GROWING PRESENT
PROMISING FUTURE

Himadri Speciality Chemical Ltd

Annual Report 2021-22

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Investor Information

CIN
L27106WB1987PLC042756

BSE Code
500184

NSE Symbol
HSCL

Bloomberg Code
HCI IN

Dividend Declared
₹ 0.20 per share

Scan to download

Please find this Report online at:
www.himadri.com/performance

Disclaimer: This document contains statements about expected future events and financials of Himadri Speciality Chemical Ltd, which are forward-looking. By their nature, forward-looking statements require Himadri to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

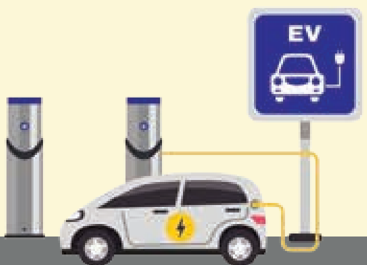
GROWING
PRESENT.
PROMISING
FUTURE.

Our Growing Present reflects the growth and benefits we are reaping, by nurturing the seed that was sowed years ago.

Our Promising Future is the result of our R&D, our new lines of businesses and confidence backed by our capabilities.

We hold pride in our past, led by our strategic and insightful endeavours. The hard times we endured were led by our resilience and determination to tap better growth opportunities. As an agile and nimble-footed company, we strive to identify potential, evaluate results, build on our preparedness and prudently drive our processes by integrating innovation, efficiency and experience.

Our strong industry presence and established stakeholder relationship gives us the impetus to keep marching ahead. Thus, acting as the key factor propelling our growing present. We are exploring deeper and broader application industries, while diversifying our offerings. Thereby, mapping the current developments, demand and trends in the industry, while aligning those with our goals to focus on creating long-term success for a promising future.



CORPORATE IDENTITY

Most integrated specialty carbon corporation, globally

Incorporated in 1987, Himadri Speciality Chemical Ltd is a market leader and prominent player in multiple specialty carbon product segments like Coal Tar Pitch, Carbon Black, Naphthalene and Refined Naphthalene, SNF, and Specialty Oils, among others. As one of the most integrated specialty carbon corporations, globally, we have built and introduced several innovative products during the 30+ years of our industry presence – catering a diverse range of new-age industries like steel, aluminium, plastic, infrastructure development, automotive and many more.

With a commitment to customer satisfaction, Himadri constantly thrives on innovating across our business' product line. Right through our journey, we have transformed our product portfolio towards high-value products: from Carbon Black to Specialty Carbon Black, Coal Tar to Advance Carbon Material; Naphthalene to Sulphonated Naphthalene Formaldehyde. In the last few years, we have diversified our product portfolio through forward integration, which includes Advance Carbon Material and other value-added specialty products.

We envision a sustainable progression and thus have devoted ourselves to consistent innovation while adhering to environmental norms for a promising future with holistic development. Our world-class manufacturing facilities are zero discharge facilities, which comply with strict emission norms. We have made proactive investments toward energy conservation measures across our facilities. Together these measures make up the primary factors backing our growing present. Hence, leading Himadri towards fulfilling our Company's vision and becoming the global leader.

OUR ACHIEVEMENTS IN 2021-22

₹ 3,71,974 MT
Sales Volume

₹ 2,791 Crores
Highest-ever Sales

Up by **66.2%**

₹ 162 Crores
EBITDA

Up by **26.7%**

₹ 79 Crores
PBT

Up by **24.2%**

₹ 315 Crores
Net Debt

0.17 x
Net Debt-to-Equity

TRANSITIONS UNDERLINING OUR PROMISING TOMORROW

From Growing Carbon Value Chain to Promising Mobility and Energy Storage Opportunity

2010

Portfolio of Few Products

- Coal Tar Pitch – Binder grade
- Coal Tar Pitch – Impregnating
- Carbon Black
- Advanced Carbon Material
- Naphthalene
- SNF

2011 to 2021

Introduction of Value-Added Products

- Aluminium Grade Pitch
- Graphite Grade Binder Pitch
- Graphite Grade Zero QI (Quinolene Insoluble) Coal Tar Impregnated Pitch
- Advance Carbon Material for Lithium-ion Batteries
- Special Pitch
- Naphthalene
- Refined Naphthalene
- Light Creosote Oils
- Heavy Creosote Oils
- Anthracene Oil/Carbon Black Oil/CT Oil
- SNF
- PCE
- Carbon Black
- Specialty Carbon Black
- Himcoat Enamel
- Himcoat Primer-B
- Himtape
- Himwrap
- C. B. Oil

Building A Promising Future

PRODUCTS FORMING THE CRITICAL RAW MATERIALS FOR LITHIUM-ION BATTERIES TO BE INCLUDED IN THE PORTFOLIO

OUR VISION

Himadri harbours a vision to become a global leader in specialty products by adopting appropriate eco-friendly technologies and enhancing core capabilities through continuous product improvement, technical innovations and customer satisfaction.

OUR MISSION

- To be a company that constantly innovates new products and technologies
- To have an unrelenting customer focus while being customer's clear choice
- Be a company that attracts, develops individuals to build a proud Himadrian team
- Stay committed to a sustainable future and to improving the social, economic & environmental well-being of communities in the region of our operations

OUR CORE VALUES

Integrity

We shall be thoroughly professional in all our activities with absolute honesty and will never compromise on our principles in any way.

Excellence

We will always strive to achieve the best level of performance in whatever we do and continuously improve ourselves in order to reach that level.

Safety

The safety of our stakeholders — employees, suppliers, buyers and society, is of utmost importance to us, and we will never settle for any practice which puts it in danger.

Sustainability

We will carry out all our business activities to positively contribute to the creation of a better tomorrow for our future generations.

A PORTFOLIO STRENGTHENING OUR GROWING PRESENT

Products' Basket

ADVANCED CARBON MATERIALS

Engineered technology to make anode materials for lithium-ion batteries. Himadri is the largest Indian player and the first Indian producer to produce the lithium-ion battery anode material in India commercially. Our Company produces high electrode density using tailor-made materials with high capacity and high-power materials that produce excellent electrical conductivity.

COAL TAR PITCH

Himadri is India's largest Coal Tar Pitch manufacturer. Leveraging our unique proposition of research, experience, sustainable world-class infrastructure and logistical capabilities, we cater to demands of close to two-third of domestic aluminium and graphite electrode industry. We are approved suppliers with most leading smelters globally.

CARBON BLACK

Himadri is the third largest player of Carbon Black integrated with technology and futuristic development approach, focusing on continuous investment in research and development. Throughout our journey, we have successfully manufactured premium grade Carbon Black that finds utility across different walks of life.

SPECIALTY CARBON BLACK

Himadri, through its vertically integrated manufacturing infrastructure has the largest production facility and our R&D prowess helps it produce one of the finest Specialty Carbon Black. It is a high-end refined chemical manufactured by burning hydrocarbons in limited air supply. It is an important industrial raw material used for polymer, coating and printing industries.

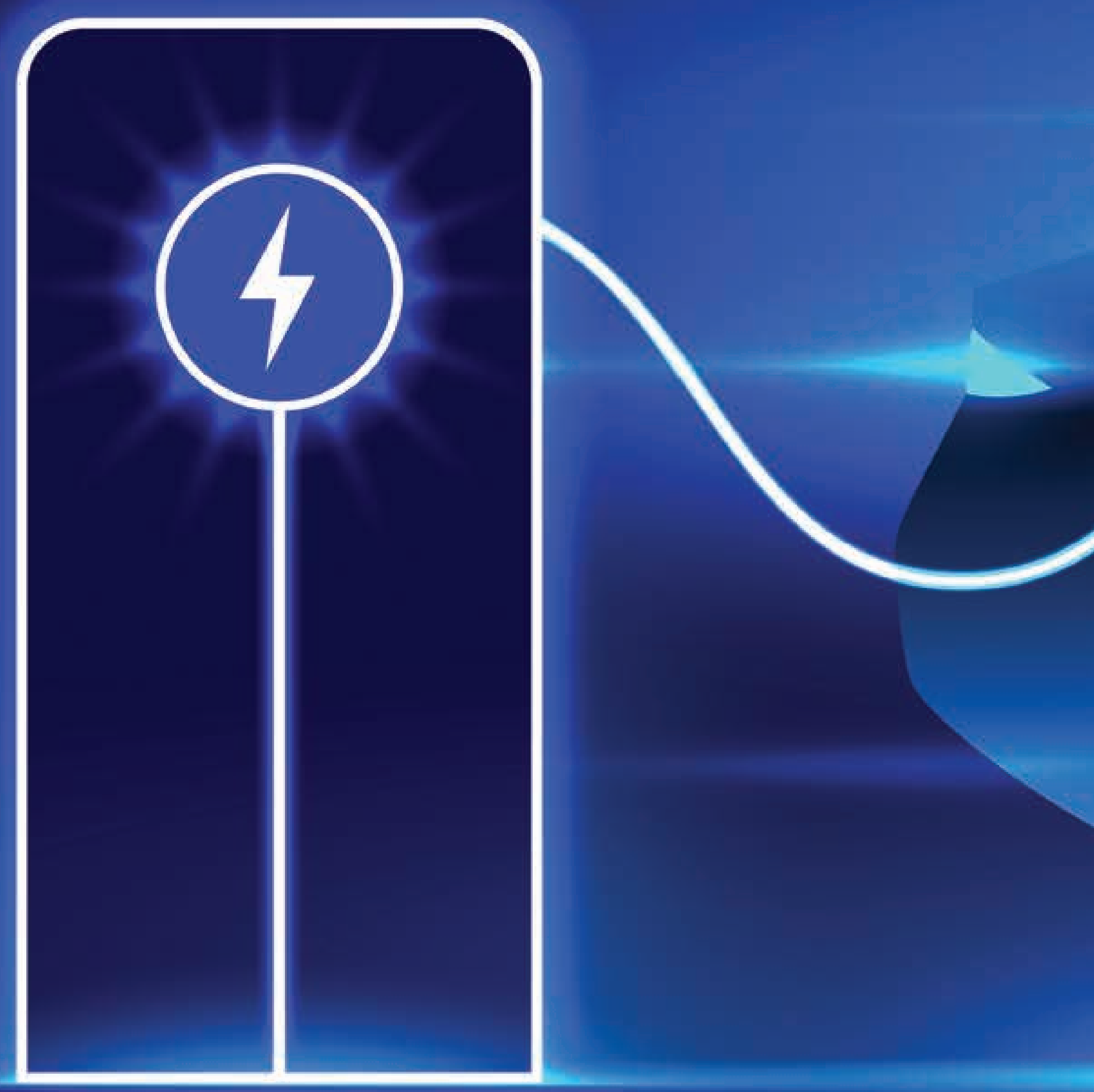
NAPHTHALENE

Napthalene is a polycyclic aromatic hydrocarbon found in coal tar or crude oil. Himadri is the largest Indian player in this space and is focused on developing new products with efficient technology to offer quality and innovation. It goes into multistage refining units which produce chemically-treated Naphthalene Oil, further subject to multi-stage purification in refineries.

SNF/PCE

Himadri is one of the largest manufacturers of SNF and PCE, in India. It is a by-product developed from Naphthalene that increases the compressive strength of concrete. Polycarboxylate Ether, next-generation concrete producer with exceptional workable characteristics.

OPPORTUNITIES POWERING OUR FUTURE TOWARDS SUSTAINABLE DEVELOPMENT



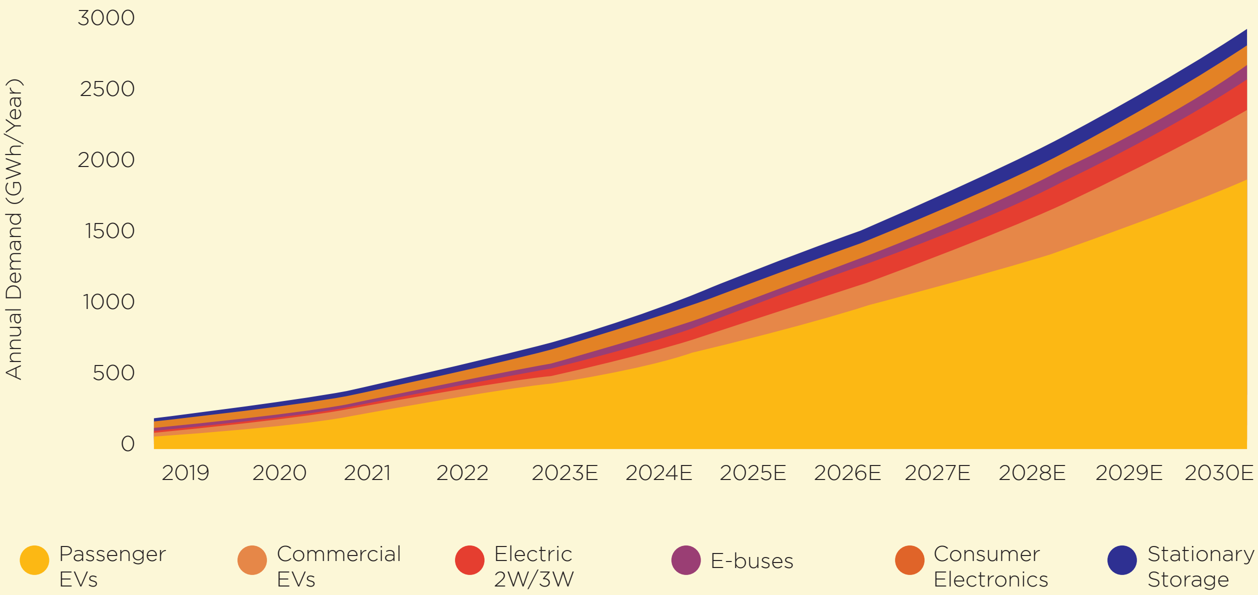
The Future is Electric

The global industry is undergoing a technological shift with the widespread adoption of EVs and battery storage market being electrified across the world. One of the key inputs to this shift is the lithium-ion battery (LIB) adoption across these sectors.

LITHIUM ION BATTERY

The global demand of lithium-ion batteries is expected to reach 2.8 TWH annually by 2030. Most of that will cater to electric mobility.

The global EV market, is expected to touch to USD 190 billion by 2030 as per IEA. Lithium-ion battery is the most critical component of an EV and it accounts for nearly 30% of the cost of an EV.



E: Estimated *(Source: NITI Aayog)*

Stationary Storage in Energy Storage System (ESS) can provide up to 17 different services at all levels of the electricity system, including utilities, grid operators and end-use customers. The ESS application is also expected to touch USD 30 billion globally by 2030.

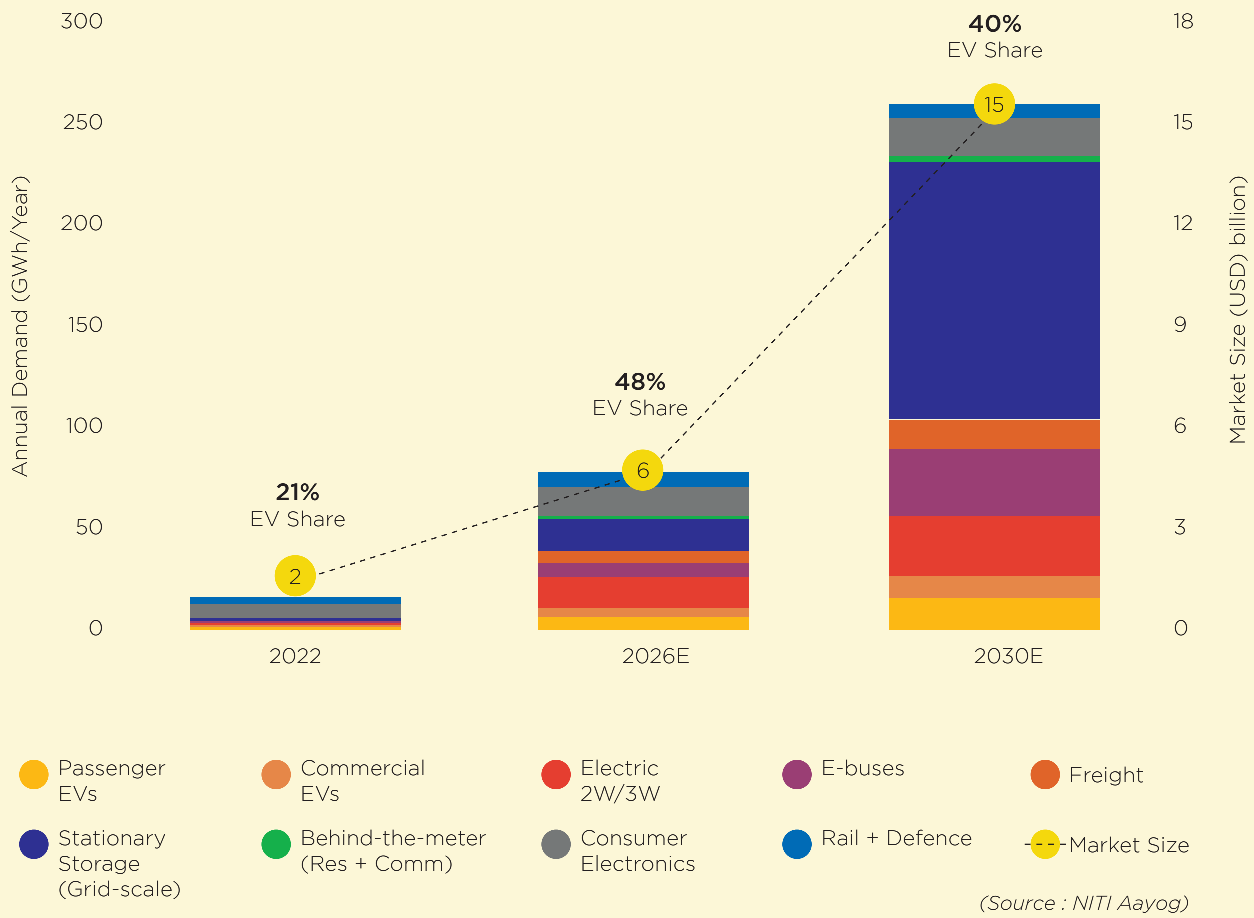
DID YOU KNOW?

AN EV BATTERY IS BUILT WITH THOUSANDS OF CHARGED CELLS AND ENERGY STORED IN IT, WHICH SUPPLIES THE POWER TO RUN CARS. THE CELLS ARE CYLINDRICAL OR BOX-SHAPED, AND ARE ARRANGED IN PACKS AND ASSEMBLED IN MODULES. INSIDE THE CELLS ARE ELECTRODES (ANODES AND CATHODES) AND ELECTROLYTES PACKED IN ALUMINIUM / POLYMER POUCH. ENERGY STORED IN LITHIUM-ION CELLS FLOWS FROM THE ANODE, THROUGH AN ELECTROLYTE TO THE CATHODE, COMPELLING ELECTRONS TO FLOW AROUND THE CIRCUIT, PRODUCING ELECTRICITY.

INDIA SCENARIO

BATTERY MARKET OUTLOOK

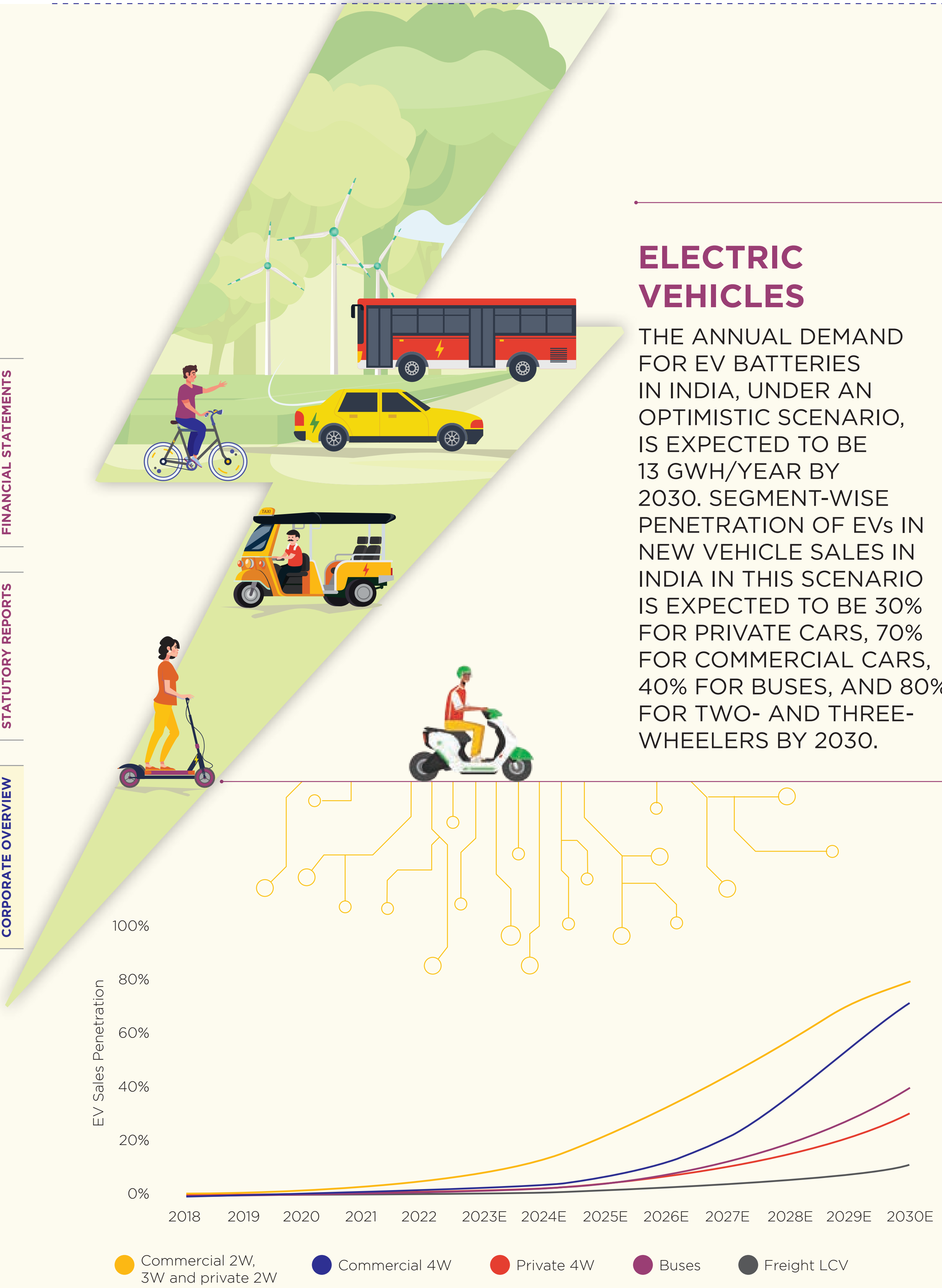
The annual market for Lithium-Ion batteries in India could surpass USD 15 billion by 2030, with almost USD 12 billion from cells and USD 3 billion from pack assembly and integration, under the accelerated case scenario



(Source : NITI Aayog)

ELECTRIC VEHICLES

THE ANNUAL DEMAND FOR EV BATTERIES IN INDIA, UNDER AN OPTIMISTIC SCENARIO, IS EXPECTED TO BE 13 GWH/YEAR BY 2030. SEGMENT-WISE PENETRATION OF EVs IN NEW VEHICLE SALES IN INDIA IN THIS SCENARIO IS EXPECTED TO BE 30% FOR PRIVATE CARS, 70% FOR COMMERCIAL CARS, 40% FOR BUSES, AND 80% FOR TWO- AND THREE-WHEELERS BY 2030.



E: Estimated *(Source : NITI Aayog)*

Factors Influencing the Increase in EV Vehicles in India

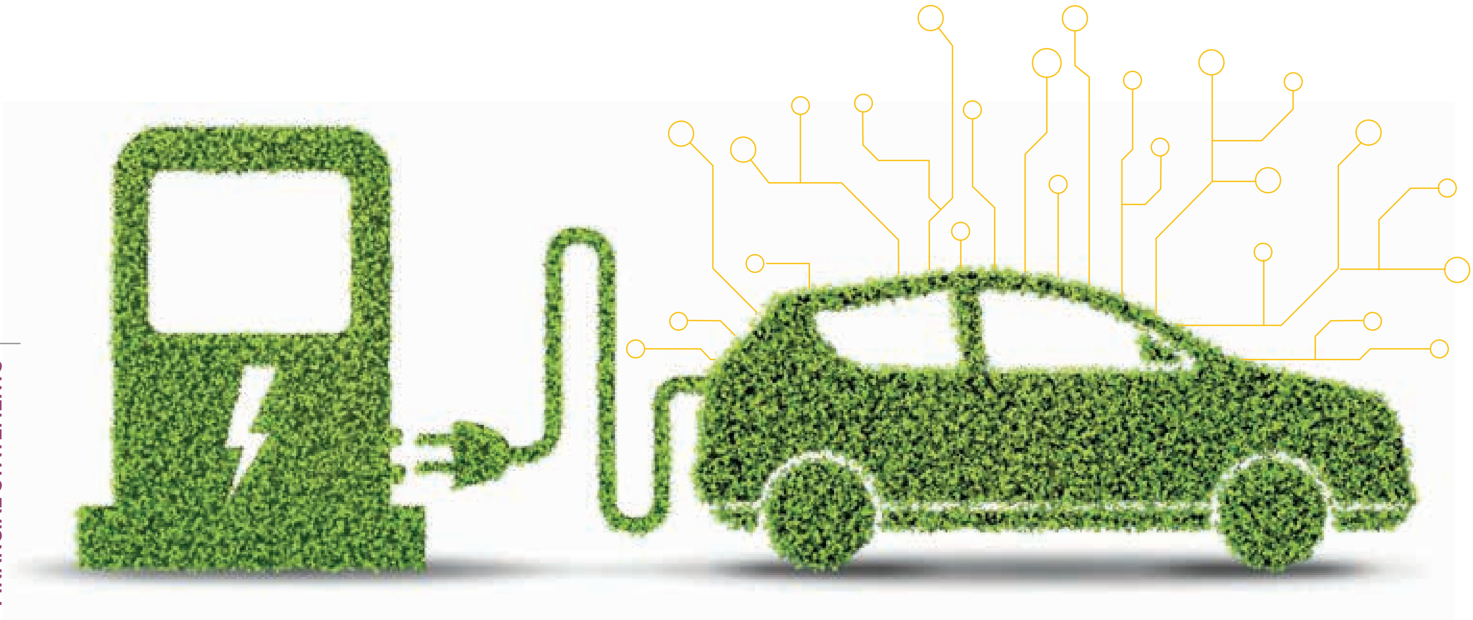
PLI scheme introduced by the Government: The Government aims to boost the domestic manufacturing of automotive products, which will appeal to the automotive manufacturing value chain. Production-Linked Incentive (PLI) Scheme for the auto and auto component sector for ₹ 26,000 Crores & PLI for advanced chemistry cell for ₹ 18,000 Crores are two of the most significant contributions in PLI by the Government of India.

