.97
Loans	7	1.53	1.60	2.69	2.29
Other Financial Assets	8	30.83	28.44	18.03	18.57
Measured at fair value through profit or loss					
Investments	6A&B	135.79	170.52	70.02	6.48
Measured at fair value through other comprehensive income					
Investments	6A	17.42	17.53	-	-
Total Financial Assets		185.57	218.09	2,072.08	2,405.84
Financial Liabilities					
Measured at amortised cost					
Borrowings	17	3,429.86	3,451.14	1,294.37	1,448.40
Lease Liability	18	20.98	25.93	2.49	3.06
Trade Payables	22	-	-	2,096.44	1,522.52
Other Financial Liabilities	19	33.98	30.09	389.87	445.38
Total Financial Liabilities		3,484.82	3,507.16	3,783.17	3,419.36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43: Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Group's financial assets and liabilities:

(Rs. in million)

Financial assets/financial liabilities	Fair value hierarchy as at 31 st March 2022			Fair value hierarchy as at 31 st March 2021		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss						
Unquoted Alternate Investment funds	-	205.81	-	-	177.00	-
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	9.06	-	-	9.17	-	-
Unquoted Equity Shares	-	-	8.36	-	-	8.36

Financial Instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

44: Financial Risk Management - Objectives and Policies

The Group's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances and loans.

The Group is exposed to market risk and credit risk. The Group has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Group. The Risk management committee provides assurance to the Group's management that the Group's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Group monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures. The Group enters into forward exchange contracts against its foreign currency exposure relating to recognised underlying liabilities and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)

Particulars	31 st March 2022						31 st March 2021					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	JPY	INR
Foreign Currency Receivable/ (Payable) (Net)	0.00	(0.76)	5.46	459.48	(9.85)	(6.16)	5.07	372.18	5.23	450.14	(9.71)	(6.44)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(0.04)		22.97		(0.31)		18.61		22.51		(0.32)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		0.04		(22.97)		0.31		(18.61)		(22.51)		0.32

Total hedged foreign currency payable (net)- NIL (Previous year - NIL).

(b) Commodity price risks

The Group is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Group monitors price and demand/supply situation on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures.

Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

Particulars	31 st March 2022		31 st March 2021	
Consumption of Methanol	3,552.66		1,882.97	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	(177.63)	177.63	(94.15)	94.15

(c) Equity price risks

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Group's management on a regular basis.

Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares (other than that in subsidiaries), quoted and unquoted equity mutual funds, unquoted alternative investment funds and unquoted equity funds.

Particulars	31 st March 2022		31 st March 2021	
Investment	223.23		194.53	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	11.16	(11.16)	9.73	(9.73)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

(Rs. in million)

	Less than 1 year	1 to 5 years	Over 5 years	Total	Carrying value
As at 31st March, 2022					
Borrowings (refer note 17)	1,294.37	2,024.11	1,440.31	4,758.79	4,724.23
Trade payable (refer note 22)	2,096.44	-	-	2,096.44	2,096.44
Lease Liability (refer note 18)	2.49	9.96	62.24	74.69	23.47
Other financial liabilities (refer note 19)	384.14	-	-	384.14	384.14
As at 31st March, 2021					
Borrowings (refer note 17)	1,448.40	1,736.53	1,750.37	4,935.30	4,899.54
Trade payable (refer note 22)	1,522.52	-	-	1,522.52	1,522.52
Lease Liability (refer note 18)	3.06	12.23	79.51	94.80	28.99
Other financial liabilities (refer note 19)	441.03	-	-	441.03	441.03

45: Capital Management

The Group's objective when managing capital (defined as net debt and equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Group. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46: Related Party Disclosures

(i) List of related parties and relatives with whom transaction taken place:

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Mr. R. V. Kanoria - Chairman & Managing Director	Key Management Personnel (KMP)
3. Mr. S. V. Kanoria - Whole Time Director	
4. Mr. Amitav Kothari - Director	
5. Mr. H.K. Khaitan - Director	
6. Mr. Ravinder Nath - Director	
7. Mr. G. Parthasarathy - Director	
8. Mr. Sidharth K. Birla - Director	
9. Mr. A. Vellayan - Director	
10. Mrs. M. Kanoria - Director	
11. Mrs. Suhana Murshed - Director	
12. Mr. A. V. Kanoria	
13. Mrs. V. Kanoria	
14. KPL International Limited	Enterprise over which KMP exercises significant influence
15. Kirtivardhan Finvest Services Limited	
16. R V Investment & Dealers Limited	
17. Fytomax Nutrition Pvt Ltd	
18. Kanoria Employees' Provident Fund Trust	Post Employment Benefit Plan entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. in million)