Subsidy by the Government: The Government is providing subsidies in order to increase the mobility of EV through the extension of FAME-II Scheme till 2024. Moreover, by subsidising the purchase, the Government aims to decrease the cost and smoothen the way ahead for EVs.

Rising fuel price: The surge in fuel prices have led people to switch from conventional vehicle to Electric Vehicle.

Rising awareness regarding climate change: Regular vehicles cause more emissions, severely impacting the environment. People are searching for clean fuel, resulting in preference for EV across India & globally.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE



BRIDGING SUSTAINABILITY & PROMISING FUTURE

At Himadri, we follow a sustainable development model to care for both the planet and people. We are committed to our community and emphasise delivering our responsibilities effectively. Herein, we adhere to a robust ESG framework based on principles that ensure a progressive path. In this direction, we are constantly powering our R&D capabilities to build a path toward sustainability. We identify issues from our perspective while endeavouring to achieve growth, benefitting stakeholders and the community together.

We strive to be an industry leader and a responsible steward of resources – both human and natural. We relentlessly pursue innovations that lead to reduced energy use, less waste, lower lifecycle operational costs, and improved lifecycle efficiency. As a next step on this journey, Himadri, has established goals that further our global commitment to a more sustainable future. For us, sustainability is about making responsible products in responsible ways, supported by a diverse team that is propelling us towards a better tomorrow. These goals guide our initiatives, foster greater transparency and accountability, and allow for measuring our progress. Our performance will be tracked through specific, time-bound objectives that are aligned with our goal-setting and strategic planning processes.

Environment

With decades of experience, we have identified solutions that can contribute to environmental conservation while also multiplying our growth potential. We treat protection of the global environment as one of our highest management priorities. To harmonise our business activities with environmental needs, we have implemented an environmental management system based on an independently established environmental policy. To this end, we also qualitatively and quantitatively evaluate the environmental impacts of our business activities, focusing on production and distribution, and take various steps to reduce them.

We are enhancing the effectiveness of our activities directed towards environmental protection through regular and internal audits – performed by designated company auditors – and external audits – performed by independent certified bodies.

To advance our environmental activities, we have undertaken initiatives focused on the following four targets:

LEGAL COMPLIANCE

We carefully confirm the requirements of relevant laws, ordinances, community treaties, and agreements and properly comply with them. With our global reach, our businesses follow the global sustainability standards and requirements.

ZERO DISCHARGE OPERATIONS

While operating within the relevant laws, ordinances, community treaties, and agreements, we have shaped our businesses towards zero discharge operations. We are proactively involved with the communities that we work within and appropriately ensure their well-being. During the year under review, no significant environmental claims were made against Himadri.

REDUCTION OF ENERGY CONSUMPTION PER UNIT

We work to cut our emissions of CO_2 and other greenhouse gases by reducing our energy consumption per unit production. As a mid-term target, we aim to reduce our energy consumption on a year-on-year basis following the standards of the Energy Conservation Law.

RECYCLING OF WASTE

We have focused on recycling of waste and are modelling our businesses to encourage recycling for both waste generated in the operations as well as in society at large.

With various developments over the years, we have remained committed to our solution-centric approach by implementing different means to ensure sustainability through our action plan, as mentioned below:

- Invested in energy conservation measures to control the environmental effects and foster sustainability
- Installed zero-discharge plan
- Implemented differential approach to shift towards energy conservation, through Water, Process Re-engineering and Waste Heat Recovery System
- Implemented control measures for stringent air, water, solid or noise pollution
- Complied to statutory standards with an aim to reduce effluents and emissions
- Ensured constant investments in process and equipment

AWARENESS OF RISKS AND OPPORTUNITIES IN CLIMATE CHANGE, RISK MANAGEMENT

Himadri recognises that responding to climate change is a key management issue. We have already decentralised certain risks by putting specific countermeasures in place at high-priority divisions by setting up multiple sites for mainstay businesses, and incorporated climate change risks into our business continuity plan to gauge the risks and opportunities in the Company posed by climate change. We have continued to perform business impact assessments with the use of scenario analysis, helping us act wisely while in harmony with the environment.

Social

To fulfil our corporate responsibility on respecting human rights, we undertake business activities with a strong sense of ethics based on the guiding principles for Business and Human Rights. Our policy sets out specific guidelines on respecting human rights within the Company, applies to all employees and business sites, and requires that our business partners comply with its provisions.

SAFETY

Himadri is driven by philosophy that is focused on no harm to people, asset and natural resources. 'Safety' is one of the core values at Himadri. There is an unwavering commitment to the continuous improvement of the organisation's safety performance. Benchmarking with the companies that are best in the business, the Company is committed to continuously employing world-class Safety, Health and Environment practices.

We consider health and safety of our employees as an essential and integral part of all our activities. Accidents and risks to health are prevented through continual improvement in the working environment and safety measures. All our employees are covered by health insurance policies.

SAFETY OF WOMEN EMPLOYEES

For the safety of our women employees, we have launched an app 'Safety Device' for all our female colleagues handed over to them during last Women's day celebration. The mechanism of the device is to generate alert to the person's emergency contact and nearby police station.

HEALTH SEMINARS

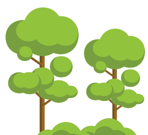
To sensitise employees on key health risks, health talks and seminars by leading subject matter experts were organised. Reaffirming that prevention is better than cure, medical check-ups were organised for the benefit the entire workforce. Yoga and physiotherapy sessions were also held to promote the overall well-being of individuals.

COMMUNITY DEVELOPMENT

Our strong leadership team, set of laws/regulations, good practice and powerful system, enable us to perform efficiently and ethically. Over the years, we have built a legacy of transparency and fair governance, which ropes in long-term value for our stakeholders, and promotes wealth and value creation. We timely disclose accurate information and updates to our shareholders regarding our financial and overall performance.

During the year 2021-22, the Company undertook the following CSR activities:

- Distributed free books to the needy school/college students at the commencement of annual academic session from KG to PG level
- Felicitated and appreciated meritorious village school students through awards and annual prizes
- Organised free eye check-up camps and free village medical centres throughout the year at Mahistikry and Belechonga villages, Hooghly
- Conducted free skill training centre for tailoring for needy village women
- Arranged and distributed free food and clothes/blankets at various locations during the year and during festive seasons to needy villagers
- Developed a green belt around the Company's plant to protect the environment and completed approx. **30,000 Tree plantation** activities in this session
- Distributed Widow Pension across adjoining villages **(256 widows)**
- Undertook a drinking water project by building infrastructure, connecting five villages and benefitting over **sixteen thousand villagers**
- Constructed pakka houses for underprivileged people across adjoining villages, **benefitting over 255 Villagers**
- Conducted **homeopathy treatment for 1190 people** and **eye treatment for 525 people** through free camps



Governance

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IN CONVERSATION WITH CMD

ANURAG CHOUDHARY

WHAT WERE YOUR HIGHLIGHTS FOR 2021-22?

First and foremost, I'm proud of our employees for keeping our people and communities safe. They navigated the COVID-19 pandemic with extraordinary resilience and agility to deliver a strong year for Himadri.

From a financial perspective, we reached new levels in our performance across key metrics. This is testified by our revenue of ₹ 2,791 Crores in 2021-22 and a net debt ratio of 0.17x. Our EBITDA stood at ₹ 162 Crores. By focusing on the efficacy of our business, we achieved our targets while setting solid foundations for our next era of growth. All this while putting sustainability at the core of our strategy, accelerating the deployment of our values.

HOW DID THE COMPANY PERFORM DURING THE YEAR POST DISRUPTIONS CAUSED BY THE PANDEMIC WAVES?

We are happy with the way our current situation is developing and the growth path we have embarked upon. In the last two years when the pandemic impacted our operations, despite the substantial drop in sales and profits last year, we managed to secure profitability, due to our diversified business portfolio and our integrated business model. The world continues to suffer from the impact of the COVID-19 pandemic, however, the global economy has started trending upward. The pandemic period helped us become more resilient, robust, lean and flexible. The rollout of vaccines accelerated the economy, and we are determined to seize the growth opportunity. Our strong fundamentals and vertically integrated business model helped us navigate such trying times. Our proactiveness and agility allowed us to demonstrate a robust mechanism, preparing us for every uncertainty and disruption caused by the pandemic.

WHAT ARE THE INDUSTRY DYNAMICS AND HOW IS THE GROWTH RECOVERY TAKING PLACE?

2021-22 proved to be a year of perseverance. We postponed facility upgrades and even undertook production cut measures. But, at the same time, we also continued to optimise our efficiencies and prepare for the next wave of opportunities post resumption of economic activities. As global economies move towards an accelerated recovery, we are revamping our portfolio to include niche products with higher efficiency while also exploring new businesses. At the same time, we continue to empower and support our people and stakeholders.

The current global situation has led to huge supply-chain disruptions which has brought in both challenges and opportunities. In this dynamic environment, we have strengthened our operations to improve profitability and stabilise earnings in our core Coal Tar Pitch and Carbon Black businesses. We are on a growth trajectory and expect to continue being on the same.

As global economies move towards an accelerated recovery, we are revamping our portfolio to include niche products with higher efficiency while also exploring new businesses. At the same time, we continue to empower and support our people and stakeholders.

Coming to EV, India's 2030 goal for electric mobility, as stated by NITI Aayog, represents a huge market potential for auto and auto-ancillary companies. Increasing consumer awareness, sky-rocketing fuel prices, advancements in EV technology, implementation of stringent emission norms (CAFÉ norms from 2022) and Government incentives are all expected to further bolster EV sales in the days ahead.

In the financial year 2021-22, EV sales increased by 3X over the previous financial year, albeit on a lower base. The OEMs also want to cater to the increasing demand, and several companies are currently making heavy investments to expand their operations and production capacities. Our foresightedness and readiness have rightly positioned us to benefit from this scenario – keeping us prepared to cater to the rising demand from the EV industry.

LAST TWO YEARS HAVE EXPOSED COMPANIES TO UNCALLED DISRUPTIONS AND TECHNOLOGY HAS SERVED AS A SAVIOUR. IS TECHNOLOGY A THREAT OR AN OPPORTUNITY FOR HIMADRI?

The evolution of mankind is a story of growth and development through automation and greater information usage. At every stage, opportunities have outweighed threats but there have always been both losers and winners. And if we fail to make the most of technology and chemistry to improve, we will fall back. Across all our businesses we are determined to grasp technology's opportunities in our mission to perform well for customers and shareholders. It is a tool to enhance customer service while moving on the path to sustainability – reducing our impact on the environment. It further helps us to optimise our processes and build efficiencies.

HOW IS THE COMPANY BUILDING A BALANCED BUSINESS PORTFOLIO?

Seeking a more stable earnings' structure, we have built an ecosystem that is well integrated and can manufacture value-added products. Over the last 10 years, we have been leveraging our strong technical and research strengths to transform our product portfolio into more value-added products. Our existing business portfolio is on a growth path which leads to our 'growing present'.

The future of India is electric with immense opportunities in electric vehicles, electric storage and related industries. The automobile sector has opened up a massive opportunity for us with the birth of new-age mobility – EV. Meanwhile, the Company has set its sight on the EV market, which is projected to overtake the growth of the conventional car market, owing to its sustainability aspects. This instils trust in us about our future, as evident from the Government's goals and initiatives. The 360-degree efforts to enhance public charging infrastructure by involving private and public agencies by the Government is a visible fact that India is determined and moving in the right direction, and in this journey, we are with the nation – leading us to our 'promising future'.

We are now focusing on strengthening our capabilities to serve EV battery raw material market to cater to the rising demand for EVs in India and globally.

HOW IS THE COMPANY SECURING ITS ENVIRONMENTAL FOOTPRINTS?

Sustainability is a core value at Himadri. The global trend in the last few years have demonstrated that businesses which do not prioritise environment sustainability will perish over time. We aim to achieve sound, sustainable growth by focusing our energies on sustainable businesses, which contribute to solving global environmental and energy issues. Along with our annual plans, we are steadily advancing our management in a way that tackles existing problems on three time frames: long-term, medium-term, and present. Steadily building a response to these existing problems will help define a path to the future and solidify our business foundation. In this way, our basic approach to management based on a long-term perspective remains unchanged. We have embedded sustainability as a part of our broad strategic pillars and emphasise sharpening our Environment, Social and Governance (ESG) focus. Guided by our Board of Directors, we are working relentlessly on these strategic pillars and implementing our sustainability policy. Ensuring the highest standards of corporate governance has been and will always be our priority.

HOW DO YOU SEE THE ROAD AHEAD FOR HIMADRI?

The economic environment in the near term is expected to prosper with a strong trajectory around the world. We believe that given our heritage, our brands, our portfolio, our strong balance sheet, our people and our connect with industries, we are better placed to benefit from every tailwind we witness. I am confident that we will emerge stronger and better in the coming future. We will continue strengthening our brands, expanding our portfolio, sharpening our capabilities, building our talent, improving the way we service our customers and working collaboratively with our partners and communities to create shared value over the longer term.

OUR FINANCIAL PERFORMANCE IMPLYING A STRONG GROWTH

Net Revenue from Operations
₹ in Crores

2021-22	2,791
2020-21	1,679
2019-20	1,803
2018-19	2,377
2017-18	1,971

EBITDA
₹ in Crores

2021-22	162
2020-21	128
2019-20	298
2018-19	538
2017-18	450

PAT
₹ in Crores

2021-22	65
2020-21	47
2019-20	81
2018-19	311
2017-18	243

Net Debt
₹ in Crores

2021-22	315
2020-21	583
2019-20	463
2018-19	430
2017-18	629

EPS
₹

2021-22	1.55
2020-21	1.11
2019-20	1.93
2018-19	7.44
2017-18	5.80

Working Capital Cycle
No. of Days

2021-22	62
2020-21	153
2019-20	108
2018-19	89
2017-18	112

Debt-to-Equity

2021-22	0.17x
2020-21	0.34x
2019-20	0.28x
2018-19	0.26x
2017-18	0.43x

EBITDA: Earnings before interest, tax, depreciation, amortisation and foreign exchange fluctuation gain/ (loss)
PAT: Profit after tax | EPS: Earnings per share

LEADERSHIP TEAM

ANURAG CHOUDHARY
CMD

AMIT CHOUDHARY
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Himadri Speciality Chemical Ltd, (also referred as 'Himadri', or 'the Company', or 'It') founded in 1987, is one of India's largest Integrated Specialty Carbon enterprises. Over the years, the Company has evolved from a Coal Tar Pitch Manufacturer to become among the world's most Comprehensive Carbon Value Chains. It is a market leader and a significant participant in a variety of product areas, including Coal Tar Pitch, Carbon Black, Naphthalene, SNF, PCE, and Specialty Oils. The Company have developed advance carbon materials and other high value specialty products that have resulted in broadening of its product line with power of forward integration.

The Company has eight state-of-the-art and 'Zero Discharge' manufacturing facilities spanning India and China, with its headquarters in Kolkata. Himadri has a robust and skilled R&D team involving international professionals. As a result, it earned recognition and acknowledgment from Government of India for its laboratory located in Mahistikry, West Bengal.

The Company has developed considerable knowledge over time, in order to consistently innovate its goods and operations. This knowledge has aided in achieving high levels of efficiency by maximizing resource utilization. Himadri has built itself as a worldwide Carbon Powerhouse, leveraging its strong scientific foundation to create a robust product portfolio. The Company is India's largest producer of Coal Tar Pitch and Naphthalene, as well as the third-largest producer of Carbon Black. In addition, it is among India's leading producers of Sulphonated Naphthalene Formaldehyde (SNF) and PCE. The Company's demonstrated technological expertise helps it gain traction, bolstering its position in the Specialty Black and Advance Carbon Material markets.

The Company is now focusing on making raw materials for the lithium-ion batteries. Electric vehicle are at at inflection point with technological shift, soaring fuel prices and also environment impact due to fuel emission from vehicle. EV have seen a quick adaptability by customers to which major automobile manufacturer are driving towards electric vehicle production. The Company is aligned with this transition and is building a robust portfolio for the same.

Global Outlook

As per the latest International Monetary Fund's (IMF) World Economic Outlook growth projections released in April 2022, the world economy grew by 6.1% in CY21. For CY22, projection for global economic growth slashed to 3.6% citing disruptions due to the Russia-Ukraine conflict and inflationary concerns.

However, the escalating geopolitical tensions between Russia and Ukraine have resulted in a humanitarian crisis, and thereon, a global economic slump. Inflation has been worsening since the start of the invasion, prompting a significant rise in fuel and food prices. Crude oil prices reached all time high in past 14 years, the crude oil prices increased approximately 51.4% YoY in 2021, with its prices soaring in October and November supply was restricted with strong demand. Growth in the global economy is expected to reduce, from 6.1% in 2022 to 3.6% in 2023, owing to increased geopolitical tensions, trade obstacles, and tighter financial circumstances.

Effective national-level policies and multilateral efforts are becoming increasingly crucial in shaping economic results in this challenging and uncertain environment. Central banks will have to make even more aggressive monetary policy adjustments. Spending on social programmes and health care in general shall continue to remain a priority as per the need of the hour. Additionally, fiscal actions in a medium-term framework with a clear and credible route to debt stabilization can also help in easing the process of resource utilization and mobilization to provide essential assistance.

Indian Outlook

FY 2021-22 started with the country being hit by second wave of the pandemic, with lockdowns and restrictions being re-imposed across states for two to three months. However, the recovery was least affected backed by preparedness of the nation. Despite this, The World Bank has retained India's economic growth forecast for FY21 at 8.3% as the recovery is yet to become broad-based. As per the first advanced estimates of the national income released by the National Statistical Office (NSO) last week, the economy is projected to grow at 9.2% in 2021-22, surpassing pre-COVID level in actual terms, mainly on account of improved performance, especially in farm, mining and manufacturing sectors.

The economy is benefitting from the resumption of contact-intensive services, and ongoing but narrowing monetary and fiscal policy support. Going forward, the announcements in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure is expected to augment growth and crowd in private investment through large multiplier effects.

PRODUCT PORTFOLIO

Coal Tar Pitch

OVERVIEW AND INDUSTRY DEVELOPMENT

Coal Tar Pitch (CTP) is a complex chemical generated by distilling coal tar. It's mostly utilized as a binder in the manufacturing of carbon anodes that aid in the electrolytic chemical reaction during the smelting of aluminium. A significant variation of CTP is used to impregnate graphite electrodes used in electric arc furnaces for steel manufacturing.

Of the total CTP generated around the world carbon anodes accounts for the majority portion. Because of its long-term viability as a binder, it acts as the best raw material for carbon electrodes, which are used to create aluminium. The largest driver of the worldwide Coal Tar Pitch market is the rising demand for aluminium. The lightweight property of aluminium allows it to be among the best materials for the automobile components and drives the demand of aluminium in the Aerospace industry. Stringent regulations on vehicle emissions have paved way for the use of light weight automobile components. Increased affordability of flight fares resulted in increased numbers of aircrafts which is also a contributing factor to the aluminium demand.

Product Description

Aluminium Grade Binder Pitch

- Acts as an improved binder offering excellent compatibility with carbonaceous aggregates to provide superior grade electrodes for producing high quality anode
- Besides the Aluminium industry, its used in refractory, foundry Chemicals and selected pigment manufacturing

Graphite Grade Binder Pitch

- Strong chemical compatibility between carbonaceous aggregates and the CTP makes it possible to manufacture durable and quality graphite electrodes
- Used for hassle-free operation in electric arc furnaces

Impregnated Coal Tar Pitch

- Carbon and graphite electrodes are impregnated with special types of pitch to increase strength and density
- Impregnation pitch or Zero QI (Quinolene Insoluble) pitch is used for smooth penetration in micro pores of electrodes for decreasing porosity and to increase strength & electrical conductance

Mesophase Pitch

- Synthesised from pure coal tar
- Used to make high technology products, such as carbon fibres, material for lithium-ion batteries, and more

Refractory Pitch Grade

- Used in manufacturing carbon bricks mixture, tap hole mass, ramming mass, sealing fluids.
- Helps to impart technical properties and is of top-quality

Ultramarine Blue

- Used as reducing agent and a heat source in the manufacture of ultramarine blue

Pitch for Industrial Crucible and Blocks

- Used in manufacturing of industrial silicon carbide blocks, crucible and as a binder for casted material

Quick Facts

100 Kg CTP = **1** Tonne Aluminium

440 Kg CTP = **1** Tonne Graphite

1.7 - 1.9 KG Graphite Electrode = **1** Tonne Steel

Application Industry

ALUMINIUM INDUSTRY

India ranked 2nd in aluminium production at par with Russia having an output of 3,600 thousand tonnes during CY2020. China ranked 1st with an annual production of 37,000 thousand tonnes during the year. India also holds a fair advantage in cost of production and conversion costs in alumina. Aluminium sector contributes 2% of manufacturing GDP (steel 12%, cement 9%) and this is expected to move up with consumption growth.

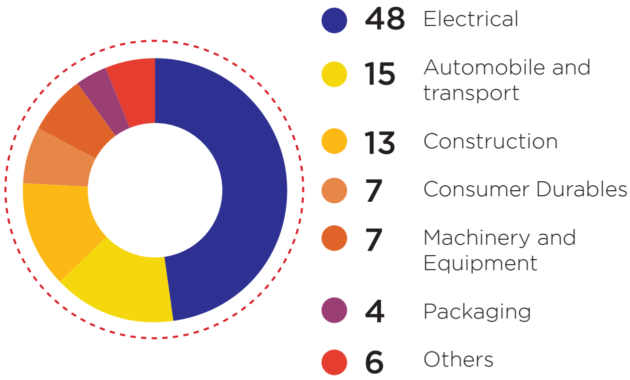
India's rich coal and bauxite mineral base with the 5th largest coal and 4th largest bauxite reserves in the world) renders a competitive edge to the industry as compared to its counterparts globally.

The demand for aluminium has increased and is mostly a result of rapid growth in the

industrial and infrastructural developments. Its adaptability makes it ideal for a variety of industries, including Automotive, Aerospace, Packaging, Construction, and many others. From a worldwide viewpoint, the Global Aluminium market is predicted to increase at a CAGR of 5.8% from 2021 to 2030.

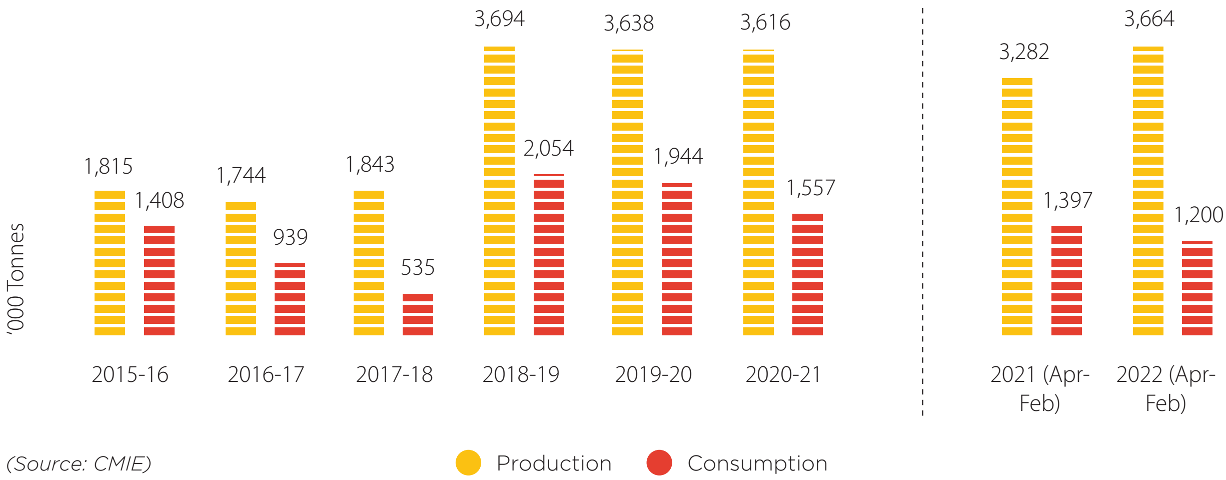
Following the Steel industry, Aluminium is India's second-largest industry. In the next five years, India's aluminium consumption is expected to rise at a CAGR of 6.7 %, reaching 4.84 million tonnes in 2026-27. The Government's effort for infrastructure development is anticipated to support strong aluminium demand. 'Make in India', 'Smart City' projects, and rail infrastructure development are some of the influencing factors that will further strengthen the future demand for aluminium.

Sector wise Aluminium usage in India (%)



(Source: India Bureau of Mines)

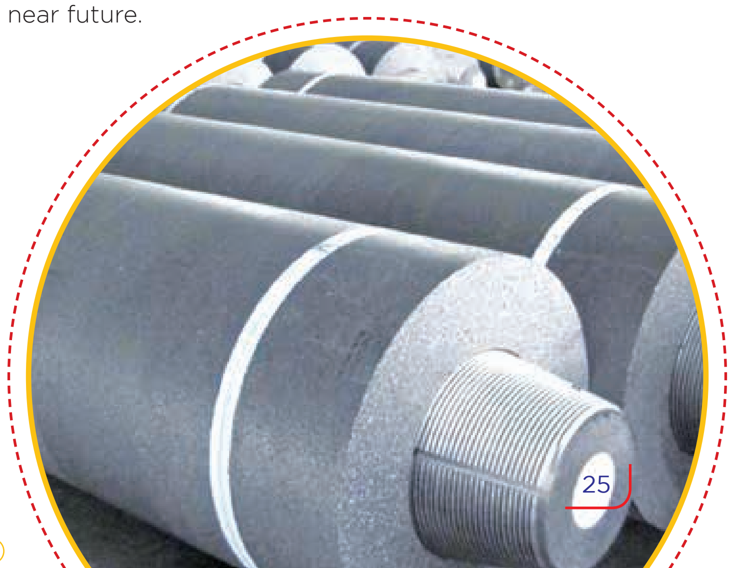
Production and consumption of primary aluminium



(Source: CMIE)

GRAPHITE INDUSTRY

Graphite electrodes are used in the Electric Arc Furnace (EAF) and Laddle Furnace (LF) processes to produce steel and other non-ferrous metals. It's a consumable that's used to conduct high current at low voltage required for melting and alloying procedures. The Global Graphite market is highly driven by Steel industry. The infrastructure push from the Government with various projects like rail transport network, dedicated freight corridors, high-speed railway tracks, affordable housing projects, and low-cost power transmission and many more, are helping in advancing the steel consuming business thereby, resulting in higher steel demand. To cater the surge in demand, manufacturers around the world need to produce more volumes of steel, eventually leading to rise in demand for graphite electrodes in the EAFs. Graphite electrodes are made of binder-graded coal tar pitch, calcined needle coke and impregnation grade CTP. As a cascading effect of healthy growth in end-user industries, the growth of CTP looks promising in near future.



Carbon Black

OVERVIEW AND INDUSTRY DEVELOPMENT

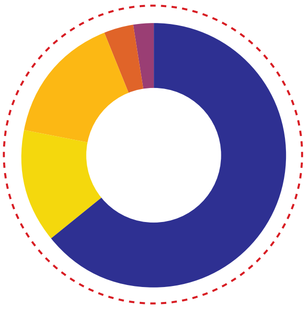
The global carbon black market is estimated at 13,630.69 metric kiloton in 2022 and is expected to reach 15,515.89 metric kiloton by 2027, registering a CAGR of 2.62% during the period 2022-27. In terms of revenue, the market was valued at USD 17,558.30 million in 2022 and is expected to reach USD 22,889.67 million by 2027, registering a CAGR of 5.45%. The major factors driving the growth of the market studied are the growing applications in fibre and textile industries and increasing market. In terms of volume, the tire and industrial rubber product application segment accounted for the largest share, holding more than 81% of the total market in 2022.

However, the coating segment is expected to register the highest CAGR of 3.72%.

Used as reinforcing agents in automobile tyres and other rubber products, it is also used as an extremely black pigment with high hiding power in printing ink, paint, and carbon paper. In the Tyre industry it is used as a strengthening filler to extend the life of the tyre. Increased tyre manufacture has boosted the use of carbon black generated around the world. As a result, the Carbon Black market will inevitably develop as vehicle production rises.

Carbon Black Market

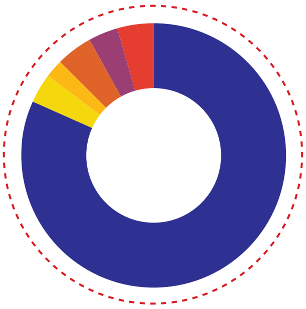
Volume Share (%), by Geography, Global, 2022



(Source: Mordor Intelligence Analysis)

Carbon Black Market

Volume Share (%), by Application, Global, 2022



(Source: Mordor Intelligence Analysis)

Quick Facts

70%+

Carbon Black consumed by the Tyre industry

6%

Healthy estimated CAGR between 2021 to 2031, for the Carbon Black market

USD 30 billion

Estimated market valuation of Carbon Black by 2031E

Application Industry

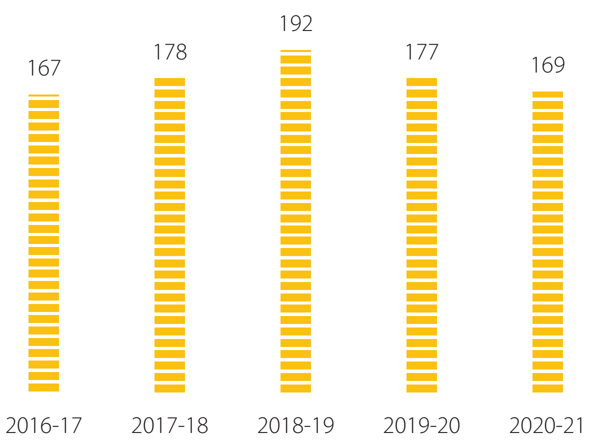
TYRE INDUSTRY

The Tyre industry is preparing to fulfil higher safety and environmental criteria, looking for ways to improve tread durability and traction. Carbon Black is a significant component of the tyre manufacturing process because of its low resistance and minimal abrasion loss. Carbon Black in hard grades is often employed as the most cost-effective rubber reinforcing agent in tyre components such as treads, while softer grades are used in tyre sidewalls and inner liners. Belts, hoses, and other non-tyre rubber goods are also made from the substance.

Carbon Black is the additive that gives car tyres their distinctive black colour. This substance is used in the pigment and reinforcing phases of the tyre manufacturing process, and it is prized for improving surface durability. Carbon Black improves the life of tyres on the road by preventing heat degradation. The Indian Tyre industry's domestic demand volume growth is expected to remain around 13-15% for the current fiscal year and 7-9 % for FY 2022-25, according to Ratings Agency ICRA.

Indian Automobile industry is flourishing with growth drivers, such as rise in middle class income and growing young population. The vehicle penetration is expected to reach 72/1000 people by 2025 which indicates widening of opportunities in coming times. Furthermore, the Indian Government's focus on increasing production, complemented with favourable Government programmes, are boosting market growth. Government programmes such as the 'Atmanirbhar Bharat Abhiyan', and product-linked incentive schemes for automobiles and auto components – to stimulate automotive manufacture in the country – will help the tyre sector to flourish. Hence, boosting demand in the Carbon Black market.

Production of tyres in India
(in million units)



(Source: ATMA .... EMIS)

Other than tires, carbon black is also required for various moulded and extruded industrial rubber products, such as conveyor belts, gaskets, air springs, grommets, vibration isolation devices, and hoses. It provides flex strength in such products. In the rubber industry, carbon black is majorly used as a filler to achieve reinforcing effects, such as altering the modulus or tensile strength. In rubber-based adhesives, sealants, and coatings, it is used to enhance the intermolecular or cohesive force of the product and impart conductivity. Furthermore, in coatings, carbon black is used as a light-absorbing additive to counteract chemical degradation reactions.

THE NEW LAUNCHES

Himadri launched the VIRTEX series of premium Carbon Black grades, designed for ultra-high-performance tyres. The series can help manufacturers improve tyre grip and road handling by developing better tyres.

Himadri is continuously developing new grades to fulfil the most demanding requirements. The VIRTEX series provides a variety of reinforcing options to help formulas operate better. This product has a wide range of properties that provides ease in production of ultra-high-performance tyre compound and allows tyre producers to achieve the best balance of traction and stiffness in their compounds.

NON-TYRE RUBBER MARKET

Outside of tyres and re-treading, the Non-tyre Rubber market encompasses all uses of Carbon Black in rubber compounding. Automotive products and general rubber components for industrial, consumer, construction, and other types of equipment are major applications in this segment. Some relevant examples are belts (conveyor belts, transmission belts, v-belts), hose and fuel hose (coolant hose, hydraulic hose, fuel hose), mechanical and industrial rubber goods (seals, gaskets, rollers, sheets and membranes, and wheels, for example).

What enables Himadri to be India's third largest Carbon Black producer?

- Provides a solution-centric tailored approach to each application
- Lowest impurities in carcass and tread black
- Superior in-house raw material & R&D
- Capacity to manufacture ultra-high surface structure grades
- Proven track record of quality and delivery as showcased by its journey over the last decade

The KLAREX series from Himadri is made up of high-purity specialty blacks that come in a variety of particle sizes and structures to fulfil the needs of mechanical rubber goods (MRG). Extruded profiles, moulded goods, hoses, seals, gaskets, engine mounts, tubes, and wipers are all examples of MRG applications. The series consists of highly clean grades that offer superior processing qualities, dimensional stability, and a smooth surface finish.

Specialty Black Industry

OVERVIEW AND INDUSTRY DEVELOPMENT

This segment includes all demand for carbon black outside the rubber industry. Materials used in these markets include two distinct segments: highly proprietary customized grades and 'clean' versions of conventional ASTM rubber grades, which are engineered to have lower residual levels of sulphur, organics, ash, and other potential contaminants. As per Notch Report Customized grades accounts for 63% while clean grades accounts for 37% of Specialty Black market. For all grades, prices rise commensurately as purity levels increase. Specialty blacks are used to impart colour, improve mechanical properties, provide UV protection, provide rheological control, and/or enhance conductivity and static charge control in a wide range of products including plastics, printing inks, paints, and adhesives. Carbon black is useful in specialty markets because of its intensely black pigmentation, its resistance to UV energy, and its ability to impart electrical and thermal conductivity to products in which it is incorporated. The vast majority of these applications use carbon black as a colorant or tint, or to provide conductive or weathering properties to products. However, some niche markets use carbon black in unique ways not seen in other markets. When used as a foundry-casting agent, for instance, carbon black acts as a lubricant and oxygen scavenger. In high temperature refractories, carbon black is used as an insulator and thermal conductor, where it reduces energy costs and helps to maintain ambient plant temperature. In the metallurgical industry, carbon black serves as a reducing agent or carburizer. In the production of graphite and carbon products (such as carbon brushes), carbon black serves as a carbon feedstock. Key drivers of specialty black demand include consumer spending on both durables and nondurables, construction activity and infrastructure investment, and automotive builds and the servicing of vehicles in use. Specialty markets account for only 7% of the carbon black industry's volumes but 11% of market value due to the higher average prices typical for pigment grades.

Demand for Specialty Carbon Black was 1.95 million tonnes in 2020 and is expected to reach 3.23 million tonnes by 2030, with a high CAGR of 5.02%. The increase is attributed to rising demand from downstream industries, which includes its use to overcome conductivity issues in lithium-ion batteries for electric vehicles such as trucks, bikes, and cars, as well as its application to overcome conductivity issues in lithium-ion batteries for electric vehicles such as trucks, bikes, and cars. This is due to its higher energy density and lighter weight than the commonly used compound, nickel-cadmium.

Application Industry

PLASTICS, INKS AND COATINGS INDUSTRY

The largest single market for carbon black outside the rubber industry is plastics compounding, accounting for about 70% of volume demand for special blacks. Major applications for specialty blacks in the plastics industry are film; blow moulding and injection moulding; wire and cable jacketing; pipe; engineering plastics; fibre; and conductive plastics and ESD (electrostatic discharge). In plastics, carbon black is used as a colorant and to improve properties such as UV resistance and electrical conductivity. Plastics markets typically are serviced through carbon black master batch. Carbon black is used in a wide range of polymers but finds most of its use in polyolefin, particularly high and low density polyethylene and polypropylene. This market will remain heavily anchored by the workhorse applications of film and blow molding and injection molding. Smaller

but important niche markets include conductive plastics and ESD, engineering plastics and wire and cable. Carbon black is used in a wide range of polymers but finds most of its use in polyolefin, particularly high and low density polyethylene and polypropylene. This market will remain heavily anchored by the workhorse applications of film and blow molding and injection molding. Smaller but important niche markets include conductive plastics and ESD, engineering plastics and wire and cable. Behind these three markets carbon black finds use in a wide range of niche applications, including adhesives, mulch, metallurgy, graphite and carbon products, batteries, paper, high temperature insulation and refractories, textiles, leather and vinyl dispersions, and building products.

OUR FORTE

Specifically, for engineering plastics ABS, PA, PC, and POM, medium colour furnace blacks are used in tinting applications where deep jetness is required. For the most demanding colouration of plastic moulded parts and coatings, Himadri's ONYX 901 and ONYX 903 medium colour furnace blacks give an outstanding blend of jetness, blue undertone, easy processing, and exceptional surface quality.

Himadri's JETEX Specialty Blacks are ultra-clean grades with ideal morphology that mix blackness (tinting) with good undertone and mechanical qualities, vital for extruded films and sheets applications including packaging and industrial goods, as well as injection moulded applications. These blacks have demonstrated UV (ultraviolet) performance and great dispersion, ensuring good surface quality with few surface flaws, important for agricultural films, geomembranes, and non-regulated pipelines.

In wire and cable applications, Himadri's ELECTRA family of conductive Carbon Blacks provides vital functionality. These grades provide semi-conductive conductor and insulating shield performance in low, medium, and high voltage cables, allowing for long-term performance. ELECTRA grades are highly clean, including very little ash, grit, and ionics, and have good dispersion for surface smoothness and strip ability. In essential applications such as fuel injectors, electronic/computer packaging, and anti-static films, the ELECTRA series also delivers ESD performance in plastics to guard against damage caused by electrostatic discharge.

Naphthalene

Naphthalene is a crystalline white chemical substance produced from coal tar. Textile industry is the leading end-user industry for Naphthalene in India. Additionally, it is used as a surfactant and wetting agent, plasticizer and pesticide in numerous end-user industries such as building & construction, agriculture, household cleaning etc. Refined form of naphthalene is used for domestic purposes as moth balls.

The expansion of industries including industrial paint, printing, plastics, and tannery is driving up demand for dyes and dye intermediates for end-use applications. Moreover, strong demand for dyes and dye intermediates from the textile sector is expected to drive growth in the Indian Dyes and Dye Intermediates market.

Sulphonated Naphthalene Formaldehyde (SNF) and Polycarboxylate Ether (PCE)

SNF is a light yellow to yellowish brown powder, which is an anionic surfactant. It is widely used for the preparation of free-flowing and pumpable concrete mixture in the construction industry. Naphthalene, one of the by-product of Coal Tar Distillation, is used to manufacture SNF which is used as raw material for compound accelerators, anti-freezing agents, and retarders, in different construction industries. SNF's high purity feature makes cement particles with high low foaming, high range water reducing and strengthening. Further, SNF also finds its applications in agriculture, gypsum, plastics & rubber, paper, construction, textile, and oil industries. Poly Carboxylate Ether is the next generation of raw materials for superplasticizers and offers better performance compared to SNF-based superplasticizers. Concrete admixtures are added to construction materials to alter and improve their chemical and physical properties. Concrete admixtures provide strength and durability to buildings and significantly reduce water to cement ratio. SNF and PCE are one of the most widely used concrete admixtures in India.

PCE

In Ready-Mixed concrete, grouting, and mortar, PCE is among the most regularly used admixtures. It's a white powder that's soluble in water and has a very low odour, making it easy to handle at work. PCE works as a superplasticizer with high-range water-reducing qualities without impacting fresh attributes such as workability and pumpability, allowing for a 40% reduction in water demand and a smoother flow, resulting in increased productivity during the concrete transportation process. It makes mortar and concrete more resistant to freeze-thaw damage.

In India, rising building activity is expected to fuel demand for concrete admixtures, owing to large public and private investments in the Construction sector. Furthermore, the Government of India's implementation of numerous initiatives for infrastructure development, such as the National Infrastructure Pipeline (NIP) and the Pradhan Mantri Awas Yojana-Urban (PMAY-U), is likely to raise demand for Naphthalene and PCE-based admixtures in India. The current infrastructure upgrade plan implementation – which includes formation of a network of expressways and business corridors by 2025 – would further boost demand for SNF and PCE.

Advance Carbon Material (ACM)

OVERVIEW AND INDUSTRY DEVELOPMENT

Advanced Carbon Material (ACM) covers various facets of the Carbon Industry due to its superior performance with respect to typical carbon materials and Anode Materials, produced by Himadri is an important component to the Lithium-ion Battery (LIB) evolution that is taking place around the globe, contributing 12-15% of the total cost of

the LIBs. The global Lithium-ion Battery market is predicted to be USD 58.61 billion in 2021 and is expected to reach USD 278.27 billion by 2030.

Li-ion batteries have Anode Material composition of 1.2kg/kWh (as per Benchmark Minerals), and assuming 64kWh per EV, there is approximately 76.8kg of Anode Material used per EV (as per IEA).

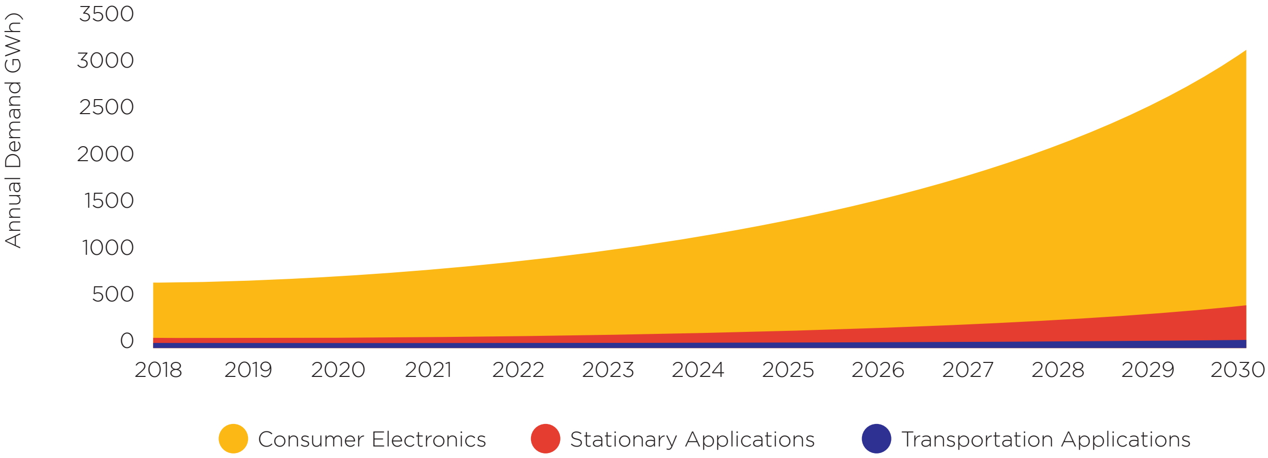
Application Industry

LI-ION BATTERIES

Between 2010 and 2020, the global demand for batteries grew at a CAGR of 25% to reach an annual demand of about 730 GWH. By 2030, the demand for batteries is expected to grow fourfold to reach an annual rate of about 3,100 GWH. This shows a growth rate of 16% CAGR through 2020-30. The electrification of transportation and battery energy storage in electricity grids contributed by LIB are expected to be the key drivers in the growth of battery demand.

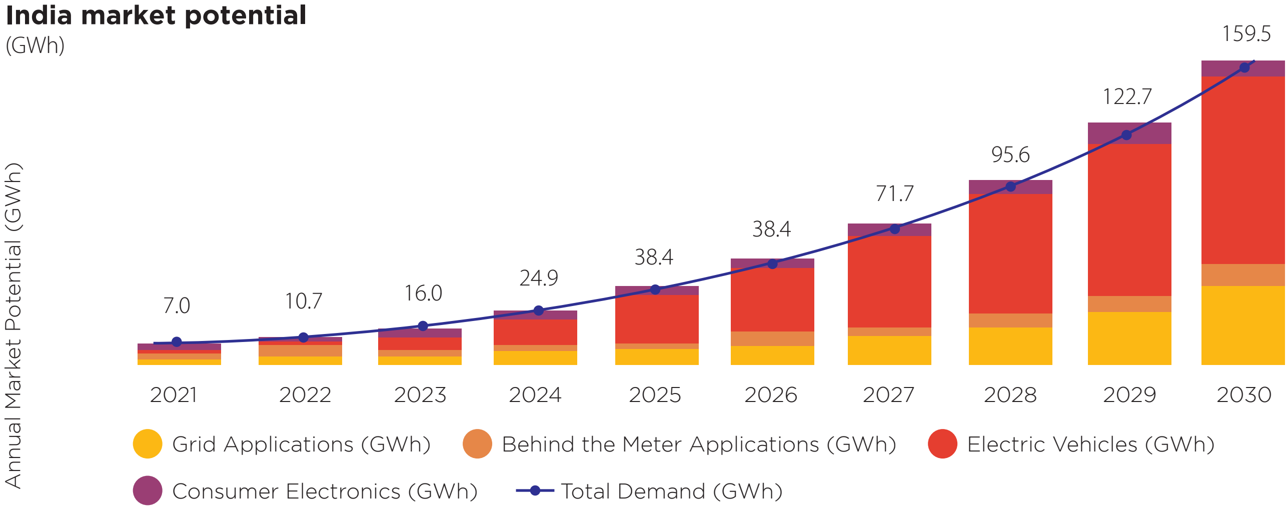
In India, the current Annual Market Potential of Advanced Chemistry Cell (ACC) which is used in LIBs is 7 GWH which is expected to rise to 160 GWH by 2030. Currently, all the LIB demands are met by imports but due to the recent PLI Scheme launched by the Government of India in ACC and also in the EV adoption in the FAME scheme, there will be domestic manufacturing of LIBs in India which will create a domestic demand for Anode Material. The Domestic Demand is expected to be 1,60,000 MT annually by 2030 based on the given estimates by NITI Aayog.

Global Market Potential
(GWh)



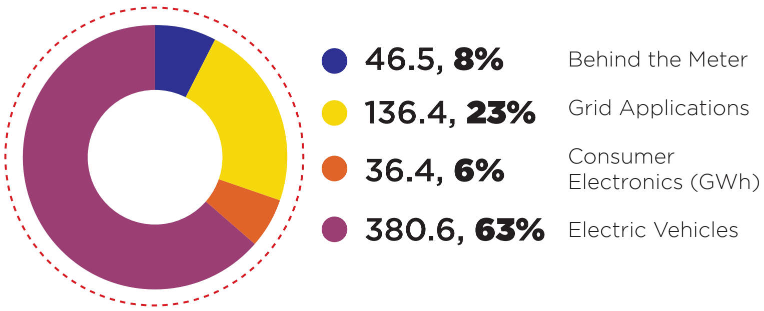
(Source : WEF (2019) A Vision for a Sustainable Battery Value Chain in 2030; Authors' analysis)

India market potential
(GWh)



In India, The Cumulative LIB demand in the coming decade is forecasted to be of 600 GWH, out of which 63% would be coming from EVs, 36% from Consumer Electronics and 29% from the Grid Storage Applications.

Cumulative potental of ACC in India, 2021-2030 (GWh, %)



(Source: Authors' Analysis)

A glimpse of National Level Policies:

National Smart Grid Mission (Draft) Launch by Ministry of Power

- Development of smart gird and mini grid projects with a total outlay of -INR1,830 crore
- Enable access to and availability of quality power to all through RE power and energy efficiency, and energy storage

National Mission on Transformative Mobility and Battery Storage

- Phased Manufacturing Programme (PMP) valid five years till 2024 to support domestic cell manufacturing
- Creation of a PMP valid five years till 2024 to localise entire value chain of EV production energy storage

National Programme on ACC Battery Storage

- Achieving manufacturing a capacity of 50 GWh of ACC and 5 GWh of a 'niche' ACC
- The PLI scheme will be implemented by Department of Heavy Industry with an outlay 0 of -INR18,100 crore

In May,2021, Government of India approved implementation of its PLI scheme providing an outlay of ₹ 18,100 Crores (about USD 2.4 billion) to achieve manufacturing capacity of 50 GWH of ACC to reduce dependence of imports and support Atmanirbhar Bharat.

The Key Features of the PLI scheme are as follows:

Transparent competitive bidding under the quality- and cost-based selection mechanism of ACC manufacturing and commissioning within two years

- Manufacturer must commit to set up an ACC manufacturing facility of minimum 5 GWh capacity with a maximum capacity of 20 GWh
- Ensure a minimum of 25% domestic value addition at project level within two years and 60% domestic value addition within five years from the appointed date

Incentive will be disbursed thereafter over a period of five years with a provision of increasing the amount with increased specific energy density and cycles and increased local value addition

OPPORTUNITIES

Lithium-ion battery production in India

With the globe progressively moving towards low-emission standards while reducing its reliance on fossil fuels, the demand for electric vehicles is projected to rise. As the demand for electric vehicles grows, so will the demand for lithium-ion batteries. The success of remodeled FAME II has led to the growing penetration of EVs, with the annual demand for EV batteries in India expected to exceed 135 GWh/year by 2030.

Further, India has a vast potential for large scale battery manufacturing, and it is expected that India's annual market for stationary and mobile battery could surpass USD 15 billion (~ ₹ 1.12 trillion) by 2030, and in demand terms it is expected to rise to 160 GWh. The production-link incentive program announced by the government s one such initiative that bolsters this market. It also would provide incentive to boost the manufacturing capacity of batteries in India. With this development, the Company is poised to cater to the rising demand for the raw materials to be used in the battery manufacturing.

GROWING TYRE AND AUTOMOBILE MARKET

The Indian Automotive industry is the fourth largest in the world, while the Indian Two-wheeler industry stands to be the largest in the world. India is also the largest tractor manufacturer and the eighth largest commercial vehicles manufacturer in the world. Together, these make India the most promising Automotive market in the world. The rising per capita income, spending capacity and healthy monsoons, are the collective factors generating demand for automobiles in India. A surge in automobile demand also leads to progression of its supporting industries. Thereby, generating demand for tyres. Which indirectly generates demand for one of our interest - carbon black in the market.

GROWTH IN ALUMINIUM PRODUCTION IN INDIA

India, is second largest producer of aluminium industry, producing approx. 4 million tonnes per annum. Being a significant metal that finds its application in almost all the sector of the country due to its high strength to weight ratio, flexibility and customisable, thermal and electrical properties and it is 100% recyclable producing zero wastage is poised to outgrow steel demand. With this the Company is rightly positioned to benefit from the growing demand for aluminium with the right product mix.

THREATS

DELAYS IN RAMP-UP OF EXPECTED GROWTH

The pandemic has altered the way with which economic activities used to function. The disruption caused by the pandemic has hit our business operations as well. The planned expansion activities were stalled due to lack of visibility and with the opening of activities the industry has witnessed a pent-up demand for various goods. The delay in ramping up of our facility could result in opportunity loss taking a hit at our growth trajectory as well.

OPERATIONAL REVIEW

Research & Development

Our success and leadership positions depend on the sustainable growth of our business through research, development and innovation in order to foster the adoption of major transforming technologies. The Company's Research and Development department, at Mahistikry unit (Hooghly), has been recognized by the Government of India. Its state-of-the-art technical capabilities have rightly been credited for. The Company is appreciated for its perpetual excellence over time. This can be accredited to its continued investments in research and development. These results are well manifested and reflected in the Company's strong product innovation pipeline. It is also evident in the development of high-value products developed through proprietary processes - giving the Company a competitive edge in terms of its offerings. The Company focuses its R&D efforts in all three areas - Products, Processes and Technology.

PRODUCT

The Company, over the years, through its research and development, has developed products across entire product value chain. The Company's forward integration allows it to develop and launch new innovative products at regular interval.

PROCESS

The Company's continuous focus on process improvement enhances its efficiencies. This has led to improved product yield and a better through put.

TECHNOLOGY

The Company's in-house technology development prepares it to compete in the global markets. Products like Coal Tar Pitch of different grades, Advance Carbon Material and Specialty Carbon Black are results of the Company's in-house technology.

Quality

At Himadri, quality is not just tested. It is built into everything the Company does. Whether it is product development or manufacturing, the Company has integrated quality into all its process that impact the end product. The Company continuously tries exceeding customers' expectation by providing quality products. The Company has an independent Quality Assurance (QA) team which organises internal and external audit. This team is responsible for documentation and data control. The Company's continuous emphasis on quality has made Himadri, a partner of choice. The entire process of the Company lays 100% emphasis on standard reference material testing. This allows the Company to stand true on its product promise.

The Company QA is supported by state-of-the-art research labs and has been recognized by the Government of India. Constant trainings at NABL (National Accreditation Board for Testing and Calibration Laboratories) are conducted to update the QA team with the latest techniques and technologies. Regular quality audit is also conducted at the labs to ensure the high-quality products. Various tests like MRI, CT Scan, C/H Ratio and wettability, among others, are carried out before delivery. This helps ensure consistency in the rheological and operational properties of the product.