Nature of Transaction	2021-2022				2020-2021			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Directors' Fees								
Mr. Amitav Kothari	-	0.36	-	-	-	0.30	-	-
Mr. H.K. Khaitan	-	0.42	-	-	-	0.33	-	-
Mr. Ravinder Nath	-	0.27	-	-	-	0.22	-	-
Mr. G. Parthasarathy	-	0.29	-	-	-	0.22	-	-
Mr. Sidharth K Birla	-	0.35	-	-	-	0.28	-	-
Mr. A. Vellayan	-	0.25	-	-	-	0.20	-	-
Mrs. M. Kanoria	-	0.26	-	-	-	0.21	-	-
Mrs. Suhana Murshed	-	0.15	-	-	-	-	-	-
Remuneration								
Mr. S. V. Kanoria	-	18.39	-	-	-	-	-	-
Mr. A. V. Kanoria	-	34.96	-	-	-	20.33	-	-
Purchases of PPE								
KPL International Limited	-	-	52.54	-	-	-	8.19	-
Purchases of Spare Parts								
KPL International Limited	-	-	4.18	-	-	-	1.12	-
Commission Paid								
KPL International Limited	-	-	0.86	-	-	-	1.12	-
Rent received								
KPL International Limited	-	-	1.02	-	-	-	1.02	-
Interest Expense for the year								
Kirtivardhan Finvest Services Limited	-	-	-	-	-	-	2.70	-
Rent received								
Fytomax Nutrition Pvt Ltd	-	-	0.04	-	-	-	-	-
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	-	-	-	3.61	-	-	-	2.53
Balances as at 31st March								
Remuneration Payable								
Mr. S. V. Kanoria	-	3.66	-	-	-	-	-	-
Kanoria Employees' Provident Fund Trust	-	-	-	-	-	-	-	-
Creditor								
KPL International Limited	-	-	51.04	-	-	-	0.73	-
Rent Receivable								
Fytomax Nutrition Pvt Ltd	-	-	0.00	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47: The Company does not have any transactions with companies which are struck off except the following:

Name of the Company	Nature of transaction	As at 31 st March 2022 (Amount in Rs.)	As at 31 st March 2021 (Amount in Rs.)	Relationship with the struck off company
Nilgiri Investment Co. Pvt. Ltd.	Shares held by struck off company	3,390.00	3,390.00	Shareholder

48: None of the Loans or Advances in the nature of loans as at 31st March, 2022 and as at 31st March, 2021 are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are: (a) repayable on demand or (b) without specifying any terms or period of repayment.

49: The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

50: No proceedings have been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

51: The group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017.

52: The group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

53: The group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

54: The group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year ended 31st March, 2022 and 31st March, 2021 in the tax assessments under the Income Tax Act, 1961.

55: The group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

56: The group has not been declared wilful defaulter by any bank or financial Institution or other lender.

57: Figures for the previous year have been regrouped/rearranged, wherever found necessary.

Signature to Note 1 to 57

As per our report of even date annexed

For J K V S & CO
Chartered Accountants
Firm Registration No. 318086E

AJAY KUMAR
Partner
Membership No. 068756

Place: New Delhi
Date: 26th May, 2022

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

N. K. NOLKHA
Group Chief Financial Officer

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. SETHIA
Company Secretary
(FCS: 3522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM AOC-1: Statement containing Salient Features of Financial Statements of Subsidiary/Associates/Joint Ventures for the year ended 31st March, 2022, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

PART "A" : Subsidiaries

(Rs. in million)

Name of Subsidiaries	Kanoria Africa Textiles Plc	APAG Holding AG (Consolidated)
Country of incorporation	Ethiopia	Switzerland
The Date since when subsidiary was acquired	23.07.2012	02.05.2012
Principal Business Activities	Textile	Electronic Automotive
Reporting Currency	USD	CHF
Exchange Rate as on 31.3.2022	Rs. 75.9005	Rs. 82.3998
(a) Equity Share Capital	2,050.83	30.90
(b) Other Equity	(1,029.02)	150.62
(c) Total Assets	3,409.13	4,130.76
(d) Total Liabilities	2,387.32	3,949.24
(e) Turnover	1,282.10	5,917.74
(f) Profit before Taxation	2.13	(271.82)
(g) Provision for Taxation	-	(42.17)
(h) Profit after Taxation	2.13	(229.65)
(i) Other comprehensive income for the year (net of tax)	-	-
(j) Total comprehensive income for the year	2.13	(229.65)
(k) Proposed Dividend	-	-
(l) % of Shareholding	100.00%	80.00%

PART "B" : Associates/Joint Ventures - Not Applicable

For and on behalf of the Board

SIDHARTH K. BIRLA
Director
(DIN:00004213)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary
(FCS: 3522)

Place: New Delhi
Date: 26th May, 2022



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& Industries Limited

Registered Office

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