Himadri has created a sustainable business by complying with established regulations, processes, and standards, to ensure and protect its quality. The Company supervises its quality control more efficiently with the help of its in-house processing and manufacturing. This also leads to manufacturing environment-friendly products through environment-friendly processes. These products and processes comply with the customers' and Government's norms.

FINANCIAL REVIEW

CONSOLIDATED HIGHLIGHTS

The consolidated gross revenue from operations stood at ₹ 279,131.77 lakhs during 2021-22 as compared to ₹ 167,945.80 lakhs in 2020-21. EBITDA stood at ₹ 16,287.13 lakhs during 2021-22 as compared to ₹ 13,092.32 lakhs in 2020-21. Profit after tax stood at ₹ 3,905.48 lakhs during 2021-22 as compared to ₹ 4,726.62 lakhs in 2020-21.

STANDALONE HIGHLIGHTS

Standalone gross revenue from operations stood at 279,131.40 lakhs in 2021-22 as compared to ₹ 167,945.80 lakhs in 2020-21. EBITDA stood at 16,159.31 lakhs in 2021-22 as compared to ₹ 12,757.21 lakhs in 2020-21. Profit after tax stood at 6,506.19 lakhs in 2021-22 as compared to ₹ 4,667.17 lakhs in 2020-21.

SHAREHOLDERS' FUNDS

The authorized share capital of the Company stood at ₹ 7,001 lakhs as of 31 March 2022 as compared to ₹ 7,001 lakhs as of 31 March 2021 in the form of equity shares of ₹ 1 each. The paid-up share capital stood at ₹ 4,189.65 lakhs as of 31 March 2022. The

Company's reserve and surplus stood at ₹ 176,188.27 lakhs whereas the net-worth was ₹ 180,377.92 lakhs.

DIVIDEND

With the Board's decision of being consistent in terms of payment of dividend, the Board recommended 20% ₹ 0.20 per share dividend for the year 2021-22 to reward its shareholders. The dividend will be paid out of accumulated profits, subject to the approval of members at the ensuing Annual General Meeting.

FINANCE

The Company continued to enjoy working capital facilities from various banks including Axis Bank Limited, Bank of Baroda, Citi Bank, N.A., DBS Bank India Limited, The Federal Bank Limited, HDFC Bank Limited, The Hong Kong & Shanghai Banking Corporation Limited, ICICI Bank Limited, IDFC First Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited, RBL Bank Limited, Standard Chartered Bank, State Bank of India and Yes Bank Limited. The Company has serviced these debts proactively.

HUMAN RESOURCE

The Company's strategies are designed to provide opportunities for learning and are centred around the needs of its people. It emphasises professional development and promotes an empowered and inclusive atmosphere. Himadri takes every precaution to attract new talent, give the necessary training, and retain well-qualified, deserving staff. The goal is to create an atmosphere in which employees may find sense of purpose in their work while also adding value to the Company. Employees are empowered and are provided with a welcoming environment that encourages them to harness their talent and realize their full potential, resulting in improved performance.

CULTURE TRANSFORMATION

The Company builds a welcoming and empowering work environment that focuses on improving employee satisfaction and happiness quotient. Furthermore, it's people, processes, policies, and practices help in the development of a flexible and performance-oriented organisation.

SHAPING CAREERS

The Company's goal is to hire the right people with the right skills and integrate them into the culture and work environment and equip them with tools to succeed. Himadri facilitates learning through multiple modes based on periodic assessments, development of competences for leadership roles, and creation of an internal talent pipeline that aids in building a future-ready organisation. The Company has a strong track record of positive labour relations. This is based on mutual trust and cooperation, which has enabled the organisation to maintain its productive levels.

DIVERSITY & INCLUSION

To encourage diversity and inclusion at work, the organisation stresses exercising diversification in inducting diverse types of people into its peripheral. It helps all employees to feel accepted, valued, and raises their spirits. A happy, engaged employee is beneficial for the Company, resulting in lower turnover rates. Holidays of different cultures are recognised by the organisation and leave calendars are created with this in mind. Thereon, maintaining a secular and inclusive work environment.

BUILDING CAPABILITY

The Company facilitates long-term viability of its market presence by anticipating and preparing future talent requirements. Himadri continues to invest in Employees Learning & Development programs focusing on Capability and Capacity Enhancement, R&D Marketing, and collaborative programmes. As a result, its employees are better equipped to comprehend the wants of their consumers. The Management implements objective method of cascading organisational goals to establish role clarity and alignment across all levels. Employees have the opportunity to pursue career mobility prospects inside the Company or throughout the Himadri Group. Professionals are given access to cutting-edge technology for enhancement of their subject matter expertise. There is also access to cutting-edge technology and networking opportunities to assist professionals to improve their subject matter expertise.

BOOSTING EMPLOYEE MORALE

Himadri has a long tradition of rewarding people and encouraging enhanced productivity with suitable acknowledgment. The organisation recognises and rewards its members for their contribution to the organisational journey as part of its gratification process. The employees were awarded by the organisation on the anniversary of its founding in the presence of their families via a virtual platform. Employees were additionally recognised for their contributions'. The Company values its employees' children's creativity and hence, have based its Annual Calendar solely on their artwork.

DIGITISATION OF THE PROCESSES

The Company has launched the digitised platform to transform all aspects of the employee life cycle. As a result, its employees will have easy access to policies and processes, while the Company as a whole is promoting Talent acquisition, E-on-boarding, Performance Management, and e-learning practices for better-managed processes across all locations, reducing process delays, and ultimately aiming for a paperless workplace with seamlessness in all activities.

EMPLOYEE CARE & WELLNESS

Himadri's ideal of serving humanity has been put into action in the form of expanded medical coverage, term insurance, and an accidental policy. In addition, the Company implemented the Pandemic Policy to assist the families, of employees who lost their lives, in continuing with a stable livelihood and avoid financial burden with dignity and pride. Thereon, fostering a sense of security among the families in these unpredictable times. We have also launched an initiative called "Each One Reach One" where Employees can volunteer their support to the deceased family of his or her fellow colleague beside the organizational financial support. The Organization also, aim to improve the wellness quotient of the Employee through various wellness programs which is a planned through an Employee Wellness Calendar.

REWARD & RECOGNITION

With the history of rewarding people with proper recognition is something that's comes naturally to Himadri from ages, the organisation believes the contribution made by its members towards its journey have to be recognised and rewarded as part of the gratifications process. The employees have been rewarded by the organisation on its foundation day in presence of their family members. We acknowledge the creativity of our employees' children and designed our Annual Calendar by their artwork only.

MOTIVATING EMPLOYEES

Post the 2nd wave Covid-19 outbreak, the most challenging problem was motivating the staff/ workers/employees towards returning back to normalcy once again, which was critical to their well-being. To bring some fun, enthusiasm, and enjoyment at the workplace, the Company organized various employee engagement programs and celebration with instant gratifications of the work.

ENVIRONMENT, HEALTH AND SAFETY MEASURES

Himadri is driven by philosophy that is focused on no harm to people, asset and natural resources. 'Safety' is one of the core values at Himadri. There is an unwavering commitment to the continuous improvement of the organization's safety performance. Benchmarking with the companies that are best in the business, the Company is committed to continuously employing world-class Safety, Health and Environment practices.

Himadri considers health and safety of its employees as an essential and integral part of all activities. Accidents and risks to health are prevented through continual improvement in the working environment and safety ensures. All employees are covered by health insurance policies.

The Company is committed towards protecting the environment, ensuring a safe workplace and conserving natural resources. Himadri has established a safety, health and environment committee to ensure security and safety within and around the vicinity of its facilities. To strengthen our Safety First Attitude, upgradation of Safety systems including implementation of Fire Detection System was carried out.

This Committee of the Board provides valuable direction and guidance to the Management to ensure that Safety and Sustainability implications are duly addressed in all new strategic initiatives, budgets, audit actions and improvement plans. They also monitor and review reports monthly and quarterly on safety, environment and health performance including policy and legal compliances.

Himadri is subjected to various environmental laws and regulations. These laws are applicable to the production, use and sale of chemicals, emissions into the air, discharges into waterways and other releases of materials into the environment. Along with these, it is also applicable to the generation, handling, storage, transportation, treatment and disposal of waste material.

We are committed to safe and lawful operation of our facilities with respect to the manufacturing and distribution of products. Being a responsible corporate we have invested and undertaken eco-friendly measures to make our facilities 'Zero discharge plant'. It ensures control of all forms of discharge – solid, liquid or gas. The Company also consciously increased it green cover by planting approx. 5000 saplings.

Sustained efforts in this direction have resulted in Company being bestowed by Awards of Excellence in both Safety and Environment by Greentech foundation.

To sensitise employees on Key Health risks, Health talks and seminars by leading subject matter experts were organized. Reaffirming that prevention is better than cure, medical check-ups were organized for the benefit the entire workforce. Yoga and physiotherapy sessions were held to promote the overall well-being of the individual.

On Safety of Women Employees, we have launched an app based "Safety device" for all female colleagues and handed over to them during last Women's day celebration. The mechanism of the device is to generate alert to the person's emergency contact and nearby police station.

RISK MANAGEMENT

Himadri recognises that risks are inevitable part of its operations, and unprecedented times are bound to impact and/or influence the sustainability of a business. In the dynamic business environment, the Company backs up its presence through a well-established risk management framework that assists it in being resilient.

Risks and Response

Himadri evaluates risks on a regular basis and develops new strategies in response to changing market conditions. The Company believes in mitigating risk at an early stage so that operations can continue uninterrupted. To identify and minimise risks, the Audit Committee and Management are working together. The following are some of the business risks and mitigation strategies adopted by the Company.

ECONOMIC SLOWDOWN

Risk

A downturn in India's economy could result in lower revenues for the Company, in turn leading to lower profitability.

Response

Himadri sells its products to a variety of industries, including Pharma, Agrochemicals, Dyes, Paints, Tires, and others, reducing business risks both domestically and internationally.

RAW MATERIAL

Risk

The Chemical sector faces concerns related to global raw material availability, mobility and price volatility. Manufacturing can be hampered by the lack of raw materials or a sudden price spike. Sharp drops in crude oil prices due to tensions between Russia and Ukraine, as well as the cost of various raw materials procured by the Company, can have an impact on the bottom line.

Response

As a prominent participant in the sector, the Company has at least a 60-day inventory in hand to avoid being impacted by raw material shortages. To mitigate any potential hazards, the Company keeps sufficient safety stock of strategic raw materials and completed items. As a result, activities will run more smoothly, both domestically and internationally.

ENVIRONMENTAL SUSTAINABILITY

Risk

The industry in which the Company operates is responsible for better managing its environmental impact. Chemical mishaps represent a hazard to society's environment, health, and safety, as well as threaten business continuity. The Chemical business is held accountable not only for adhering to environmental regulations but also for providing societal value.

Response

The Company follows all of the Government's mandated environmental laws and regulations. To combat this danger, the individual facilities have robust safety systems and practices in place. Furthermore, the Company disposes of hazardous material in a safe manner in accordance with regulations. It has also made substantial investments in environmentally friendly initiatives that are assisting the Company in becoming a 'Zero Discharge' facility for a better future.

COMPETITION RISK

Risk

With a huge number of producers, one of the major challenges in the Chemical sector is the competition in this segment. The danger arises when the Company fails to move quickly enough to capitalise on the underlying opportunities.

Response

The Company strives to remain aware of new prospects in the Chemical industry and responds proactively by adding new products to its portfolio. In order to become a strategic vendor to clients while remaining competitive in the market, the Company plans to combine its largest production plant and its client's manufacturing facility.

DEPENDENCY RISK

Risk

Due to the Company's reliance on specific industries such as aluminium and graphite, any downturn in these industries would result in reduction of its margins and stability thereon.

Response

Himadri works with a diverse set of industries and applications. Due to the fact that these application industries are of high importance to any economy, demand for these items is largely inelastic.

MARKET PRESENCE

Risk

Himadri operates in a highly competitive industry with several other manufacturers that produce competing products, both in India and internationally. With strategic facility location, the Company's presence in the market also matters.

Response

The Company has set up 7 facilities, marking its presence across 4 Indian states from east to west. Himadri operates a fully dedicated fleet of over 170 tankers to ensure timely delivery and procurement. This presence has reaped goodwill for the Company in the respected industry. Several Aluminium and Graphite companies in India have been customers of Himadri for more than the past 20 years.

INDUSTRIAL RELATIONS

Any industrial company's foundation is its labour relations. The Company maintains open lines of communication with its employees and keeps them informed about its goals in order to foster a positive employer-employee relationship. This allows for more efficient operations with less disagreements between workers and the Management. The Company has many development programmes for employees at various levels. This creates a pleasant environment. Through the implementation of productive and performance-based policies, workplace relations remained positive. The policies are now more focused on developing and benefiting talent while also safeguarding the organisation's interests. This makes it easier for the Company and its employees to work together in the same goal.

STATUTORY COMPLIANCE

The Company Secretary's role as the Compliance Officer is to ensure that the Company complies with SEBI requirements and the Listing Regulations. The Chief Financial Officer, the Chief Executive Officer, and the Managing Director work as Compliance Officers to prevent insider trading. The Company has recruited Internal Auditors to ensure that any potential non-compliance with the Companies Act, SEBI instructions, and Listing Regulations is reported on time, in order to reduce the risks thereon. Compliance certifications are obtained from a variety of management workers, attesting to the observance of key statutes.

INTERNAL CONTROL SYSTEM

The Board of Directors of Himadri is responsible for guaranteeing and establishing internal financial controls. Internal control mechanisms for business processes, operational efficiency, and compliance with all applicable rules and regulations are all in place within the organisation. It's also in charge of determining whether or not such controls are adequate and effective. Himadri has policies, procedures, control structures, and management systems in place that correlate to the Companies Act, 2013's concept of Internal Financial Controls. These have been established at the entity and process levels, and are intended to ensure that internal control requirements, regulatory compliance, and proper financial and operational data recording are met. Internal inspections and audits are conducted on a regular basis to guarantee that obligations are being carried out efficiently. A thorough examination of the Company's internal controls, accounting procedures, and policies is performed. Senior Management evaluates and certifies the effectiveness of the internal control mechanism over financial reporting, adherence to the code of conduct and Company policies for which they are responsible, and compliance with established procedures in financial or commercial transactions in which they have a personal interest or potential conflict of interest, if any. Independent internal auditors are hired by Himadri to help strengthen the internal controls process. For effective monitoring and control of the entire Company's operations and subsidiaries, there are well-established and comprehensive internal control systems processes, rules, policies, and procedures. The Audit Committee analyses compliance with the audit plan before approving it. The Audit Committee met on a regular basis throughout the year to discuss the auditors' reports. The Audit Committee received a report on all important audit findings and measures taken in response. The organisation has implemented an internal control and audit system that is appropriate for its size and industry. The Audit Committee also met with the Company's Statutory Auditors to get their thoughts on the financial statements, including the financial reporting system, accounting policies and procedures compliance, and the adequacy and effectiveness of the Company's internal controls and systems. The Audit Committee's views and recommendations were taken into consideration by the Management.

Board's Report

Dear Members,

Your Board of directors has the pleasure of presenting it's report as a part of the 34th Annual Report of your Company ("the Company" or "HSCL"), together with the Audited Financial Statements (Standalone and Consolidated) and the Auditors' Report thereon for the financial year ended 31 March 2022.

1. Financial Highlights

The financial results of the Company for the financial year ended 31 March 2022 are summarised below:

Amount in ₹ Lakhs

Sl. No.	Particulars	Standalone		Consolidated	
		2021-22	2020-21	2021-22	2020-21
I.	Revenue from operations	279,131.40	167,945.80	279,131.77	167,945.80
II.	Other income	721.60	1,382.59	722.16	1,404.66
III.	Total income (I + II)	279,853.00	169,328.39	279,853.93	169,350.46
IV.	Expenses				
	Cost of materials consumed	239,179.74	115,646.45	238,453.82	108,208.81
	Changes in inventories of finished goods and work-in-progress	(14,177.78)	8,362.45	(13,967.65)	15,182.91
	Employee benefits expense	8,015.65	7,551.05	8,076.66	7,611.14
	Finance costs	3,504.05	3,321.17	3,561.86	3,343.43
	Depreciation and amortisation expense	4,663.40	4,421.95	4,954.76	4,697.42
	Other expenses	30,721.42	23,628.64	30,962.89	23,850.62
	Total expenses (IV)	271,906.48	162,931.71	272,042.34	162,894.33
V.	Profit before exceptional items and tax (III-IV)	7,946.52	6,396.68	7,811.59	6,456.13
VI.	Exceptional Items	-	-	(2,465.06)	-
VII.	Profit before tax (V-VI)	7,946.52	6,396.68	5,346.53	6,456.13
VIII.	Tax expenses				
	Current tax	1,388.57	1,184.06	1,389.29	1,184.06
	Deferred tax	51.76	545.45	51.76	545.45
IX.	Profit for the year (VII-VIII)	6,506.19	4,667.17	3,905.48	4,726.62

2. Performance Highlights

i) Financial Performance - Standalone

The Company achieved total Revenue from Operations of ₹ 279,131.40 lakhs for the year ended 31 March 2022 as against ₹ 167,945.80 lakhs for the year ended 31 March 2021 representing an increase of 66.2% because of increase in volume and average realisation. The earnings before interest, taxes, depreciation, and amortisation ('EBITDA') for the year, excluding the effect of foreign exchange fluctuation loss/(gain) and other income was ₹ 16,159.31 lakhs as compared to ₹ 12,757.21 lakhs for the previous year. EBITDA for the year increased by 26.7% due to increase in average realisation, capacity utilisation and operational efficiencies. During the financial year 2021-22, the Company earned a profit after tax of ₹ 6,506.19 lakhs as compared to ₹ 4,667.17 lakhs in the previous year.

ii) Financial Performance – Consolidated

On consolidated basis, the total revenue from operations in the financial year 2021-22 increased by 66.2% to ₹ 279,131.77 lakhs from ₹ 167,945.80 lakhs in the previous year. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/(gain) and other income, was ₹ 16,287.13 lakhs as compared to ₹ 13,092.32 lakhs for the previous year. EBITDA for the year increased by 24.4% due to increase in average realisation, capacity utilisation and

Board's Report (Contd.)

operational efficiencies. During the financial year 2021-22, the Company earned a profit after tax of ₹ 3,905.48 lakhs as compared to ₹ 4,726.62 lakhs in the previous year.

3. Dividend

In terms of Dividend Distribution Policy of the Company, the Board of Directors of the Company ('the Board') has recommended a dividend of ₹ 0.20 per equity share having face value of ₹ 1/- each (i.e. @20%) per Equity Share on 419,339,650 equity shares of face value ₹ 1/- each for the financial year ended 31 March 2022 (Dividend for financial year 2020-21 @ ₹ 0.15/- per equity share on 418,965,278 equity shares of ₹ 1/- each) out of its' current profits, subject to the approval of Members at the ensuing Annual General Meeting (hereinafter referred to as 'AGM') of the Company. The Dividend payout during the financial year ended 31 March 2022 was ₹ 628.45 lakhs (previous year: ₹ 628.21 lakhs).

The Dividend Distribution Policy has been available on the website of the Company at www.himadri.com at the link. https://www.himadri.com/pdf/corporate_governance/dividend_distribution_policy.pdf

Pursuant to the Finance Act, 2020 read with the Income-tax Act, 1961, the dividend paid or distributed by a Company shall be taxable in the hands of the shareholders w.e.f. 1 April 2020. Accordingly, in compliance with the said provisions, your Company shall make the payment of dividend after necessary deduction of tax at source at the prescribed rates, wherever applicable. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of payment of dividend for the financial year ended 31 March 2022 and the AGM. Book closure date has been indicated in the notice convening AGM.

4. Reserves and Surplus

During the current financial year, the Company has not transferred any amount to the General Reserve.

5. Subsidiaries

The Company has two subsidiary Companies 1) AAT Global Limited ("AAT") in Hong Kong in which the Company holds 100% equity, 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

During the financial year 2020-21 and 2021-22, AAT Global Limited was material subsidiary pursuant to Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations').

The Company has formulated a policy for determining material subsidiaries. The policy is available on the website of the Company at https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf

A report on the performance and financial position of each of the subsidiaries as per provisions of sub section (3) of Section 129 of the Companies Act, 2013 ("Act") read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC-1 is annexed to this report as **Annexure I**.

Further, pursuant to the provisions of Section 136 of the Act, the standalone and consolidated financial statements of the Company for the financial year ended 31 March 2022, along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company www.himadri.com

- **Names of Companies which become or ceased to be its Subsidiaries, Joint Ventures or Associates**

  No Company has become or ceased to be a subsidiary or joint venture or associates of the Company during this financial year.

Board's Report (Contd.)

6. Consolidated Financial Statements

The consolidated financial statements of the Company for the year ended 31 March 2022, have been prepared in accordance with the Indian Accounting Standards (IND AS) 110 - "Consolidated Financial Statements" as notified by Ministry of Corporate Affairs and as per the general instructions for preparation of consolidated financial statements given in Schedule III and other applicable provisions of the Act, and in compliance with the SEBI Listing Regulations. The financial statements of the subsidiaries and the related detailed information will be made available to the shareholders of the Company seeking such information.

The Audited Consolidated Financial Statements along with the Auditors' Report thereon forms part of the Annual Report.

7. Windmills

During the financial year 2021-22, the windmills at Dhule in Maharashtra generated 26,14,719 kwh units of wind energy as compared to 9,15,579 kwh units in the previous year. The revenue generated by the windmills for the year remained at ₹ 65.89 lakhs as compared to ₹ 23.07 lakhs in previous year. The revenue increased due to more unit generation.

8. Working Capital

The Company continues to enjoy working capital facilities under multiple banking arrangements with various banks including Axis Bank Limited, Bank of Baroda, Citi Bank N.A., DBS Bank India Limited, The Federal Bank Limited, HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, IDFC First Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited, RBL Bank Limited, Standard Chartered Bank, State Bank of India and Yes Bank Limited. The Company has been regular in servicing these debts.

9. Credit Rating

The Company has obtained Credit Rating of its various credit facilities and instruments from ICRA Limited and CARE Ratings Limited. The details about the rating assigned by the agencies are clearly elaborated in the Corporate Governance Report forming part of the Board's Report.

10. Capital Expenditure

During the financial year 2021-22, the Company incurred capital expenditure on account of addition to fixed assets aggregating to ₹ 2,316.01 lakhs (including capital work in-progress and capital advances).

11. Directors and Key Managerial Personnel

Pursuant to the provisions of Section 152(6) of the Act, the members of the Company at the 33rd Annual General Meeting (AGM) held on 29 September, 2021, re-appointed Mr. Anurag Choudhary (DIN: 00173934) and Mr. Amit Choudhary (DIN: 00152358) who were liable to retire by rotation.

Further, Mr. Santosh Kumar Agrawala (DIN: 00364962) has been re-appointed as Independent Director of the Company for the second term of five consecutive years w.e.f. 14.11.2021 by means of passing Special Resolution of the members at the 33rd AGM of the Company.

During the year under review, the Board of Directors of the Company (based on the recommendation of the Nomination & Remuneration Committee) had appointed Mr. Girish Paman Vanvari (DIN: 07376482) and Mr. Gopal Ajay Malpani (DIN: 02043728) as Independent Directors of the Company for a term of 5 (five) consecutive years w.e.f. 22 June 2021 and 13 August 2021 respectively. The said appointments were approved by the Shareholders of the Company with overwhelming majority at the 33rd AGM of the Company.

- **Changes in Board Composition**

  During the financial year 2021-22, Mr. Hanuman Mal Choraria (DIN: 00018375), Independent Director, had demised on 26 April 2021. Your Board of directors' places on record its sincere appreciation for the services rendered by him.

Board's Report (Contd.)

Mr. Bankey Lal Choudhary (DIN: 00173792), Mr. Vijay Kumar Choudhary (DIN: 00173858) and Mr. Tushar Choudhary (DIN: 00174003) Executive Directors have resigned from the Directorship of the Company with effect from 08 July 2022 due to personal reason. Your Board of Directors' places on record its sincere appreciation for the services rendered by them.

Further Mr. Hardip Singh Mann (DIN: 00104948) and Ms. Sucharita Basu De (DIN: 06921540) Independent Directors have resigned from the Directorship of the Company with effect from 08 July 2022. Mr. Mann and Ms Basu informed that their resignations were purely on account of personal reasons. They have also confirmed that there are no other material reasons attributable / connected with the Company for their resignation. The Board places on record its deep appreciation for the contributions of Mr. Hardip Singh Mann and Ms. Sucharita Basu De during their tenure as Independent Directors of the Company.

Further on 8 July 2022, it was informed to the Board of Directors that the Promoters of the Company have *inter-se* entered into a Family Settlement Agreement ("FSA") which has been entered into between the SSC Family and BLC Family.

- SSC Family comprises of Mr. Shyam Sundar Choudhary, Mr. Anurag Choudhary and Mr. Amit Choudhary
- BLC Family comprises of Mr. Bankey Lal Choudhary, Mr. Vijay Kumar Choudhary and Mr. Tushar Choudhary

By virtue of the FSA, BLC Family have:

i. ceased to hold any right in the management and/or control in the Company;

ii. also submitted request / application under Regulation 31A of SEBI Listing Regulations to re-classify themselves from promoter and promoter group to public category; and

Pursuant to the realignment, the SSC Family, led by Mr Anurag Choudhary, the Managing Director and CEO of the Company will continue to hold the sole rights of management and control in the Company.

- **Director retiring by rotation**

Mr. Shyam Sundar Choudhary (DIN: 00173732), Executive Director retires from the Board by rotation and being eligible and offers himself for re-appointment. The Board of Directors recommends the said re-appointment. Resume and other information regarding aforementioned Director seeking re-appointment as required under Regulation 36 of the Listing Regulations and SS-2 on General Meetings shall be given in the Notice convening the ensuing AGM.

None of the Directors of your Company is disqualified under the provisions of Section 164(2) of the Act. A certificate dated 20 July 2022 received from Mehta & Mehta, firm of Practising Company Secretaries, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of Companies by Securities and Exchange Board of India ("SEBI")/Ministry of Corporate Affairs or any such statutory authority is annexed to the Corporate Governance Report.

During the financial year 2021-22, the constitution of the Board complies with the requirements of the Act and the SEBI Listing Regulations.

Further, the brief resume and other details relating to the Directors, who are to be appointed / re-appointed as stipulated under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 ("SS-2"), are provided in the Notice of Annual General Meeting forming part of the Annual Report.

Mr. Santanu Chatterjee, Senior Vice President, HR, and Administration and designated as Key Managerial Personnel

Board's Report (Contd.)

(KMP) of the Company, demised on 20 May 2021. Your Board of Directors' places on record their sincere appreciation for the services rendered by Mr. Chatterjee. Mr. Kunal Mukherjee, Assistant Vice President; HR has been designated as Key Managerial Personnel (KMP) of the Company w.e.f. 13 August 2021. Except as stated above in this Para, there were no other changes in Key Managerial Personnel of your Company during the financial year 2021-22.

Details pertaining to the remuneration of KMPs employed during the year have been provided in the Annual Return.

Further, based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at its meeting held on 21 July 2022 has approved the appointment of Mr. Anurag Choudhary, Managing Director & CEO as the Chairman of the Board of Directors of the Company. While considering the said appointment as the Chairman, the Board has considered the benefits of integrating the duties of Chairperson and Managing Director and also considered the leadership qualities, industrial achievements, skill set, career trajectory of Mr. Anurag Choudhary and also his incomparable know how of the Indian Chemical Industry and his recognition of the same in the Industry.

During the year under review none of the Directors of the Company are disqualified as per the applicable provisions of the Act.

12. Meetings of the Board

The Board met 10 (Ten) times during the financial year 2021-22. The dates of meetings of the Board and its Committees and attendance of each of the Directors thereat are provided separately in the Corporate Governance Report.

MCA vide its circular dated 03 May 2021 extended the maximum stipulated time gap of 120 days to 180 days between two board meetings, held for first two quarters of FY 2021-22, i.e. till 30 September 2021, owing to the Covid-19 pandemic.

The maximum gap between two Board meetings held during the year was not more than 120 days.

13. Declaration from Independent Directors

During the financial year 2021-22, all the Independent Directors of the Company have given necessary declarations regarding their Independence to the Board as stipulated in Section 149(6) & 149(7) of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) and 25(8) of the SEBI Listing Regulations.

In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the Act with regard to integrity, expertise, and experience (including the proficiency) of an Independent Director and are independent of the management.

14. Material Changes and commitments affecting the financial position of the Company & Change in nature of business

There were no material changes and commitments that occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

During the year under review, there was no change in the nature of the business of the Company.

15. Directors' Responsibility Statement

Based on internal financial controls, work performed by the Internal Auditors, Statutory, Cost and Secretarial Auditors, the reviews performed by the management, with the concurrence of the Audit Committee, pursuant to Section 134(3)(C) read with Section 134(5) of the Act and as per Schedule II Part C(A)(4)(a) of the SEBI Listing Regulations, the Board states the following for the year ended 31 March 2022:

a. In the preparation of the annual accounts for the year ended 31 March 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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Board's Report (Contd.)

b. The Directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

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

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

e. The Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

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

16. Nomination & Remuneration Policy

Pursuant to the provisions of Section 178 of the Act, and in terms of Regulation 19 read with Part D of Schedule-II of the SEBI Listing Regulations, the Company has a Nomination and Remuneration Policy for its Directors, Key Managerial Personnel and Senior Management which also provides for the diversity of the Board and provides the mechanism for performance evaluation of the Directors and the said policy was amended from time to time and may be accessed on the Company's website at the following link:

https://www.himadri.com/pdf/corporate_governance/nomination_remuneration_policy_june2018.pdf

17. Loans, Investments and Guarantee

The Company has not given any loans, guarantees or securities during the year that would attract provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act with respect to investments made and loans given. The Company has not provided any guarantees or security under the provisions of Section 186 of the Act. The details of loans granted, guarantees given, and investments made during the year under review, covered under the provisions of Section 186 of the Act, are provided in the notes to the financial statements of the Company forming part of this Annual Report.

18. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31 March 2022 is available on the website of the Company at the link https://www.himadri.com/pdf/annual-return-in-form-mgt-7-for-the-fy-2021%E2%80%932022.pdf

The annual return uploaded on the website is a draft in nature and the final annual return shall be uploaded at the same link in the website of the Company.

19. Particulars of Remuneration of Managerial Personnel and Employees and related disclosure

Disclosures pertaining to remuneration and other details as required under Section 197(12), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in **Annexure II** enclosed hereto and forms part of this report. In accordance with the provisions of the aforementioned section, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid rules form part of this Report. However, in line with the provisions of Section 136(1) of the Act, the Report and Accounts as set out therein, are being sent to all Members of your Company, excluding the aforesaid information. Any Member, who is interested in obtaining these particulars, may write to the Company Secretary.

20. Risk Management (Risk Assessment and Minimisation Procedure)

The Company has a Policy on Risk Management

Board's Report (Contd.)

(Risk Assessment and Minimisation Procedure) to identify various kinds of risks in the business of the Company. The Board and the Senior Management review the policy from time to time and take adequate steps to minimise the risk in business. There are no such risks, which, in the opinion of the Board, threaten the existence of your Company. However, some of the risks which are inherent in business and the type of industry in which it operates are elaborately described in the Management Discussion and Analysis forming part of this Report.

21. Employee Stock Option Plan (ESOP)

Your Company has adopted the Himadri Employee Stock Option Plan ("ESOP 2016") for granting of options to eligible employees of your Company as approved by the Members of your Company at the 28th Annual General Meeting held on 24 September 2016. The applicable disclosures as required under the SEBI Guidelines as amended and the details of stock options as at 31 March 2022 under the ESOP 2016 are set out in the report as **Annexure III** and the same forms part of this Report.

22. Auditors and Auditors' Report

- **Statutory Auditors**

  M/s B S R & Co. LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022) the Statutory Auditors of the Company were re-appointed at the 29th AGM held on 22 September 2017 for second term of five years from the conclusion of the 29th AGM till the conclusion of the 34th AGM to be held for the financial year 2021-22.

  The Report given by M/s B S R & Co. LLP, Chartered Accountants on the financial statements of the Company for the financial year 2021-22 is part of the Annual Report and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Reports. The Auditors of the Company have not reported any fraud in terms of the second proviso to Section 143(12) of the Companies Act, 2013.

- **Secretarial Auditor**

  Pursuant to the provisions of Section 204 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board of Directors based on the recommendation of the Audit Committee appointed M/s Arun Kumar Maitra & Co, Practising Company Secretaries (C.P. No.: 14490), to conduct Secretarial Audit for the financial year 2021-22. The Secretarial Audit Report, pursuant to Section 204(1) of the Act for the financial year ended 31 March 2022 is annexed to this report as **Annexure IV** and forms part of this Report.

  The Company has undertaken an Annual Secretarial Compliance Audit for the financial year 2021-22 pursuant to regulation 24A(2) of the SEBI Listing Regulations. The Annual Secretarial Compliance Report for the financial year ended 31 March 2022 has been submitted to the Stock Exchanges and the said report may be accessed on the Company's website at https://www.himadri.com/pdf/stock_exchange_compliance/secretarial_compliance_report2022.pdf

- **Cost Auditor**

  Mr. Sambhu Banerjee, Cost Accountant, the Cost Auditor of the Company had submitted the Cost Audit Report for the year 2020-21 within the time limit prescribed under the Act and Rules made thereunder.

  During the Period under review, pursuant to Section 148 of the Act read with the rules framed thereunder, the Board had re-appointed Mr. Sambhu Banerjee, Cost Accountants, to conduct audit of the cost records of the Company for the financial year 2021-22.

  Pursuant to Section 148 of the Act, read with the rules framed thereunder, the Board of Directors at its meeting held on 21 July 2022, upon the recommendation of the Audit Committee, re-appointed Mr. Sambhu Banerjee as the Cost Auditor of the Company to conduct the audit of the cost records of

Board's Report (Contd.)

the Company for the financial year 2022-23. The Company has received necessary consent from Mr. Sambhu Banerjee to act as the Cost Auditor of the Company for the financial year 2022-23 along with the certificate confirming that his appointment would be within the applicable limits.

Further, pursuant to Section 148 of the Act, read with the rules framed thereunder, the remuneration payable to Cost Auditor for the financial year 2022-23 is required to be ratified by the Members of the Company at the ensuing AGM. Accordingly, an ordinary resolution seeking approval of members for ratification of payment of remuneration payable to the Cost Auditor is included in the Notice convening the ensuing AGM of the Company.

23. Maintenance of Cost records

The Company is duly maintaining the cost accounts and records as specified by the Central Government in compliance of Section 148 of the Act.

24. Vigil Mechanism / Whistle Blower Policy

The Company has formulated a Vigil Mechanism / Whistle Blower Policy in terms of Section 177 of the Act and Regulation 22 of the SEBI Listing Regulations for the employees to report their grievances / concerns about instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct by means of protected disclosure to the Vigilance Officer or the Chairman of the Audit Committee. The Vigil Mechanism / Whistle Blower Policy may be accessed on the Company's website at https://www.himadri.com/pdf/corporate_governance/vigil_mechanism_himadri_amended_wef18-03-2020.pdf

25. Conservation of energy, technology absorption and foreign exchange earnings and outgo

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo for the financial year ended 31 March 2022, as required to be given pursuant to Section 134(3)(m) of the Act, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed to this Report as **Annexure V**.

26. Details in respect of adequacy of Internal Financial Controls with reference to the financial statements

The Company has laid down adequate internal financial controls and checks which are effective and operational. The Internal Audit of the Company for financial year 2021-22 was carried out by M/s S. Jaykishan, Chartered Accountants, Internal Auditor for all divisions and units of the Company. The Audit Committee regularly interacts with the Internal Auditors, the Statutory Auditors and senior executives of the Company responsible for financial management and other affairs. The Audit Committee evaluates the internal control systems and checks & balances for continuous updation and improvements therein. The Audit Committee also regularly reviews and monitors the budgetary control system of the Company as well as system for cost control, financial controls, accounting controls, physical verification, etc. The Audit Committee regularly observes that proper internal financial controls are in place including with reference to financial statements. During the year, such controls were reviewed and no reportable material weakness was observed.

27. Related Party Transactions

The related party transactions that were entered into by the Company during the financial year 2021-22, were on arm's length basis. Further, no material related party transactions were entered into by the Company during the financial year 2021-22. The disclosure under Section 134(3)(h) read with Section 188 (2) of the Act in form AOC-2 is given in **Annexure VI** forming part of this report.

There have been no materially significant related party transactions entered into by the Company which may be in conflict with the interests of the Company at large.

Board's Report (Contd.)

The policy on dealing with Related Party Transactions as approved by the Board in terms of Regulation 23 of the SEBI Listing Regulations is posted on the website of the Company.

28. Corporate Social Responsibility (CSR)

The Board in compliance with the provisions of Section 135(1) of the Act, and rules made thereunder has formulated the CSR Committee and CSR Policy. Further, the CSR policy has been placed on the website of the Company and can be accessed through the following link: https://www.himadri.com/pdf/corporate_governance/csr-policy-himadri-30-03-2021.pdf

During the financial year 2021-22, the Company was required to spend ₹ 386.82 lakhs, the minimum amount to be spend on CSR activity. The Company has spent ₹ 55.61 lakhs during the financial year 2021-22. Accordingly, the unspent amount for financial year 2021-22 is ₹ 331.21 lakhs. The Company has transferred the unspent amount of ₹ 331.21 lakhs to the "Himadri Speciality Chemical Limited Unspent CSR Account 2022" for the financial year ended 31 March 2022, pursuant to Section 135(6) of the Act.

The Company's key objective is to make a difference to the lives of the underprivileged and help them to bring a self-sustaining level. There is a deep commitment to CSR engagement. The Company has chosen couple of CSR projects such as rural development project for constructing pukka houses in place of kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay and same are under process. Further during the financial year 2021-22 the Company has also chosen Heath Care Project for Setting up of Nursing Home at Dist. Hooghly by construction of building - facilities of Kidney dialysis, eye testing, spectacles distribution, medicine distribution, Ayurvedic, naturopathic and homeopathy treatment for the betterment of local people surrounding the plant at Mahistikry as well as surrounding villages.

Setting up the aforesaid projects requires the substantial amount of involvement of the time and efforts for planning and its execution.

For this reason, during the financial year, the Company's spending on the CSR activities has been less than the limits prescribed under the Act.

The Company, through its CSR activities, has always focused on efforts that can substantially impact the well-being of the disadvantaged segments of the population. The endeavor is to have a comprehensive approach that is meaningful and with a long-term focus to ensure scalability. The CSR Committee has been continuously focused on providing social benefits to the society in its true sense and the shortfall will be added to the CSR expenditure for the current financial year.

The Annual Report on CSR activities in terms of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith and marked as **Annexure VII** forming part of this Report.

29. Annual Evaluation of the performance

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Independent Directors at their meeting have evaluated the performance of Non-Independent Directors after considering the views of the Executive and Non-Executive Directors, Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

Further, the Board, upon recommendation of the Nomination and Remuneration Committee and as per the criteria and manner provided for the annual evaluation of each member of the Board and its Committees, has evaluated the performance of the entire Board, its Committees and individual directors. During the financial year 2021-22 all the members of the Board and its Committees met the criteria of performance

Board's Report (Contd.)

evaluation as set out by the Nomination and Remuneration Committee.

30. Public Deposit

During the financial year 2021-22, the Company has not accepted any deposits from public within the meaning of Section 73 and Section 74 of the Act, therefore the disclosure pursuant to Rule 8 (5)(v) & (vi) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

31. Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future

There are no significant/ material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations. During the year under review, no Corporate Insolvency Resolution application was made, or proceeding was initiated, by/against the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 (as amended). Further, no application / proceeding by / against the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 (as amended) is pending as on 31 March 2022.

32. Transfer of Unclaimed Dividend to Investor Education & Protection Fund (IEPF)

During the financial year 2021-22, pursuant to provision of Section 124 of the Act, the Company has transferred a sum of ₹ 508,301/- to the IEPF, the amount of dividend which was unclaimed/ unpaid for a period of seven years, declared for the financial year 2013-14. The Company regularly sends reminder letters to the Shareholders from time to time for claiming their unpaid dividend.

33. Transfer of Unclaimed Shares to IEPF

During the financial year 2021-22, pursuant to the provisions of Section 124(6) of the Act, the Company has transferred 233,363 unclaimed shares of 172 shareholders in respect of which dividend has not been paid or claimed for seven consecutive years or more, to the credit of IEPF Authority as prescribed in Section 125 of the Act.

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, to the Company, along with requisite documents enumerated in the Form IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred to IEPF.

34. Corporate Governance

In terms of the provisions of Regulation 34(3) of the SEBI Listing Regulations, the Corporate Governance Report together with a certificate from a Practising Company Secretary confirming compliance, is annexed herewith and marked as **Annexure VIII** forming part of this Report.

35. Management Discussion and Analysis

The Management Discussion and Analysis as required under Schedule V of the SEBI Listing Regulations forms an integral part of the Annual Report.

36. Business Responsibility Report (BRR)

The Business Responsibility Report (BRR) of the Company for the financial year ended 31 March 2022 as required pursuant to the Regulation 34(2)(f) of the SEBI Listing Regulations is annexed herewith and marked as **Annexure IX** forming part of this Report and the same is also available at Company's website at www.himadri.com

37. Listing on Stock Exchanges

The Company's 419,339,650 equity shares of ₹ 1/- each are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid the listing fee to these stock exchanges, up to date.

38. Dematerialisation of Shares

There were 415,965,296 equity shares of the Company held by the shareholders in dematerialised form as on 31 March 2022,

Board's Report (Contd.)

representing 99.28% of the total paid-up share capital of the Company consisting of 418,965,278 equity shares of ₹ 1/- each. The Company's equity shares are compulsorily required to be traded in dematerialised form, therefore, Members are advised to speed up converting the physical shareholding into dematerialised form through their DP(s).

The Nomination and Remuneration Committee of the Company at its meeting held on 21 April 2022 has allotted 374,372 equity shares of ₹ 1/- each of the Company to the eligible employees on exercise of options pursuant to "Himadri Employee Stock Option Plan 2016", at a price of ₹ 19/- per share. The Shares were allotted in dematerialised form. Consequently, the issued and paid up capital of the Company stands increased to ₹ 419,339,650/- consisting of 419,339,650 per equity shares of ₹ 1/- each.

39. E-voting facility at AGM

In terms of Regulation 44 of SEBI Listing Regulations and in compliance with the provisions of Section 108 of the Act read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014 (as amended), the items of business specified in the Notice convening the 34th AGM of the Company shall be transacted through electronic voting system only and for this purpose the Company is providing e-voting facility to its' Members whose names will appear in the register of members as on the cut-off date (fixed for the purpose), for exercising their right to vote by electronic means through the e-voting platform to be provided by National Securities Depository Limited ("NSDL"). The detailed process and guidelines for e-voting has been provided in the notice convening the meeting.

40. Internal Complaint Committee

The Company has an Internal Complaint Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

During the financial year 2021-22, the Committee submitted its Annual Report as prescribed in the said Act and there was no complaint as regards sexual harassment received by the Committee during the year.

41. Compliance of Secretarial Standards

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

42. Disclosure requirements

As per SEBI Listing Regulations, the Corporate Governance Report along with Certificate on Corporate Governance and the integrated Management Discussion and Analysis including the Business Responsibility Report are attached herewith, and the same forms part of this Report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

43. Green Initiatives & Acknowledgement

As a responsible corporate citizen, the Company supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report etc. to Members at their e-mail address registered with the Depository Participants ("DPs") and RTAs. To support the 'Green Initiative', Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent ("RTAs")/ Depositories for receiving all communications, including Annual Report, Notices, Circulars, etc.,

Board's Report (Contd.)

from the Company electronically.

Pursuant to the MCA Circulars and SEBI Circulars, in view of the prevailing situation of the Pandemic, owing to the difficulties involved in dispatching of the physical copies of the Notice of the AGM and the Annual Report of the Company for the financial year ended 31 March 2022 including therein the Audited Financial Statements for the financial year 2021-2022, the afore-mentioned documents are being sent only by email to the Members.

Your directors wish to place on record their sincere appreciation for the continued support and cooperation extended to the Company by its bankers, customers, vendors, suppliers, dealers, investors, business associates, all the stakeholders, shareholders, debenture holders and various departments of the State and the Central Government.

The Directors regret the loss of lives due to COVID-19 pandemic, are deeply grateful, and have immense respect for every person who risked their life and safety to fight this pandemic.

Your directors appreciate and value the contribution made by every member of Himadri family.

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director &
Chief Executive Officer
(DIN: 00173934)

Sd/-
Shyam Sundar Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 21 July 2022

Annexure I
of the Board's Report

Form AOC-1

Statement containing salient features of the Financial Statements of Subsidiaries
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Amount in ₹ Lakhs

Particulars	1		2	
Name of the Subsidiary Company	AAT Global Limited, Hongkong		Shandong Dawn Himadri Chemical Industry Limited, China*	
Financial year ending on	31 March 2022		31 March 2022	
Reporting Currency	INR	USD	INR	RMB
Share Capital	6,930.20	91.42	5,610.63	470.00
Other Equity	(15,372.00)	(202.78)	(10,102.00)	(846.24)
Total Assets	717.25	9.46	6,764.32	566.64
Total Liabilities	9,159.05	120.82	11,255.69	942.88
Investments	-	-	-	-
Turnover / Total Income	75,176.96	1,008.95	0.56	0.05
Profit/(Loss) Before Taxation	(2,255.65)	(30.27)	(3,152.76)	(273.26)
Provision for Taxation	0.72	0.01	-	-
Profit/(Loss) After Taxation	(2,256.37)	(30.28)	(3,152.76)	(273.26)
Proposed Dividend	-	-	-	-
% of Shareholding	-	100%	-	94%

* Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

1. Names of subsidiaries which are yet to commence operations- Nil
2. Names of subsidiaries which have been liquidated or sold during the year- Nil

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director &
Chief Executive Officer
(DIN: 00173934)

Sd/-
Shyam Sundar Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 21 July 2022

Annexure II
of the Board's Report

Details pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2021-22:

Name	Designation	Ratio
Mr. Bankey Lal Choudhary	Executive Director	60:1
Mr. Shyam Sundar Choudhary	Executive Director	60:1
Mr. Vijay Kumar Choudhary	Executive Director	60:1
Mr. Anurag Choudhary	Managing Director & Chief Executive Officer	75:1
Mr. Amit Choudhary	Executive Director	60:1
Mr. Tushar Choudhary	Executive Director	60:1
Mr. Hardip Singh Mann	Independent, Non-Executive	2:1
Mr. Santosh Kumar Agrawala	Independent, Non-Executive	3:1
Mr. Sakti Kumar Banerjee	Independent, Non-Executive	3:1
Mr. Santimoy Dey	Independent, Non-Executive	3:1
Ms. Sucharita Basu De	Independent, Non-Executive	2:1
Mr. Girish Paman Vanvari	Independent, Non-Executive	2:1
Mr. Gopal Ajay Malpani	Independent, Non-Executive	1:1

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2021-22:

Name	Designation	% Increase in remuneration
Mr. Bankey Lal Choudhary	Executive Director	-
Mr. Shyam Sundar Choudhary	Executive Director	-
Mr. Vijay Kumar Choudhary	Executive Director	-
Mr. Anurag Choudhary	Managing Director & Chief Executive Officer	-
Mr. Amit Choudhary	Executive Director	-
Mr. Tushar Choudhary	Executive Director	-
Mr. Kamlesh Kumar Agarwal	Chief Financial Officer	10%
Ms. Monika Saraswat	Company Secretary & Compliance Officer	129%
Independent, Non-Executive Director (Sitting Fee)		
Mr. Hardip Singh Mann	Independent, Non-Executive	83%
Mr. Santosh Kumar Agrawala	Independent, Non-Executive	100%
Mr. Sakti Kumar Banerjee	Independent, Non-Executive	86%
Mr. Santimoy Dey	Independent, Non-Executive	87%
Ms. Sucharita Basu De	Independent, Non-Executive	104%
Mr. Girish Paman Vanvari	Independent, Non-Executive	NA
Mr. Gopal Ajay Malpani	Independent, Non-Executive	NA

Annexure II
of the Board's Report (Contd.)

3. **The percentage increase in the median remuneration of employees in the financial year 2021-22:**

   The percentage increase in the median remuneration of employees is 11%.

4. **The number of permanent employees on the rolls of the Company:**

   There were 908 number of permanent employees on the rolls of the Company as on 31 March 2022.

5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

   Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2021-22 was 14% whereas the increase in the managerial remuneration for the same financial year was 15%

6. **Affirmation that the remuneration is as per the remuneration policy of the Company.**

   It is affirmed that the remuneration paid to Directors, Key Managerial Person and other employees are as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel, and other employees.

   Note: The Independent Directors of the Company are entitled to sitting fees as per the terms approved by the Members of the Company. The criteria of making payments to the Independent Directors and details of remuneration paid to them have been provided in the Corporate Governance Report.

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director &
Chief Executive Officer
(DIN: 00173934)

Sd/-
Shyam Sundar Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 21 July 2022

Annexure III
of the Board's Report

Disclosure as required under Section 62(1)(b) of the Act read with Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are appended as below:

Sl. No	Particulars	Himadri Employee Stock Option Plan 2016	
1	**Date of Shareholders' Approval**	24 September 2016	
2	**Total No of Options approved under ESOS**	4,000,000	
3	**Vesting Requirements**	The Options granted under ESOP 2016 would vest after one year but not later than five years from the date of grant of such option. Vesting of Options would be subject to continued employment with the Company and Options would vest on passage of time and also fulfilment of certain performance parameters.	
4	**Date of Grant**	5 January 2017	8 May 2018
5	**Exercise price or pricing formula**	₹ 19 (Exercise Price)	₹ 140 (Exercise Price)
6	**Maximum term of options granted**	9.65 years from the date of grant	4.57 years from the date of grant
7	**Source of Shares**	Primary	Primary
8	**Variation in terms of option**	NA	NA
9	**Method of Option Valuation**	Black Scholes Merton Model	Black Scholes Merton Model
10	**Option Movement during the year**		
	- Number of Options outstanding at the beginning of the period	6,02,543	10,55,800
	- Number of Options granted during the year	-	-
	- Number of Options forfeited / lapsed during the year	17,931 (lapsed)	68,600 (lapsed)
	- Number of Options vested during the year	3,48,181	2,62,800
	- Number of Options exercised during the year	-	-
	- Number of Shares arising as a result of exercise of options	-	-
	- Money realised by exercise of options (Amount in ₹)	-	-
	- Loan repaid by the Trust during the year from exercise price received	-	-
	- Number of Options outstanding at the end of the year	5,84,612	9,87,200
	- Number of Options exercisable at the end of the year	5,84,612	7,40,419
11	**Weighted average exercise price of Options granted during the year whose**		
(a)	Exercise Price equals market price	-	-
(b)	Exercise Price is greater than market price	-	-
(c)	Exercise Price is less than market price	-	-

Annexure III
of the Board's Report (Contd.)

Sl. No	Particulars	Himadri Employee Stock Option Plan 2016	
12	**Weighted average fair value of Options granted during the year whose**		
(a)	Exercise Price equals market price	-	-
(b)	Exercise Price is greater than market price	-	-
(c)	Exercise Price is less than market price	-	-
13	**Employee wise details of Options granted during the financial year 2021-22 to:**		
i.	**Senior Management Personnel**		

Name	Designation	Options granted during the year	Exercise Price
	None		

ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and

Name	Designation	Options granted during the year	Exercise Price
	None		

iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant

Name	Designation	Options granted during the year	Exercise Price
	None		

Note:

(1) Other details as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any amendment thereof read with SEBI circular CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 are mentioned in the notes to the financial statements, the same forms part of this Annual Report.

(2) There were no material change in the scheme and the scheme is in Compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and any amendment thereof.

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-
Shyam Sundar Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 21 July 2022

Annexure IV
of the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 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,

Himadri Speciality Chemical Ltd

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HIMADRI SPECIALITY CHEMICAL LIMITED (CIN: L27106WB1987PLC042756)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on our verification of the 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 authorised representatives during the conduct of secretarial audit ,we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;

iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;

iv) 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;

v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:

   a) The Securities & Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008

   b) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

   c) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

   d) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 2018

   e) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011

   f) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

   g) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

   h) The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;

Annexure IV
of the Board's Report (Contd.)

vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the management, which are as under :

a) The Petroleum Act 1934 and Rules made thereunder;

b) The Legal Metrology Act, 2009;

c) The Bengal Electricity Duty Act, 1935 and rules thereunder;

d) The Boilers Act, 1923;

e) The Hazardous and Other Wastes (Management and Trans boundary Movement) Rules, 2016;

f) The Environment (Protection) Act, 1986;

g) The Water (Prevention and Control of Pollution) Act, 1974;

h) The Air (Prevention and Control of Pollution) Act, 1981;

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) Provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors.

b) 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.

c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 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.

d) Resolutions have been approved by majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

We further report that during the period under audit:

i) At the 33rd Annual General Meeting (AGM) of the Company held on Wednesday, the 29 September 2021 the following **special resolutions** were passed:-

1. Re-Appointment of Mr. Santosh Kumar Agrawala (DIN: 00364962) as an Independent Director for the second term of 5 (five) consecutive years with effect from 14 November 2021;

2. Ratification and approval of the remuneration of Mr. Bankey Lal Choudhary (DIN: 00173792), Whole Time Director for the period of his tenure with effect from 01 April 2020 to 31 March 2024;

3. Ratification and approval of the remuneration of Mr. Anurag Choudhary (DIN: 00173934), Managing Director & CEO for the period of his tenure with effect from 01 April 2020 to 13 August 2024;

4. Ratification and approval of the remuneration of Mr. Amit Choudhary (DIN: 00152358), Whole-time Director for the period of his tenure with effect from 01 April 2020 to 13 August 2024,

5. Ratification and approval of the remuneration of Mr. Tushar Choudhary (DIN: 00174003), Whole-time Director for the period of his tenure with effect from 01 April 2020 to 13 August 2024;

FINANCIAL STATEMENTS
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Annexure IV
of the Board's Report (Contd.)

ii) The Company has allotted 600 units of commercial paper of ₹ 5,00,000/- each aggregating to ₹ 30 Crores on 12 April, 2021;

iii) The Company has allotted 600 units of commercial paper of ₹ 5,00,000/- each aggregating to ₹ 30 Crores on 30 April 2021;

iv) The Company has allotted 600 units of commercial paper of ₹ 5,00,000/- each aggregating to ₹ 30 Crores on 10 May 2021;

v) The Company has allotted 400 units of commercial paper of ₹ 5,00,000/- each aggregating to ₹ 20 Crores on 07 July 2021;

vi) The Company has allotted 600 units of commercial paper of ₹ 5,00,000/- each aggregating to ₹ 30 Crores on 23 July 2021;

vii) The Company has allotted 1000 units of commercial paper of ₹ 5,00,000/- each aggregating to ₹ 50 Crores on 27 October 2021;

This report is to be read with our letter of even date which is annexed as **Annexure – I** which forms an integral part of this report.

For **Arun Kumar Maitra & Co.**
Practicing Company Secretaries

Sd/-
A.K. Maitra
Partner
Membership No. A-3010
C.P. No. 14490
UDIN: A003010D000660612
Date: 21 July 2022
Place: Kolkata

Annexure IV
of the Board's Report (Contd.)

Annexure- I

To
The Members,
Himadri Speciality Chemical Ltd

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

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

For **Arun Kumar Maitra & Co.**
Practicing Company Secretaries

Sd/-
A.K. Maitra
Partner
Membership No. A-3010
C.P. No. 14490
UDIN: A003010D000660612

Date: 21 July 2022
Place: Kolkata

Annexure V
of the Board's Report

Information as per Section 134(3)(m), read with the Rule 8(3) of Companies (Accounts) Rules, 2014 for the year ended 31 March 2022:

A. Conservation of energy

Sl. No.	Particulars	Description
1.	**Steps taken or impact on conservation of energy**	During the year, the Company has introduced 1) Introduction of MLDB to control switching of all plant lights centrally through sensor/timer to opimise lighting load leading to saving of 150 KW per day. 2) Transition from coventional light to LED light is completed which resulted into saving of 4.5 MW per day. 3) Energy Management System is being set up and preparatory activities are going on for ISO 50001 certification for better efficiency. 4) Installation of secondary OPH (Oil Pre-Heater) in Hard Black Reactor to utilise waste heat recovery by increasing combustion oil temperature for better productivity and yield.
2.	**Steps taken by the Company for utilising alternate source of energy**	1) During the year the Company has commissioned Micro Turbine to produce additional power using waste steam from turbine. 2) The Company has its' own co-generation Power Plants based on waste heat recovery system. The gas is a bye-product of carbon black manufacturing industry, which is hazardous, and a threat to the environment. Hence, instead of venting this into the environment, the Company utilises the waste gas for generation of power. This serves the twin objectives of pollution mitigation as well as achievement of economy in expansion since the Company in its own process uses the power generated. The Company utilises green gases to power thus becoming eco-friendly organisation in this environment-distressed society.
3.	**Capital investment on energy conservation equipment.**	The power plants already being operational, no additional expenditure has been incurred therein during the year.

B. Technology absorption

Sl No.	Particulars	Description
1.	**Efforts made towards technology absorption**	In-house Research & Development play a vital role in the following areas :- 1. Improvement in quality and enhanced output by process control; 2. Finding alternate means to save energy and cost; 3. Development of new products and grades; 4. Re-cycling the waste and optimum utilisation thereof;
2.	**Benefits derived like product improvement, cost reduction, product development, import substitution**	1. Maintenance of leading position in market; 2. Reduction in cost of fuel consumption; 3. Improvement in quality of output in line with global standards; 4. Optimum utilisation of resources by improving the quality of output and refining process technology; 5. Development and evolution of various kind of value-added products like Speciality grades of Carbon Black, Advanced Carbon Material, SNF etc.

Annexure V
of the Board's Report (Contd.)

Sl No.	Particulars	Description
3.	**In case of imported technology**	The Company has not imported any technology.
4.	**Expenditure incurred on Research and Development**	Capital expenditure as well as recurring expenditure incurred from time to time during the year on laboratory items, tools, spares, handling equipment and salaries of research personnel remain merged with various heads, as per established accounting policy and expenditures incurred during the year under review, on Research & Development are as follows: i) Capital expenditure: ₹ 26.90 lakhs; ii) Revenue expenditure: ₹ 585.03 lakhs; iii) Total Research & Development expenditure: ₹ 611.93 lakhs; iv) Total R&D expenditure as a percentage of total turnover: 0.22%

C. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned during the year:

Amount in ₹ Lakhs

Particulars	2021-22	2020-21
Total foreign exchange outgo in terms of actual outflow	**71,186.50**	98,023.07
Total foreign exchange earned in terms of actual inflows	**17,724.73**	13,437.38

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director &
Chief Executive Officer
(DIN: 00173934)

Sd/-
Shyam Sundar Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 21 July 2022

Annexure VI
of the Board's Report

Form No. AOC-2

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

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

a. Details of contracts or arrangements or transactions not at arm's length basis:

(a)	Name(s) of the related party and nature of relationship:	There were no contracts or arrangements, or transactions entered into during the year ended 31 March 2022, which were not at arm's length basis.
(b)	Nature of contracts/arrangements/transactions:	
(c)	Duration of the contracts / arrangements/transactions:	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Justification for entering into such contracts or arrangements or transactions:	
(f)	Date(s) of approval by the Board:	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188:	

b. Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship:	There were no material contracts or arrangements, or transactions entered into during the year ended 31 March 2022.
(b)	Nature of contracts/arrangements/transactions:	
(c)	Duration of the contracts / arrangements/transactions:	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board	
(f)	Amount paid	

Note: The above disclosures on material transactions are based on the principle that transactions with wholly-owned subsidiaries are exempt for the purpose of Section 188 (1) of the Companies Act, 2013.

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-
Shyam Sundar Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 21 July 2022

Annexure VII
of the Board's Report

ANNUAL REPORT ON CSR ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

[As prescribed under Section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company.

   Himadri Speciality Chemical Ltd ('Company') as a conscientious corporate citizen, recognises the corporate social responsibility to address some of India's most challenging issues relating to education, health, equality and development of the weaker section of the society and always endeavors to contribute to the welfare and development of the society, in which it operates. The Company had adopted CSR Policy as recommended by the CSR Committee and duly approved by the Board of Directors, pursuant to section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The scope of the Policy is given hereunder:

   (i) eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

   (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

   (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

   (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

   (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

   (vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

   (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

   (viii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

   (ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

   (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology

Annexure VII
of the Board's Report (Contd.)

(DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

(x) rural development projects.

(xi) slum area development;

Explanation.- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) Disaster management, including relief, rehabilitation and reconstruction activities;

(xiii) Such other projects or purposes as may be notified by the Government from time to time.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Santimoy Dey	Independent Non-Executive Director	3	3
2	Mr. Sakti Kumar Banerjee	Independent Non-Executive Director	3	3
3	Mr. Shyam Sundar Choudhary	Whole-time Director	3	3

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

   web-link of Composition of CSR committee: https://www.himadri.com/pdf/corporate_governance/composition_of_various_committees_of_board_of_directors2020new.pdf

   web-link of CSR Policy: https://www.himadri.com/pdf/corporate_governance/csr-policy-himadri-30-03-2021.pdf

   web-link of CSR projects approved by the board: https://www.himadri.com/pdf/hscl_csr_project_approved_by_board.pdf

4. 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: 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): ₹ 19,340.90 lakhs

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 386.82 lakhs

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

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

   (d) Total CSR obligation for the financial year (7a+7b - 7c).: ₹ 386.82 lakhs

Annexure VII
of the Board's Report (Contd.)

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

Total Amount Spent for the Financial Year. (in ₹ Lakhs)	Amount Unspent (in ₹ Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
55.61	331.21	29.04.2022	-	-	-

Details are also provided in the Note 31 of the standalone financial statements.

Annexure VII
of the Board's Report (Contd.)

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

Amount in ₹ Lakhs

1	2	3	4	5		6	7	8	9	10	11	
				Location of the project							Mode of Implementation Through Implementing Agency	
SL No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration.	Amount allocated for the project (in ₹ Lakhs).	Amount spent in the current Financial Year (in ₹ Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Lakhs)	Mode of Implementation - Direct (Yes/ No)	Name	CSR Registration number
1	Health Care Project - Setting up of Nursing Home by construction of building - facilities of Kidney dialysis, eye testing, spectacles distribution, medicine distribution, Ayurvedic, naturopathic and homeopathy treatment	Health Care	No	West Bengal	Hooghly	By March 2027	500	0.50	331.21	No	Himadri Foundation	CSR00004684
	Total						**500**	**0.50**	**331.21**			

Annexure VII
of the Board's Report (Contd.)

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

Amount in ₹ Lakhs

1	2	3	4	5		6	7	8	
				Location of the project				Mode of Implementation Through Implementing Agency	
SL No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Amount spent for the project (in ₹ Lakhs)	Mode of Implements tion - Direct (Yes/No)	Name	CSR Registration number
1	Free Distribution of Books, Scholarship for Education, development of school, Library	Promoting Education	Yes	West Bengal	Hooghly	12.75	Through Implementing Agency	Himadri Foundation	CSR00004684
2	Food & Cloth Distribution	Expenditure on eradicating hunger and distribution of food, drinking water and cloth	Yes	West Bengal	Hooghly	18.07	Direct and also through Implementing Agency	Himadri Foundation	CSR00004684
3	Organised free eye check-up camps, Conducted free village medical centers, Contribution for Hospital Development and medical purpose	Health Care	Yes	West Bengal	Hooghly	11.58	Through Implementing Agency	Himadri Foundation	CSR00004684
4	Rural Development	Rural Development	Yes	West Bengal	Hooghly	12.71	Through Implementing Agency	Himadri Foundation	CSR00004684
						55.11			

Annexure VII
of the Board's Report (Contd.)

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable Nil

(f) Total amount spent for the Financial Year: (8b+8c+8d+8e) ₹ 55.61 Lakhs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount in ₹ Lakhs
i	Two percent of average net profit of the Company as per section 135(5)	386.82
ii	Total amount spent for the Financial Year	55.61
iii	Excess amount spent for the financial year [(ii)-(i)]	-
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Lakhs)	Amount spent in the reporting Financial Year (in ₹ Lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹ Lakhs)
				Name of the Fund	Amount (in ₹ Lakhs)	Date of transfer	
1	2020-21	892.27	188.34	-	-	-	703.93

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Amount in ₹ Lakhs

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹ Lakhs)	Amount spent on the project in the reporting Financial Year (in ₹ Lakhs)	Cumulative amount spent at the end of reporting Financial Year. (in ₹ Lakhs)	Status of the project Completed /Ongoing
1	FY31.03.2021_1	Rural development projects for Economically Weaker Sections (EWS) of the Society in villages - Setting up of Pucca Houses, Drinking water facilities/ drainage facility/ electrification, Setting of skill development centre/ Community hall, Setting up of panchayat Building, Setting up of playground and gym, Training to promote Rural Sports, Setting up of centre for handicapped children, Setting up of schools etc	2019-20	By March 2024	1200	188.34	311.32	Ongoing

Annexure VII
of the Board's Report (Contd.)

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 : Nil

(asset-wise details)

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

During the financial year 2021-22, the Company was required to spend ₹ 386.82 lakhs, the minimum amount to be spend on CSR activity. The Company has spent ₹ 55.61 lakhs during the financial year 2021-22. Accordingly, the unspent amount for financial year 2021-22 is ₹ 331 .21 lakhs. The Company has transferred the unspent amount of ₹ 331.21 lakhs to the "Himadri Speciality Chemical Limited Unspent CSR Account 2022" for the financial year ended 31 March 2022, pursuant to Section 135(6) of the Act.

The Company's key objective is to make a difference to the lives of the underprivileged and help them to bring a self-sustaining level. There is a deep commitment to CSR engagement. The Company has chosen couple of CSR projects such as rural development project for constructing pukka houses in place of kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay and same are under process. Further during the financial year 2021-22 the Company has also chosen Heath Care Project for Setting up of Nursing Home at Dist. Hooghly by construction of building - facilities of Kidney dialysis, eye testing, spectacles distribution, medicine distribution, Ayurvedic, naturopathic and homeopathy treatment for the betterment of local people surrounding the plant at Mahistikry as well as surrounding villages.

Setting up the aforesaid projects requires the substantial amount of involvement of the time and efforts for planning and its execution. The Company, through its CSR activities, has always focused on efforts that can substantially impact the well-being of the disadvantaged segments of the population. The endeavor is to have a comprehensive approach that is meaningful and with a long-term focus to ensure scalability. The CSR Committee has been continuously focused on providing social benefits to the society in its true sense and the shortfall will be added to the CSR expenditure for the current financial year.

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director &
Chief Executive Officer
(DIN: 00173934)

Sd/-
Santimoy Dey
Chairman - CSR Committee
(DIN: 06875452)

Place: Kolkata
Date: 21 July 2022

Annexure VIII
of the Board's Report

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34(3) read with Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations') the details of compliance by the Company with the norms on Corporate Governance are as under:

1. Company's philosophy on Code of Governance

Corporate Governance refers to, but not limited to, a set of laws, regulations and good practices and systems that enable an organisation to perform efficiently and ethically to generate long-term wealth and create value for all its stakeholders. Sound governance practices and responsible corporate behaviour contribute to superior long-term performance of organisations. Corporate Governance is the creation and enhancement of long-term sustainable value for our stakeholders through ethically driven business process.

Strong leadership and effective Corporate Governance practices have been the Company's hallmark inherited from the Himadri's culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices.

Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards. The Company recognises that good Corporate Governance is a continuous exercise. Adherence to transparency, accountability, fairness, and ethical standards are an integral part of the Company's function. The Company's structure, business dealings, administration and disclosure practices are aligned to good Corporate Governance philosophy. The Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders. The Company also aims to increase and sustain its corporate values through growth and innovation.

We ensure that we evolve and follow not just the stated Corporate Governance guidelines, but also global best practices. We consider it our inherent responsibility to protect the rights of our shareholders and disclose timely, adequate and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The Company conforms to the requirements of the Corporate Governance as stipulated in Part C of the Schedule V of the SEBI Listing Regulations that are implemented in a manner so as to achieve the objectives of the principles stated in the clause with respect to rights of shareholders, role of stakeholders in Corporate Governance, Disclosure and Transparency, responsibilities of the Board and other responsibilities prescribed under these regulations.

A Management Discussion and Analysis Report has been given as a separate Annexure forming the part of the Annual Report.

2. Board of Directors ("Board")

The Company recognises the importance of a diverse board in its success. The Board is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities, and duties. SEBI Listing Regulations mandate that the Board of Directors of top 2000 listed entities shall comprise of not less than 6 (six) directors with an optimum combination of executive and non-executive directors with at least one independent woman director (for top 1000 listed entities) and not less than fifty percent of the Board of Directors shall comprise of non-executive directors and for a Company with a non-executive chairman, at least one-third of the Board should comprise of independent directors and where the listed entity does not have a regular non- executive chairperson, at least half of the Board of Directors shall comprise of independent directors and where the regular non executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors. The Board is at the core of our Corporate Governance practice

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and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders.

We believe that an active, well - informed and independent Board is necessary to ensure the highest standards of Corporate Governance.

a) Composition of the Board

The Company has a balanced mix of Executive and Non-Executive Independent Directors and half of the Board consists of Independent Directors. As on 31 March 2022, the Board consisted of 13 (Thirteen) Directors, out of which 6 (Six) Directors were Executive and 7 (Seven) were Non-Executive Independent Directors including one Independent Woman Director.

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as "the Act, 2013") and Regulation 17 of SEBI Listing Regulations. The Company has passed special resolution for Non-Executive Independent Director, who has attained the age of seventy-five years, in compliance with Regulation 17(1A) of the SEBI Listing Regulations and also passed special resolution for Executive Director who has attained the age of seventy years, in compliance with Section 196 of the Act, 2013.

Further, in the opinion of the Board, all the Independent Directors of the Company satisfy the criteria/conditions of independence as laid down in Section 149(6) of the Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations and they have also registered in the data bank of Independent Director and renewed their registrations as required under Rule 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014. All the Independent Directors of the Company has complied with Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014 by passing online proficiency self-assessment test or exempted therefrom as per the rule. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or affect their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. During the FY 2021-22, none of the Independent Directors of the Company resigned before the expiry of their tenures.

Further, Mr. Hanuman Mal Choraria (DIN: 00018375), Independent Director, had demised on 26 April 2021. Mr. Girish Paman Vanvari (DIN: 07376482) and Mr. Gopal Ajay Malpani (DIN: 02043728) have been appointed as Independent Directors of the Company for a term of 5 (five) consecutive years w.e.f. 22 June 2021 and 13 August 2021 respectively.

In compliance with Regulation 17A of the SEBI Listing Regulations none of the Directors including Independent Directors are on the Board hold directorship in more than 7 (seven) listed entities and none of the Whole-time Directors and Managing Director is an Independent Director in any listed Company. None of the Directors on the Board is a member of more than 10 (Ten) Committees or act as chairperson of more than 5 (Five) Committees across all the Companies in which he/she is a Director, in compliance with Regulation 26(1) of the SEBI Listing Regulations. For the purpose of determination of limit of chairpersonship and membership, the Audit Committee and the Stakeholders' Relationship Committee alone have been considered.

Further, Mr. Bankey Lal Choudhary (DIN: 00173792), Mr. Vijay Kumar Choudhary (DIN: 00173858) and Mr. Tushar Choudhary (DIN: 00174003) Executive Directors have resigned from the Directorship of the Company with effect from 08 July 2022 due to personal reason.

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Further Mr. Hardip Singh Mann (DIN: 00104948) and Ms. Sucharita Basu De (DIN: 06921540) Independent Directors have resigned from the Directorship of the Company with effect from 08 July 2022. 2022. Mr. Mann and Ms Basu informed that their resignation was purely on account of personal reasons. They have also confirmed that there are no other material reasons attributable / connected with the Company for their resignation.

All the Directors possess requisite qualifications and experience in general corporate management, risk management, finance, marketing, legal and other allied fields, which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision-making process. Detailed profile of the Directors is available on the Company's website at www.himadri.com

b) Disclosure of Relationships between Directors inter-se

Sl. No	Name of the Director	Category	Relationship between Directors inter-Se*
1	Mr. Shyam Sundar Choudhary	Promoter, Executive Director	• Brother of Mr. Bankey Lal Choudhary and Mr. Vijay Kumar Choudhary. • Father of Mr. Anurag Choudhary and Mr. Amit Choudhary.
2	Mr. Bankey Lal Choudhary	Promoter, Executive Director	• Brother of Mr. Shyam Sundar Choudhary and Mr. Vijay Kumar Choudhary. • Father of Mr. Tushar Choudhary
3	Mr. Vijay Kumar Choudhary	Promoter, Executive Director	• Brother of Mr. Bankey Lal Choudhary and Mr. Shyam Sundar Choudhary
4	Mr. Anurag Choudhary	Promoter, Managing Director & Chief Executive Officer	• Son of Mr. Shyam Sundar Choudhary. • Brother of Mr. Amit Choudhary
5	Mr. Amit Choudhary	Promoter, Executive Director	• Son of Mr. Shyam Sundar Choudhary. • Brother of Mr. Anurag Choudhary
6	Mr. Tushar Choudhary	Promoter, Executive Director	• Son of Mr. Bankey Lal Choudhary
7	Mr. Girish Paman Vanvari[1]	Independent, Non-Executive Director	NA
8	Mr. Hardip Singh Mann	Independent, Non-Executive Director	NA
9	Mr. Sakti Kumar Banerjee	Independent, Non-Executive Director	NA
10	Mr. Santimoy Dey	Independent, Non-Executive Director	NA
11	Mr. Santosh Kumar Agrawala[3]	Independent, Non-Executive Director	NA
12	Ms. Sucharita Basu De	Independent, Non-Executive Director	NA
13	Mr. Gopal Ajay Malpani[2]	Independent, Non-Executive Director	NA

**Relative as per Section 2(77) of the Companies Act, 2013*

1. Mr. Girish Paman Vanvari has been appointed as an Independent Director of the Company for a term of 5 consecutive years w.e.f. 22.06.2021.

2. Mr. Gopal Ajay Malpani has been appointed as an Independent Director of the Company for a term of 5 consecutive years w.e.f. 13.08.2021.

3. Mr. Santosh Kumar Agrawala has been re-appointed as Independent Director by the Shareholders at the AGM held on 29.09.2021 for the second term of five consecutive years w.e.f 14.11.2021.

Apart from the relations mentioned hereinabove, there is no inter-se relation among the Directors of the Company.

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of the Board's Report (Contd.)

c) Board procedure and access to information

The Board is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.

The Board of the Company reviews all information provided periodically for discussion and consideration at its meetings as provided under the Act, 2013 (including any amendment and re-enactment thereof) and SEBI Listing Regulations *inter alia* the agendas mentioned in Part A of Schedule II of SEBI Listing Regulations.

Detailed agenda, setting out the business to be transacted at the meeting(s) is circulated to the Directors well in advance as stipulated under the Act, 2013 and Secretarial Standard – 1 ("SS-1"). All material information is incorporated in the detailed agenda for facilitating meaningful and focused discussion at the meetings. Where it is not practicable to enclose any document to the agenda, the same are placed before the meeting. Additional item(s) on the agenda, if required can be discussed at the meeting.

Board makes timely strategic decisions, to ensure operations are in line with strategy to ensure the integrity of financial information and the robustness of financial and other controls to oversee the management of risk and review the effectiveness of risk management processes and to ensure that the right people are in place and coming through. Independent Directors are expected to provide an effective monitoring role and to provide help and advice as a sounding Board for the Executive Directors. All this is in the long-term interest of the Company and should be based on the optimum level of information, through smooth processes, by people with the right skills mix and in a constructive manner. The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of business, commerce, finance, and management.

The Board meets at least once in a quarter to approve the quarterly results and other items on the agenda. Additional meetings are held, as and when necessary. The meetings of the Board are generally convened at the Company's Corporate Office at Kolkata. In case of urgency or when the Board meeting is not practicable to be held, the matters are resolved through circulation, which is then noted by the Board in its next meeting.

Options of attending the meeting(s) and the facility to participate in meeting(s) through video conferencing (VC) or by other audio-visual means (OAVM) is provided to Directors in every Board Meeting and Committee Meeting to the extent permissible.

The minutes of the Board Meetings are circulated in advance as per the requirement of SS-1 to all the Directors and confirmed at subsequent Meeting.

The Board also periodically reviews compliance by the Company with the applicable laws/statutory requirements concerning to the business and affairs of the Company and also reviews the declarations made by the Managing Director & CEO/ Chief Financial Officer/Unit Heads of the Company regarding compliance of all applicable laws on a quarterly basis.

d) Meetings of the Board of Directors

During the financial year 2021-22, the Board met 10 (Ten) times, i.e., on 07 June 2021, 10 June 2021, 22 June 2021, 29 June 2021, 30 June 2021, 13 August 2021, 04 October 2021, 12 November 2021, 11 February 2022, 30 March 2022. MCA vide its circular dated 03 May 2021 extended the maximum stipulated time gap of 120 days to 180 days between two board meetings, till 30 September 2021, owing to the CoVID-19 pandemic.

The maximum gap between two Board meetings held during the year was not more than 120 days.

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e) **Separate Meeting of Independent Directors**

Schedule IV of the Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations mandates the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of the management. During the financial year 2021-22, 4 (Four) separate meeting of Independent Directors were held on 22 June 2021, 19 July 2021, 27 October 2021 and 07 February 2022 without the presence of the Non-Independent Directors and the members of the Management. The Independent Directors discussed on the matters pertaining to review of performance of Non-Independent Directors and the Board of Directors as a whole including the Chairperson of the Company (considering the views of the Executive Directors), assessed the quality, quantity and timeliness of flow of information between the Management of the Company and the Board, so that the Board can effectively and reasonably perform its duties.

f) **Performance Evaluation**

Pursuant to the provisions of the Act, 2013 and the SEBI Listing Regulations, the Board has carried out the annual evaluation of its own performance, of individual Directors and that of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committees, Corporate Social Responsibility Committee, Risk Management Committee, Finance & Management Committee, Business Responsibility Report Committee and Share Transfer Committee. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, Execution and Performance of Specific Duties, Obligations and Governance and the evaluation was done, based upon the responses received from the Directors.

The entire Board (excluding the director being evaluated) carried out the performance evaluation of the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

The details of composition of the Board as at 31 March 2022, the attendance record of the Directors at the Board Meetings held during financial year 2021-22 and at the last Annual General Meeting (AGM), the number of Directorships, Committee Chairmanships and Memberships held by them in other Public Companies, the names of the listed entities, where the Director is a director and the category of directorship and number of shares and convertible instruments held by directors are given herein below:

Sl. No.	Directors' Name	Category	No of shares held	Attendance		Directorship in Public Companies*	No. of Committee position held in all Companies[1]	
				Board Meetings	Last AGM		As Member	As Chairman
1	Mr. Shyam Sundar Choudhary	Promoter, Executive Director	-	10	Y	4	1	-
2	Mr. Bankey Lal Choudhary	Promoter, Executive Director	14,84,280	10	Y	4	1	-
3	Mr. Vijay Kumar Choudhary	Promoter, Executive Director	32,66,640	6	Y	3	-	-

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Sl. No.	Directors' Name	Category	No of shares held	Attendance		Directorship in Public Companies*	No. of Committee position held in all Companies[1]	
				Board Meetings	Last AGM		As Member	As Chairman
4	Mr. Anurag Choudhary	Promoter, Managing Director & Chief Executive Officer	-	10	Y	4	1	-
5	Mr. Amit Choudhary	Promoter, Executive Director	-	10	Y	2	-	-
6	Mr. Tushar Choudhary	Promoter, Executive Director	14,84,280	10	Y	3	-	-
7	Mr. Hardip Singh Mann	Independent, Non-Executive Director	-	10	Y	1	-	-
8	Mr. Sakti Kumar Banerjee	Independent, Non-Executive, Director	-	10	Y	1	2	-
9	Mr. Santimoy Dey	Independent, Non-Executive, Director	-	10	Y	2	2	1
10	Mr. Santosh Kumar Agrawala	Independent, Non-Executive, Director	-	10	Y	2	2	1
11	Ms. Sucharita Basu De	Independent, Non-Executive, Director	-	10	Y	3	2	-
12	Mr. Girish Paman Vanvari[2]	Independent, Non-Executive, Director	-	5	Y	6	7	5
13	Mr. Gopal Ajay Malpani[3]	Independent, Non-Executive, Director	-	4	Y	1	-	-

The Directorships/Committee Memberships are based on the latest disclosures received by the Company.

*Directorship in Public Companies includes listed as well as reporting entity.

[1]Pursuant to Regulation 26 of the SEBI Listing Regulations, Memberships and Chairmanships of only Audit Committee and Stakeholder's Relationship Committee in all Public Limited Companies (including Himadri Speciality Chemical Ltd) have been considered.

[2.] Mr. Girish Paman Vanvari has been appointed as an Independent Director of the Company for a term of 5 consecutive years w.e.f. 22.06.2021.

[3.] Mr. Gopal Ajay Malpani has been appointed as an Independent Director of the Company for a term of 5 consecutive years w.e.f. 13.08.2021.

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

The details of the Board of Directors holding Directorship in other listed companies along with the category of directorship as on 31 March 2022 are given herein below:

Sl. No.	Directors' name	Names of other listed entities holding directorship	Category
1	Mr. Shyam Sundar Choudhary	-	-
2	Mr. Bankey Lal Choudhary	Himadri Credit & Finance Limited	Promoter, Managing Director
3	Mr. Vijay Kumar Choudhary	-	-
4	Mr. Anurag Choudhary	Himadri Credit & Finance Limited	Promoter, Non-Executive Director
5	Mr. Amit Choudhary	-	-
6	Mr. Tushar Choudhary	Himadri Credit & Finance Limited	Promoter, Non-Executive Director
7	Mr. Hardip Singh Mann	-	-
8	Mr. Sakti Kumar Banerjee	-	-
9	Mr. Santimoy Dey	-	-
10	Mr. Santosh Kumar Agrawala	Himadri Credit & Finance Limited	Independent Director
11	Ms. Sucharita Basu De	Himadri Credit & Finance Limited; Tarsons Products Limited	Independent Director
12	Mr. Girish Paman Vanvari	Aurobindo Pharma Limited; Tarsons Products Limited; Rategain Travel Technologies Limited; Kolte-Patil Developers Limited	Independent Director
13	Mr. Gopal Ajay Malpani	-	-

g) Formal Letter of Appointment to the Independent Directors

Three Independent Directors were appointed/ re-appointed during the financial year 2021-22. The Company has issued appointment/re-appointment letters as per provisions of Schedule IV of the Act, 2013 to the Independent Director on their appointment/re-appointment containing the detailed terms and conditions of their appointment/re-appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The letter of appointment/ re-appointment issued to the Independent Directors has been posted on the Company's website at https://www.himadri.com/corporate_governance

h) Familiarisation Programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI Listing Regulations, during the financial year 2021-22, the Company imparted Familiarisation Programme for Independent Directors to familiarise them about their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, review of Investments of the Company, business model of the Company, Prevention of Insider Trading Regulations, SEBI Listing Regulations, etc. The details of the familiarisation programme are available on the website of the Company at https://www.himadri.com/corporate_governance

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Further, in the opinion of the board, all the Independent Directors fulfill the conditions specified in SEBI Listing Regulations and are independent of the management.

i) Codes and Policies

The Board has adopted all applicable codes and policies as per the requirement of the Companies Act, 2013, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI Listing Regulations. The requisite codes and policies are posted on the Company's website at https://www.himadri.com/corporate_governance and references thereof have been given elsewhere in this Annual Report.

j) Code of Conduct for all Directors and Senior Management Personnel

Regulation 17(5) of the SEBI Listing Regulations requires every listed company to have a Code of Conduct for its directors and senior management. Further, Schedule IV of the Act, 2013 requires the appointment of Independent Director to be formalised through a letter of appointment, which shall set out the Code for Business Ethics that the Company expects its directors and employees to follow. The said schedule also requires the Independent Directors to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

In terms of the above, there exists a Code of Conduct, for all the Board Members and Senior Management of the Company. The Board of Directors has laid down a separate Code for the Independent Directors of the Company. The aforesaid Codes are available on the Company's website at www.himadri.com. All Directors and Senior Management Personnel ("SMPs") of the Company as on 31 March 2022, has individually affirmed compliance with the said Code in terms of Regulation 26 of the SEBI Listing Regulations. A declaration signed by the Managing Director & Chief Executive Officer to this effect is enclosed at the end of this report. The Code of Conduct for the Independent Directors is in line with the provisions of Section 149(8) and Schedule IV of the Act, 2013 and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

Codes of Conduct to regulate, monitor and report trading by Designated Person, and Code of practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company have formulated the Code of Conduct to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to ensure timely and adequate disclosure of price sensitive information to the Stock Exchange(s) by the Company to enable the investor community to take informed investment decisions with regard to the Company's securities.

k) Brief Note on the Directors seeking appointment / re-appointment at the 34th Annual General Meeting

The Company has furnished information as required by Regulation 34(2) read with Schedule V of the SEBI Listing Regulations relating to the Directors retiring by rotation and seeking re-appointment in the Notice convening the 34th Annual General Meeting. Shareholders may kindly refer the same. The names of the companies in which the Directors hold directorships and the details of membership of committees of the Board are given separately.

Information about Directors proposed to be appointed/re-appointed as required under Regulation 36(3) of SEBI Listing Regulations and Secretarial Standard-2 as issued by the Institute of Company Secretaries of India is furnished in the Notice convening the ensuing Annual General Meeting.

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l) List of core skills/expertise/competencies identified by the Board of Directors

The Board at its meeting held on 28 May 2019 has identified the below mentioned core skills/expertise/competencies/as required by the Company in the context of its business(s) and sectors(s) for it to function effectively and those actually available with Board.

Sl. No	Skills / Expertise / Competencies required by the Board of Directors	
1	**Understanding of Business/Industry**	Experience and knowledge of the area of operation and associated businesses
2	**Strategy and strategic planning**	Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's policies and priorities.
3	**Critical and innovative thoughts**	The ability to critically analyse the information and develop innovative approaches and solutions to the problems.
4	**Financial Understanding**	Ability to analyse and understand the key financial statements, assess financial viability of the projects and efficient use of resources.
5	**Market Understanding**	Understanding of Market.
6	**Risk and compliance oversight**	Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, monitor risk and compliance management frameworks.

The table below expresses the specific areas of focus or expertise of individual Board members.

Name of director	Understanding of Business / Industry	Strategy and strategic planning	Critical and innovative thoughts	Financial Understanding	Market Understanding	Risk and compliance oversight
Mr. Shyam Sundar Choudhary	√			√	√	√
Mr. Bankey Lal Choudhary	√			√	√	√
Mr. Vijay Kumar Choudhary	√			√	√	√
Mr. Anurag Choudhary	√	√	√	√	√	√
Mr. Amit Choudhary	√	√	√	√	√	√
Mr. Tushar Choudhary	√	√	√	√	√	√
Mr. Hardip Singh Mann	√					√
Mr. Sakti Kumar Banerjee	√			√		√
Mr. Santimoy Dey	√			√		√
Mr. Santosh Kumar Agrawala	√	√	√	√		√
Ms. Sucharita Basu De	√					√
Mr. Girish Paman Vanvari	√	√	√	√		√
Mr. Gopal Ajay Malpani	√					√

m) Committees of Board

The Board constituted various committees as mandated under Chapter IV of the SEBI Listing Regulations to function in specific areas and to take informed decisions within delegated powers. Each Committee exercises its functions within the scope and area as defined in its constitution guidelines. The Company Secretary acts as the Secretary to all the Committees of the Board. These Committees are constituted in conformity of the SEBI Listing Regulations and the Act, 2013 and are mentioned as follows:

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- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders' Relationship Committee;
- Corporate Social Responsibility (CSR) Committee;
- Risk Management Committee;
- Business Responsibility Report Committee;

n) Other Board Committees

The Board, in addition to the mandatory Committees under Chapter IV of the SEBI Listing Regulations has constituted various other committees namely:

- Share Transfer Committee;
- Finance and Management Committee;
- Strategy & Investment Committee;
- Internal Complaint Committee;
- Commodity Committee;

3. Audit Committee

a. Composition, Meetings and Attendance

The Board of Directors of the Company has constituted a qualified and independent Audit Committee that acts as a link between the management, the Statutory and Internal Auditors and the Board. The Audit Committee comprises of five (5) Directors including four (4) Non-Executive Independent Director and one (1) Executive Director. Mr. Girish Paman Vanvari, Chairman of the Committee is an Independent and Non-Executive Director with decades of experience in Corporate Law, Accounting and Taxation. All the members of the Audit Committee are financially literate with majority having accounting or related financial management expertise and the composition of the Committee complies with the requirements of Section 177 of the Act, 2013 and Regulation 18 of the SEBI Listing Regulations with the Stock Exchanges.

The Statutory Auditors, Internal Auditors and Chief Financial Officer (CFO) are invited to attend meetings of the Audit Committee. The Executive Directors and Key Managerial Personnel are also invited from time to time as required by the Chairman upon necessity of agenda items. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee met 9 (Nine) times during the year i.e., on 07 June 2021, 10 June 2021, 29 June 2021, 30 June 2021, 13 August 2021, 04 October 2021, 12 November 2021, 11 February 2022 and 14 February 2022.

The maximum gap between two meetings held during the year was not more than 120 days.

The Committee in its meetings *inter alia* reviews the results of operation and the statement of significant related party transactions submitted by management.

The composition of the Audit Committee and the details of meetings attended by each of the members are given below:

Sl. No.	Names of Members	Status	No of meetings attended
1	Mr. Girish Paman Vanvari[1]	Chairman, Independent Non-Executive Director	6
2	Mr. Santosh Kumar Agrawala	Member, Independent Non-Executive Director	9
3	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive Director	9
4	Mr. Santimoy Dey	Member, Independent Non-Executive Director	8
5	Mr. Anurag Choudhary	Member, Managing Director & CEO	7

[1] Mr. Girish Paman Vanvari has been appointed as member and chairman of the Committee w.e.f 29.06.2021

Mr. Hanuman Mal Choraria, Independent Director and member of the Committee had demised on 26 April 2021.

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b. Terms of reference

The present terms of reference of the Audit Committee are aligned as per the provisions of Section 177 of the Act, 2013 and include the roles as laid out in Part C of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Audit Committee are in conformity with the Act, 2013 and the SEBI Listing Regulations and the same are as follows:

(i) 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;

(ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

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

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

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

b) Changes, if any, in accounting policies and practices and reasons for the same;

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

d) Significant adjustments made in the financial statements arising out of audit findings;

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

f) Disclosure of any related party transactions;

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

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

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

(vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(viii) Approval or any subsequent modification of transactions of the Company with related parties;

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

(x) Valuation of undertakings or assets of the Company, wherever it is necessary;

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

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

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

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

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

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

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

(xviii) To review the functioning of the Whistle Blower Mechanism;

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

(xx) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

(xxi) Reviewing the utilisation of loans/and or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on date of coming into force of this provision;

(xxii) Review the utilisation of loan, advance and Investments by holding Company in the subsidiary; ;

Review the compliance with the provisions of the SEBI (PIT) (Amendment) Regulations 2018, at least once in a financial year and shall verify that the systems of Internal Control are adequate and operating effectively;

(xxiii) To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

As stipulated, in Part C of Schedule II of SEBI Listing Regulations, the Audit Committee also reviews management discussion and analysis of financial performance, statement of significant related party transactions submitted by management and Internal Audit Reports relating to internal control weaknesses and appointment/removal and terms of remuneration of Internal Auditor.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

4. Nomination and Remuneration Committee

a. Composition, Meetings and Attendance

The Nomination and Remuneration Committee of the Company has been constituted in accordance with the provisions of Section 178 of the Act, 2013 as well as in terms of Regulation 19 of the SEBI Listing Regulations comprising of requisite number of Independent Non-Executive Directors. Mr. Santosh Kumar Agrawala, the Independent Non-Executive Director is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The Committee met 5 (Five) times during the year i.e., on 10 June 2021, 22 June 2021, 28 June 2021, 13 August 2021 and 10 February 2022. The details of meetings attended by each of the members are given below:

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Sl. No.	Names of Members	Status	No of meetings attended
1	Mr. Santosh Kumar Agrawala	Chairman, Independent Non-Executive	5
2	Mr. Santimoy Dey	Member, Independent Non-Executive	5
3	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	5

Mr. Hanuman Mal Choraria, Independent Director and member of the Committee had demised on 26 April 2021.

Mr. Santimoy Dey was designated as Chairman of the Committee upto 13 August 2021.

Mr. Santosh Kumar Agrawala has been designated as Chairman of the Nomination & Remuneration Committee w.e.f 13 August 2021.

b. Terms of Reference

The present terms of reference of the Nomination and Remuneration Committee is aligned as per the provisions of Section 178 of the Act, 2013 and include the roles as laid out in Part D Para (A) of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Nomination and Remuneration Committee in line with the Act, 2013 and the SEBI Listing Regulations are as follows:

i) Formulation of the criteria for determining qualifications, positive attitudes 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;

ii) Formulation of criteria for evaluation of performance of Independent Directors and the Board and its Committees;

iii) Devising a policy on diversity of Board of Directors;

iv) Identifying 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;

v) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

vi) Review the performance and recommend to the Board, all remuneration in whatever form, payable to the senior management;

The Nomination & Remuneration Committee also administers the Himadri Employee Stock Option Plan, 2016 which was approved by the shareholders at the Annual General Meetings of the Company held on 24 September 2016.

c. Remuneration policy

The Board of Directors of the Company has on the recommendation of the Nomination and Remuneration Committee of the Board approved a Nomination and Remuneration Policy of the Company, which, inter alia, covers appointment, remuneration and removal of Directors, Key Managerial Personnel and Senior Management, succession planning and Board diversity. This policy is available in the Investor Relations section of the Company's website at www.himadri.com

d. Criteria for Performance Evaluation of Independent Directors

The Nomination and Remuneration Committee laid down the criteria for performance evaluation of Independent Non- Executive Directors. They are enumerated as below:

a. **Qualifications:** Details of professional qualifications of the Independent Director.

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b. **Experience:** Details of prior experience of the Independent Director., especially the experience relevant to the entity.

c. **Knowledge and Competency of the Independent Director.**

d. **How the Independent Director fares across different competencies as identified for effective functioning of the entity and the Board.**

e. **Whether the Independent Director has sufficient understanding and knowledge of the entity and the sector in which it operates.**

f. **Fulfilment of functions:** Whether the Independent Director understands and fulfils the functions to him/her as assigned by the Board and the law (e.g. Law imposes certain obligations on Independent Directors).

g. **Ability to function as a team:** Whether the Independent Director is able to function as an effective team- member.

h. **Initiative:** Whether the Independent Director actively takes initiative with respect to various areas.

i. **Availability and attendance:** Whether the Independent Director is available for meetings of the Board and attends the meeting regularly and timely, without delay.

j. **Commitment:** Whether the Independent Director is adequately committed to the Board and the entity.

k. **Contribution:** Whether the Independent Director contributed effectively to the entity and in the Board meetings.

l. **Integrity:** Whether the Independent Director demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).

m. **Independence:** Whether Independent Director is independent from the entity and the other directors and there is no conflict of interest.

n. **Independent views and judgement:** Whether the Independent Director exercises his/her own judgement and voices opinion freely.

e. Remuneration to Directors and Disclosures

a) **Details of remuneration paid / payable to the Directors for the year ended 31 March 2022 and their shareholding as on that date are as under:**

Amount in ₹ Lakhs

Names of the Directors	Salary (₹)	Perquisites (₹)	Bonus (₹)	Commission (₹)	Sitting Fees (₹)	Stock Option	Pension	Total (₹)	Service Contract/ Notice period/ Severance Fees	Shareholding (Equity) (No.)
Mr. Shyam Sundar Choudhary	200.00	0.68	-	-	-	-	-	200.68	Present tenure valid till 31 March 2025	-
Mr. Bankey Lal Choudhary	200.00	0.68	-	-	-	-	-	200.68	Present tenure valid till 31 March 2024	1,484,280
Mr. Vijay Kumar Choudhary	200.00	0.68	-	-	-	-	-	200.68	Present tenure valid till 31 March 2025	3,266,640
Mr. Anurag Choudhary	250.00	0.68	-	-	-	-	-	250.68	Present tenure valid till 13 August 2024	-

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Amount in ₹ Lakhs

Names of the Directors	Salary (₹)	Perquisites (₹)	Bonus (₹)	Commission (₹)	Sitting Fees (₹)	Stock Option	Pension	Total (₹)	Service Contract/ Notice period/ Severance Fees	Shareholding (Equity) (No.)
Mr. Amit Choudhary	200.00	0.61	-	-	-	-	-	200.61	Present tenure valid till 13 August 2024	-
Mr. Tushar Choudhary	200.00	0.61	-	-	-	-	-	200.61	Present tenure valid till 13 August 2024	1,484,280
Mr. Hardip Singh Mann	-	-	-	-	5.50	-	-	5.50	Appointed as Independent Director up to 31.03.2024	-
Mr. Sakti Kumar Banerjee	-	-	-	-	10.65	-	-	10.65	Appointed as Independent Director up to 31.03.2024	-
Mr. Santimoy Dey	-	-	-	-	10.90	-	-	10.90	Appointed as Independent Director up to 23.09.2024	-
Mr. Santosh Kumar Agrawala	-	-	-	-	9.7	-	-	9.7	Appointed as Independent Director up to 13.11.2021	-
Ms. Sucharita Basu De	-	-	-	-	5.50	-	-	5.50	Appointed as Independent Woman Director up to 31 March 2024	-
Mr. Girish Paman Vanvari[1]	-	-	-	-	6.80	-	-	6.80	Appointed as Independent Director up to 21.06.2026	-
Mr. Gopal Ajay Malpani[2]	-	-	-	-	3.00	-	-	3.00	Appointed as Independent Director up to 12.08.2026	-

[1] Mr. Girish Paman Vanvari has been appointed as an Independent Director of the Company w.e.f 22.06.2021 for a term of 5 consecutive years w.e.f. 22.06.2021.

[2] Mr. Gopal Ajay Malpani has been appointed as an Independent Director of the Company w.e.f 13.08.2021 for a term of 5 consecutive years w.e.f. 13.08.2021.

b) Details of fixed components and performance linked incentives along with the Performance Criteria:

As per the remuneration approved by the shareholders, apart from the salary, no performance-linked incentive is paid to any of the Director.

c) Stock options, details, if any and whether issued at discount as well as the period over which accrued and over which exercisable:

The Company has not issued any stock options to its Directors of the Company.

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d) **Criteria of making payments to Non-Executive Directors:**

The criteria for making payments to Non-Executive Directors are placed on the website of the Company at www.himadri.com.

[*] *There are no pecuniary relationships with Non-Executive Independent Directors other than Sitting Fees as mentioned in the report.*

5. Risk Management Committee

a. Composition, Meetings and Attendance

Risk Management is crucial to achieve the Company's objective in strengthening its financial position, safeguarding interests of stakeholders, enhancing its ability to continue as a going concern and maintain a consistent sustainable growth.

The Company had constituted a Risk Management Committee ('RMC') for framing, implementing, and monitoring the Risk Management Policy of the Company on 11.08.2014, pursuant to clause 49 of Listing Agreement. Further, the SEBI pursuant to Regulation 21 of SEBI Listing Regulations had mandated that the top 1000 listed companies should have a Risk Management Committee. Accordingly, the Company has re-constituted the Risk Management Committee on 28.05.2019.

During the financial year 2021-22, the Risk Management Committee met on 24 September 2021 and 07 March 2022.

The composition of the Risk Management Committee and the details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Shyam Sundar Choudhary	Chairman, Executive Director	2
2	Mr. Bankey Lal Choudhary	Member, Executive Director	-
3	Mr. Santimoy Dey	Member, Independent Non-Executive Director	2
4	Mr. Anurag Choudhary	Member, Managing Director & CEO	-
5	Mr. Kamlesh Kumar Agarwal	Member, Chief Financial Officer	2
6	Mr. Somesh Satnalika	Member, Executive Vice President, CTD and Strategy	2
7	Mr. Monojit Mukherjee	Member, Business President, Carbon Black Division	2

b. The terms of reference of the Risk Management Committee are:

i. To formulate a detailed risk management policy which shall include:

a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

b) Measures for risk mitigation including systems and processes for internal control of identified risks.

c) Business Continuity Plan.

ii. To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company;

iii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

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iv. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

v. To keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken;

vi. The appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

vii. To assist the Board with regard to the identification, evaluation, classification, and mitigation of non-financial risks and assess management actions to mitigate such risks;

viii. To evaluate and ensure that the Company has an effective system internal control systems to enable identifying, mitigating, and monitoring of the non-financial risks to the business of the Company;

ix. To implement proper internal checks and balances and review the same periodically;

x. To put in place mechanism for ensuring cyber security;

xi. To ensure the implementation of the suggestions/remarks/comments of the Board of Directors on the Risk Management Plan;

xii. To monitor and review the performance of the non-financial Risk Owners;

xiii. To review effectiveness of risk management and control system;

xiv. Periodic reporting to the Board of non-financial risk management issues and actions taken in such regard;

xv. Co-ordinate its activities with the Audit Committee in instances where there is any overlap in their duties and responsibilities; and

xvi. To do all other acts which incidental to the risk associated with the business of the Company.

6. Stakeholders' Relationship Committee

a) Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprise of 3 (Three) members. The Committee comprises of Mr. Santimoy Dey, as the Chairman, Mr. Shyam Sundar Choudhary and Mr. Sakti Kumar Banerjee as its members and majority of directors are Independent. Ms. Monika Saraswat, Company Secretary and Compliance Officer acts as Secretary of the Committee.

The Committee reviewed the status of Investors' Complaints periodically relating to transmission of shares, issue of duplicate shares, and non-receipt of dividend, among others.

During the year, the Committee met 2 (Two) times i.e., on 05 May 2021 and 06 September 2021. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive Director	2
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive Director	2
3	Mr. Shyam Sundar Choudhary	Member, Executive Director	1

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b) Terms of Reference

- To resolve the grievances of the 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.
- To review of measures taken for effective exercise of voting rights by shareholders.
- To review of adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar and Share Transfer Agent.
- To review of 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.
- Such other matters as per the directions of the Board of Directors of the Company, which may be considered necessary in relation to shareholders and investors of the Company.
- Functions of the Committee as provided in Schedule II, Part "D", Para "B" read with Reg 20(4) of the SEBI (LODR) Regulations, 2015.

c) Name and Designation of Compliance Officer

Ms. Monika Saraswat, Company Secretary has been designated as Compliance Officer in terms of Regulation 6(1) (a) of the SEBI Listing Regulations with stock exchange(s). The shareholders may send their complaints directly to the Company Secretary, Himadri Speciality Chemical Ltd, 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata - 700 001 or may email at: investors@himadri.com Those Members who desire to contact over telephone may do so at 033- 2230 9953 / 4363.

d) Status of Investors' Grievances

There were 6 complaints pending at the beginning of the financial year. During the financial year 2021-22, total 273 complaints were received from investors and 271 complaints were resolved satisfactory and there were 8 complaints pending at the end of the financial year.

The Company regularly updates the status of Investors Complaints on "SCORES", an online portal introduced by SEBI for resolving Investor's complaints. There was no investors' complaint pending at the end of the financial year on the SCORES.

7. Corporate Social Responsibility (CSR) Committee

a) Composition, Meetings and Attendance

The Company in terms of Section 135(1) of the Act, 2013 has constituted Corporate Social Responsibility Committee comprise of 3 (Three) members. The Committee comprises of Mr. Santimoy Dey, as the Chairman, Mr. Shyam Sundar Choudhary and Mr. Sakti Kumar Banerjee as its members and majority of directors are Independent.

During the financial year 2021-22, the Committee met 3 (Three) times on 28 June 2021, 12 November 2021 and 30 March 2022 The CSR policy of your Company is displayed on the Company's website at www.himadri.com. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive Director	3
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive Director	3
3	Mr. Shyam Sundar Choudhary	Member, Executive Director	3

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b) Terms of reference

a. Recommend to the Board, a CSR Policy (and modifications thereto from time to time) which shall provide an approach and the guiding principles for selection, implementation, and monitoring of CSR activities to be undertaken by the Company;

b. Approve and recommend Annual Action Plan, and any modifications thereof, to the Board comprising of following information;

   i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

   ii. the manner of execution of such projects or programmes;

   iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;

   iv. monitoring and reporting mechanism for the projects or programmes; and

   v. details of need of impact assessment, if any, for the projects undertaken by the Company;

c. Approve specific projects, either new or ongoing, in pursuance of the Areas of Interest outlined in CSR Policy, either for undertaking such projects by the Company itself, for inclusion in the annual action plan or for supporting such projects by way of contributions or financial assistance;

d. Recommend to the Board, the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts.

e. Review the progress of CSR initiatives undertaken by the Company;

f. Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects referred to above;

g. Review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report and certificate submitted by the Chief Financial Officer;

h. Review and recommend to the Board, the impact assessment report obtained by the Company from time to time;

i. Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules.

8. Business Responsibility Report Committee

The SEBI vide SEBI (Listing Obligation and Disclosure Requirements) (Fifth Amendment) Regulations, 2019 dated 26 December 2019, has mandated top 1000 Companies as per market capitalisation that Annual Report of their Companies shall contain a Business Responsibility Report (BRR) describing the initiatives taken by the Company from an Environmental, Social and Governance perspective, in the format as specified by SEBI in the aforesaid Circular. Accordingly, the BRR containing the general information about the Company, financial details of the Company, other details like BR information, principle-wise performance etc. forms part of this Annual Report.

The Board has constituted the Business Responsibility Committee comprising of the below members for matters pertaining to the Business Responsibility:

- Mr. Anurag Choudhary, Managing Director & CEO (Chairman of the Committee)
- Mr. Bankey Lal Choudhary, Executive Director (Member)
- Mr. Monojit Mukherjee, Business President Carbon Black Division (Member)
- Mr. Somesh Satnalika, Executive Vice President, CTD and Strategy (Member)
- Mr. Kamlesh Kumar Agarwal, Chief Financial Officer (Member)

The Board reviewed the performance of the Committee as well as BRR Policy on annual basis.

During the financial year 2021-22, the Committee met 2 (Two) times on 29 June 2021 and 07 March 2022.

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The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Anurag Choudhary	Chairman, Managing Director & CEO	2
2	Mr. Bankey Lal Choudhary	Member, Executive Director	1
3	Mr. Monojit Mukherjee	Member, Business President Carbon Black Division	2
4	Mr. Somesh Satnalika	Member, Executive Vice President, CTD and Strategy	2
5	Mr. Kamlesh Kumar Agarwal	Member, Chief Financial Officer	1

9. Share Transfer Committee

The Share Transfer Committee comprises of Mr. Shyam Sundar Choudhary, as the Chairman, Mr. Bankey Lal Choudhary and Mr. Santimoy Dey as its members. The Committee approves transfer of shares, consolidation /sub-division of shares/ re-materialisation and other related matters.

In accordance with Regulation 40 read with Schedule VII of the SEBI Listing Regulations, and in order to expedite the process of share transfer and the redressal of investors' grievances, the Board has delegated its powers with the Company Secretary of the Company, who periodically visits the office of the Company's Registrar and Share Transfer Agent M/s S. K. Infosolutions Private Limited and monitors the activities.

The Committee holds periodical meetings for transfer and transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agent. During the financial year 2021-22, the Committee met 1 (one) time .

The Company confirms that all request for de-materialisation and re-materialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

10. Finance and Management Committee

The Finance and Management Committee comprises of Mr. Shyam Sundar Choudhary, Mr. Bankey Lal Choudhary, Mr. Anurag Choudhary as its members. During the financial year 2021-22, the Committee met 4 (four) times.

Terms of reference

The terms of reference of Finance and Management Committee include the following:

- To open/closure of Banking Accounts;
- To arrange finance, from Bank and Financial institutions;
- To sign and execute necessary documents with Banks / Financial Institutions;
- To create mortgage / charge including modification and satisfaction if any in favour of various Banks / Financial Institutions for securing the credit facilities as may be sanctioned to the Company from time to time;
- To deal with managing the day-to-day affairs of the Company including grant of authority to officials in this regard;
- To avail of factoring facility from any other Bank & Financial Institution;
- To avail discounting of Bills under LC from other Banks / Financial Institution;
- To obtained higher purchase loan / vehicle loan;
- To initiated legal action on behalf of the Company against any party and to defend the Company in any legal proceedings including grant of authority to deal with such matters;
- To file various e-forms with MCA (Registrar of Companies);

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- To avail of Commercial Card facility as a part of working Capital limit sanction to the Company by any bank;
- To sell or dispose of old and obsolete movable office equipment, computer accessories, printers, including motor cars and commercial vehicles for value not exceeding rupees two lakhs of each such items;
- To let-out office premises with or without consideration to its' group companies for official purposes;
- To deal with all types of current investments in day-to-day business activities;
- To raise fund in form of CP to amount not exceeding ₹ 300 Crores;
- To apply for listing of Commercial paper at the Stock exchange;
- To get working capital finance (both Fund based and Non-fund) either secured or unsecured by means of fresh sanction, renewal, takeover and switch over from one Bank to another Bank or from any financial institution up to an aggregate amount of ₹ 2000 Crores;
- To invest fund of the Company including mutual fund not exceeding 200 Crores;
- To borrow money from time to time for long-term purpose of the Company upto an aggregate amount not exceeding ₹ 300 Crores;
- To deal with any other matter which are incidental to the aforesaid.
- The Committee shall exercise all such power in ordinary course of business which are not otherwise restricted in the provisions of section 179 of the Companies Act, 2013.

11. Strategy & Investment Committee

The Strategy & Investment Committee comprises of 4 (Four) members of the Board, Mr. Shyam Sundar Choudhary, Executive Director, Mr. Santimoy Dey, Non-Executive Independent Director, Mr. Anurag Choudhary, Managing Director & CEO and Mr. Sakti Kumar Banerjee, Non-Executive Independent Director.

Terms of reference

The terms of reference of Strategy & Investment Committee include the following:

- To focus on the evaluation of the Company's strategic plans and to evaluate the Company's capital deployment in the context of the Company's Corporate Strategy;
- To review the proposals for acquisition of potential targets for deploying capital of the Company for expanding the installed manufacturing capacity or acquisitions resulting in forward and backward integration in manufacturing process of the Company. The Committee upon review, shall place such proposal along with its analysis before the Board for its consideration and approval;
- To assist the Board in fulfilling its oversight responsibilities relating to long term strategy of the Company, risks and opportunities relating to such strategy and strategic decisions regarding investments and acquisitions by the Company;
- To monitor the Company's progress against strategic goals and provide feedback and advice on merger and acquisition strategy, capital strategy, market capabilities and resource requirements;
- To review individual transactions, including potential investments, asset sales, proposed equity and/or debt offerings, or other transactions;
- To deal with all merger and restructuring proposals in capacity of creditor/ shareholder of the entities participating in merger or restructuring process and the Committee shall make decisions and resolutions and would exercise all powers of the Board for such matters;
- To discuss with the Senior Management Personnel and General Counsel or outside Counsel any matters that could reasonably be expected to have a material impact on the Company's long term strategies.

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12. Internal Complaint Committee

The Company has an Internal Complaint Committee constituted in terms of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which was re-constituted from time to time. During the year, the committee has been re-constituted with the following members:

- Ms. Debashree Tarafdar, Presiding officer
- Ms. Neha Pandey, Member
- Mr. Bhaskarmoy Dey, Member- Legal
- Dr. P S Bandopadhyay, Independent Consultant

Terms of reference

The terms of reference of Internal Complaint Committee include the following:

i) The Committee shall act in accordance with the provisions of the Act and Rules (including any statutory modifications, alteration or re-enactment thereon for the time being in force) made there under including the service rules, if any made applicable on the employee of the Company;

ii) The Committee shall follow the service rules while dealing with the complaints in case the complaints is against the employee of the Company and deal with the matter keeping in view the principal of natural justice;

iii) The Committee shall maintain all records relating to Complaints received and their redressal;

iv) The Committee shall hold such meetings as may be required from time to time for redressal of the Complaints made under the provisions of the Act;

v) The Committee shall ensure to maintain high degree of confidentiality with regards to the aggrieved person as well as the respondent;

vi) The Committee shall organise such number workshops or awareness programme from time to time for educating the employees of the Company in this regard;

vii) The Committee shall prepare an Annual Report ending 31 December each year in terms of Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 containing the following details:

a) Number of complaints of sexual harassment received in the year;

b) Number of complaints disposed off during the year;

c) Number of cases pending for more than ninety days;

d) Number of workshops or awareness programme against sexual harassment carried out;

e) Nature of action taken by the employer or District Officer

The Committee has submitted the Annual Report to the Board in terms of Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint of sexual harassment received by the Committee during the financial year 2021-22.

13. Commodity Committee

The Company has constituted a Commodity Committee comprising of Mr. Anurag Choudhary - Managing Director & CEO, Mr. Amit Choudhary – Executive Director, Mr. Tushar Choudhary – Executive Director, Mr. Kamlesh Kumar Agarwal- Chief Financial Officer, and Mr. Somesh Satnalika – Executive Vice President, CTD and Strategy.

14. General Body meetings

i) Details of location, time, and date of the last three Annual General Meetings are as follows:

Financial Year	Number of the AGM	Date	Venue	Time
2018-19	31st AGM	25 September 2019	"Kala Kunj Hall" 48 Shakespeare Sarani, Kolkata- 700 017	10.30 am

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Financial Year	Number of the AGM	Date	Venue	Time
2019-20	32nd AGM	11 December 2020	Through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"). The deemed venue: Ruby House, 8 India Exchange Place, 2nd Floor, Kolkata – 700 001.	11.00 am
2020-21	33rd AGM	29 September 2021	Through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"). The deemed venue: Ruby House, 8 India Exchange Place, 2nd Floor, Kolkata – 700 001.	11.30 am

ii) Details of Special Resolution(s) passed during the last three years in Annual General Meetings.

31st AGM held on 25 September 2019	1. Re-appointment of Mr. Santimoy Dey (DIN: 06875452) as an Independent Director of the Company for a further period of 5 (five) years for second term with effect from 24 September 2019 to 23 September 2024. 2. Re-appointment of Mr. Hanuman Mal Choraria (DIN: 00018375) as an Independent Director of the Company for a further period of 5 (five) years for second term with effect from 24 September 2019 to 23 September 2024. 3. Re-appointment of Mr. Bankey Lal Choudhary (DIN: 00173792) as Whole-time Director of the Company for a period of 5 (five) years with effect from 1 April 2019 to 31 March 2024. 4. Appointment of Mr. Anurag Choudhary (DIN: 00173934) as Managing Director & Chief Executive Officer of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024. 5. Appointment of Mr. Amit Choudhary (DIN: 00152358) as Whole-time Director of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024. 6. Appointment of Mr. Tushar Choudhary (DIN: 00174003) as Whole-time Director of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024.
32nd AGM held on 11 December 2020	1. Re-appointment of Mr. Shyam Sundar Choudhary (DIN: 00173732) as Whole-time Director for a further period of 5 (Five) years with effect from 1 April 2020 to 31 March 2025. 2. Re-appointment of Mr. Vijay Kumar Choudhary (DIN: 00173858) as Whole-time Director for a further period of 5 (Five) years with effect from 1 April 2020 to 31 March 2025.
33rd AGM held on 29 September 2021	1. Re-appointment of Mr. Santosh Kumar Agrawala (DIN: 00364962) as an Independent Director for the second term of 5 (five) consecutive years with effect from 14 November 2021. 2. Ratification and approval of the remuneration of Mr. Bankey Lal Choudhary (DIN: 00173792), Whole Time Director for the period of his tenure i.e from 01 April 2020 to 31 March 2024. 3. Ratification and approval of the remuneration of Mr. Anurag Choudhary (DIN: 00173934), Managing Director & CEO for the period of his tenure i.e from 01 April 2020 to 13 August 2024. 4. Ratification and approval of the remuneration of Mr. Amit Choudhary (DIN: 00152358), Whole-time Director for the period of his tenure i.e from 01 April 2020 to 13 August 2024. 5. Ratification and approval of the remuneration of Mr. Tushar Choudhary (DIN: 00174003), Whole-time Director for the period of his tenure i.e from 01 April 2020 to 13 August 2024.

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iii) During the financial year 2021-22, the Company did not pass any special resolution by way of postal ballot.

iv) No Special Resolution at present is proposed to be passed through Postal Ballot. Therefore, the procedure for Postal Ballot is not applicable.

15. Means of communication

a. Quarterly/Annual Financial Results: The unaudited quarterly financial results are announced within 45 days from the end of each quarter, and the audited annual financial results are announced within 60 days from the end of the last quarter. These financial results, after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges, where the shares of the Company are listed. Any news, updates, or vital/useful information to shareholders are being intimated to Stock Exchange(s) and are being displayed on the Company's website: www.himadri.com

b. Newspapers: During the financial year 2021-22, financial results (Quarterly & Annual) were published in newspapers viz. The Financial Express, Jansatta (Hindi) and Ei Samay (Vernacular) in the format prescribed by SEBI.

c. Website: The financial results are also posted on the Company's Website at www.himadri.com The Company's website provides information about its business and the section on "Investor Relations" serves to inform and service the Shareholders allowing them to access information at their convenience.

d. Annual Report: Annual Report is circulated to all the Members within the required period. In view of the continuing COVID-19 pandemic and pursuant to SEBI circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, the Company has sent Annual Report for the financial year 2021-22 through email to shareholders. The shareholders have been provided e-voting option for the resolutions passed at the general meeting to vote as per their convenience.

e. E-mail ID of the Registrar & Share Transfer Agent: All the share related requests/ queries/ correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agent of the Company, M/s S. K. Infosolutions Private Limited, D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032 or e-mail them at skcdilip@gmail.com.

f. Designated E-mail ID for Complaints/ Redressal: In compliance with Regulation 46(2) of SEBI Listing Regulations entered into with the Stock Exchange(s), the Company has designated an e-mail ID investors@himadri.com exclusively for registering complaints/ grievances by investors. Investors whose requests/queries/ correspondence remain unresolved can send their complaints to the Company to resolve the grievances to the above referred e-mail ID.

g. NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for Corporates. Any Corporate Action, inter alia, the Shareholding Pattern, Corporate Governance Report, Financial Results, disclosures with respect to Board Meeting or any other Corporate Action Announcements are filed electronically on NEAPS.

h. BSE Corporate Compliance & Listing Centre: The Listing Centre is a web-based application designed by BSE for Corporates. Any Corporate Action, inter alia, the Shareholding Pattern, Corporate Governance Report, Financial Results, and other intimations are filed electronically on BSE's Listing Centre.

i. SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redressal system through

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SCORES. The Action Taken Reports are uploaded online by the Company for any complaints received on SCORES platform, thereby making it convenient for the investors to view their status online.

j. **News releases/Investor Updates and Investor presentations:** The Company regularly uploads general presentation, press release, earning releases of the Company and its business on the website for the benefit of all the stakeholders. However, during the year the Company has not made any specific presentation to any Institutional Investor.

16. General Shareholder Information

Annual General Meeting (AGM) and Book Closure Dates

The Day, Date, Time of the 34th Annual General Meeting and Book Closure Dates in relation thereto have been indicated in the Notice convening the AGM, which forms part of the Annual Report.

Financial Year

The financial year of the Company is from 1 April to 31 March every year.

Tentative Schedule for the Meetings for the financial year 2022-23

Financial Year Board meetings for approval of quarterly results	2022-23
- Quarter ended 30 June 2022	Within 2nd Week of August 2022
- Quarter ended 30 September 2022	Within 2nd week of November 2022
- Quarter ended 31 December 2022	Within 2nd week of February 2023
- Audited Financial Results for the year ended 31 March 2023	Within 60 days from the end of the financial year
Annual General Meeting for the financial year 2022-23	In accordance with Section 96 of the Act, 2013 and SEBI Listing Regulations with the Stock Exchange and Circular of MCA and SEBI from time to time.
Dispatch of Annual Report	21 (clear) days before the meeting or by electronic mode as per circular of MCA and SEBI from time to time.
Posting of Dividend Warrants	Within 30 days from the date of AGM or as per circular of MCA and SEBI from time to time.
Receipt of Proxy Forms	At least 48hrs before the meeting or as per circular of MCA and SEBI from time to time.

Dividend payment date

The Company will remit the dividend within a period of 30 days from the date of declaration and the required funds will be transferred to the Dividend Account within 5 days from the date of the Annual General Meeting.

Listing of Securities on Stock Exchange (s)

Equity Shares: The Company's shares are presently listed on the following Stock Exchange(s):

Sl. No.	Stock Exchange	Listing code
1	BSE Limited P. J. Towers, Dalal Street, Fort Mumbai- 400 001	500184
2	National Stock Exchange of India Limited "Exchange Plaza" Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	HSCL

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The Company has remitted the listing fee to the Stock Exchanges.

Market price data

Monthly high / low market price of the shares during the financial year 2021-22 at the BSE Limited and at National Stock Exchange of India Limited were as under: -

	BSE		NSE	
	Amount in ₹		Amount in ₹	
Month	High	Low	High	Low
Apr-21	47.65	41.00	47.70	41.10
May-21	56.10	43.65	56.10	44.05
Jun-21	62.40	50.85	62.30	50.85
Jul-21	57.60	50.90	57.65	50.80
Aug-21	52.65	42.00	52.60	42.00
Sep-21	55.65	45.35	55.65	45.35
Oct-21	58.70	49.45	58.70	49.40
Nov-21	53.85	44.00	53.85	43.00
Dec-21	47.65	41.60	47.70	41.55
Jan-22	65.35	44.50	65.40	44.50
Feb-22	69.05	50.80	69.10	50.80
Mar-22	76.75	53.75	76.80	53.25

Stock Performance in comparison to broad-based indices

	BSE SENSEX		NSE CNX NIFTY	
Financial Year	Change in Himadri Share Price	Change in SENSEX	Change in Himadri Share Price	Change in Nifty
2021-22	78.30%	18.30%	78.39%	18.88%

Registrar and Share Transfer Agent

The Company has engaged the services of M/s S. K. Infosolutions Private Limited of D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032, a SEBI registered Registrar as Share Transfer Agent for processing the transfer, sub-divisions, consolidation, splitting of securities, among others. Since the shares are compulsorily required to be traded in dematerialised form, shareholders are requested to get their physical shareholdings converted into DEMAT form through their depository.

All the queries related with shares may be forwarded directly to the Company's Registrar. The Company has made necessary arrangements with Depositories viz NSDL/CDSL for dematerialisation of shares. M/s S. K. Infosolutions Private Limited has been appointed as common agency to act as transfer agent for both physical and demat shares.

Shareholders are requested to surrender the old share certificates having Face Value of ₹ 10/- each to the Registrar and Share Transfer Agent for cancellation and exchange of new certificates of Face Value of ₹ 1/- each pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28 September 2010, for which the Record Date was fixed on 9 November 2010.

Share Transfer System

The Company ensures that all transfers are duly affected within the prescribed period. The Board

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has constituted a Share Transfer Committee for approval of the transfers, which meets on regular intervals. The share transfers, issue of duplicate share certificates and all other investors' related activities are attended and processed at the office of the Registrar and Share Transfer Agent, M/s S. K. Infosolutions Private Limited, Kolkata.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificate on half-yearly basis is filed with the Stock Exchange(s) for due compliance of share transfer formalities by the Company.

However, the SEBI pursuant to notification issued on 8 June 2018 amended the Regulation 40 of the SEBI (LODR) Regulations, 2015 and provided that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository w.e.f. 01 April 2019.

Nomination facilities

Section 72 of the Act, 2013 read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, provides for the facility of nomination to security holders of the Company. This facility is mainly useful in case of those holders who hold their shares in their own name. Investors are advised to avail of this facility to avoid any complication in the process of transmission, in case of death of the holders. Where more than one person holds the securities of a Company jointly, the joint holders may together nominate, in the prescribed manner, any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agent. In case of shares held in Demat form, such nomination is to be conveyed to the DP as per the formats prescribed by them.

Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended 31 March 2022, when declared at the ensuing Annual General Meeting will be paid:

i) in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement (s) furnished by the Depositories as on the close of the market day prior to start of book closure and

ii) in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members lodged with the Company before the start of date of book closure.

Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank for an initial period of three months. The Members are therefore advised to encash dividend warrants within the initial validity period of three months. After expiry of initial validity period, bank draft will be issued against cancellation of warrants upon request of the shareholders, if any.

Electronic Clearing Service – NECS

Members desirous of receiving dividend by direct electronic deposits of dividend vide NECS in their account may authorise the Company with their mandate. Members are requested to provide necessary details of their bank account to Company's Registrar and Share Transfer Agent, M/s S. K Infosolutions Private Limited, D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032, Ph No: 033-24120027 / 033-24120029.

Bank details in case of physical Shareholdings

With a view to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide, if not provided earlier, their bank account number, bank account type, names and address of bank branches, with their folio number to Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Private Limited, D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032, Ph No: 033-24120027 / 033-24120029 to enable them to print the same on dividend warrants. This is a mandatory requirement in terms of SEBI circular No. D&CC/ FITTC / CIR-04/ 2001 dated 13 November 2001.

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Details of Payee

Further, the SEBI with a view to safeguard the interest of the shareholders has issued circular No.SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20 April 2018, which inter-alia requires that the Issuer Company, the RTA and the processing Bank shall ensure that the Dividend Warrant shall contains the details of the payee, Bank Name, Bank Account, Bank Branch of the holder of securities, therefore the shareholders are requested to share the required information with the Registrar & Share Transfer Agent of the Company. The Company has also issued reminder letters to the security holders for providing such information.

Unclaimed / Unpaid Dividend

The amount of unclaimed dividend is lying in credit of separate banking accounts. Members may please note that pursuant to Section 124(5) and Section 125 of the Act, 2013 the amount lying in credit of any unpaid dividend account if, remained un-claimed for 7 years or more from the date it became unpaid / unclaimed shall be transferred to the Investor Education and Protection Fund. As on 31 March 2022, the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

Financial Year	Date of declaration	Amount Unpaid/ unclaimed as on 31.03.2022	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2015-16	24 September 2016	317,843.15	30 October 2023	State Bank of India
2016-17	22 September 2017	587,691.30	28 October 2024	State Bank of India
2017-18	4 September 2018	332,645.50	10 October 2025	State Bank of India
2018-19	25 September 2019	461,064.30	31 October 2026	State Bank of India
2019-20	11 December 2020	560,169.82	17 January 2028	Axis Bank Limited
2020-21	29 September 2021	710,864.18	04 November 2028	Axis Bank Limited

Therefore, Members who have so far not encashed their dividend warrants or have not received the dividend warrants may write to the Company or its' Share Transfer Agent for issue of Banker's Cheque / Bank drafts. Shareholders are requested to provide their Bank Account details to be printed on the Bank drafts / Banker's Cheques.

Transfer of Unclaimed Shares to IEPF

During the financial year 2021-22, the Company has transferred 233,363 shares of 172 shareholders in respect of which dividend has not been paid or claimed for seven consecutive years or more pursuant to Section 124 (6) of the Act, 2013 to the credit of IEPF Authority as prescribed in Section 125 of the Act, 2013 in DEMAT Account No: IN300708/ CL-ID: 10656671 through NSDL.

However, the shareholders may re-claim those shares from the IEPF Authority by complying with prescribed procedure and filing the e-Form- IEPF-5 online with MCA portal. The shareholder claiming the shares should take a printout of the e-Form (IEPF-5) and forward the same with all documents as mentioned in the e-form to the NODAL Officer of the Company for onward submission to the IEPF Authority along with verification report. The name, address, and contact no of the NODAL Officer of the Company is given hereunder:

Name: Ms. Monika Saraswat,
Designation: Company Secretary & Compliance Officer
Himadri Speciality Chemical Ltd
Regd. Off: 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata- 700 001
Corporate Office: 8, India Exchange Place, 2nd Floor, Kolkata- 700 001
Contact No: 033-22309953/ 22304363.
E-mail: monika@himadri.com

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Credit ratings obtained along with any revisions thereto during the financial year for all debt instruments.

Rating Agency: ICRA Limited vide its' letter dated 18 November 2021 , has assigned the Credit Rating to Company's various credit facilities and instruments as mentioned below:

Facilities	Amount (In Crores)	Rating Assigned	Remarks
Term Loan	162.30	[ICRA]A+ (Stable) (Pronounced as ICRA A plus); Outlook: Stable	Downgraded from [ICRA]AA- (pronounced ICRA double A minus)
Fund Based Working Capital	529.56	[ICRA]A+ (Stable) (Pronounced as ICRA A plus); Outlook: Stable	Downgraded from [ICRA]AA- (pronounced ICRA double A minus)
Fund Based / Non- Fund Based Working Capital	1124.00	[ICRA]A+(Stable)/ [ICRA]A1	The Rating Committee of ICRA has downgraded the long-term rating to [ICRA]A+(pronounced ICRA A plus) from [ICRA]AA- (pronounced ICRA double A minus) and also downgraded the short-term rating to [ICRA]A1 (pronounced ICRA A one) from [ICRA]A1+ (pronounced ICRA A one plus) The outlook on the long-term rating has been revised to Stable from Negative
Commercial Paper	300.00	[ICRA]A1 (pronounced ICRA A one) Instruments with [ICRA]A1 rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.	Downgraded the short-term rating to [ICRA]A1 (pronounced ICRA A one) from [ICRA]A1+ (pronounced ICRA A one plus)

Rationale for downgraded ratings are as mentioned below:

As per the rating agency ICRA the ratings downgrade factors in the continued moderation in Company's debt protection metrics due to a consistent decline in its operating margins in H1 FY2022, following a sharp decrease in FY2021 owing to reduced spreads between raw material costs and end-product realisations. Further the run up in commodity prices has dampened the profitability, however the Company is expected to renegotiate its supply contracts due for renewal in March 2022 with certain key customers, which should improve its profitability, going forward. The Company has ramped up its enhanced capacities and is expected to achieve a volumetric growth in FY2022, pressure on the profitability is likely to result in subdued debt protection metrics and return indicators in the near term.

Rating by CARE

CARE Ratings Limited vide its' letter dated 15 September 2021 has assigned the Credit Rating to Company's various credit facilities and instruments as mentioned below:

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Facilities	Amount (₹ in Crores)	Rating Assigned	Remarks
Long Term Bank Facilities	112.30 (Reduced from 143.36)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Revised from CARE AA-; Negative (Double A Minus; Outlook: Negative)
Long Term /Short Term Bank Facilities	1625.00	CARE A+; Stable / CARE A1+ (Single A Plus; Outlook: Stable / A One Plus)	Revised from CARE AA-; Negative / CARE A1+ (Double A Minus; Outlook: Negative / A One Plus)
Total Bank Facilities	**1,737.30**		
Commercial Paper (carved out)*	300	CARE A1+ (A one plus)	Reaffirmed

**carved out of the sanctioned working capital limits of the Company*

Distribution of Shareholding and Shareholding Pattern as on 31 March 2022

- **Distribution of Shareholding as on 31 March 2022**

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Upto 5000	295,276	86.09	30,871,122	7.37
5001 to 10000	24,094	7.03	20,325,744	4.85
10001 to 20000	11,911	3.47	18,912,045	4.51
20001 to 30000	4,150	1.21	10,781,472	2.57
30001 to 40000	1,722	0.50	6,324,502	1.51
40001 to 50000	1,785	0.52	8,588,071	2.05
50001 to 100000	2,355	0.69	18,142,185	4.33
100001 to 500000	1,402	0.41	28,708,157	6.85
500001 to 1000000	151	0.04	10,988,480	2.62
1000001 and Above	125	0.04	265,323,500	63.34
Total	**3,42,971**	**100.00**	**418,965,278**	**100.00**

- **Shareholding pattern as on 31 March 2022**

Category of shareholders	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
(A) Promoter Group				
(a) Directors & relatives	3	0.00	6,235,200	1.49
(b) Bodies corporate	2	0.00	184,083,674	43.94
Sub- total (A)	**5**	**0.00**	**190,318,874**	**45.43**
(B) Non-promoters				
(a) Mutual funds / UTI				
(b) Financial institutions/Bank	1	0.00	3,000	0.00

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Category of shareholders	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
(c) Foreign Company				
(d) Foreign Portfolio	35	0.01	6,946,321	1.66
(e) Central Government/ State Government(s)/ President of India.	1	0.00	3,000	0.00
(f) Domestic Company, Clearing Member, NBFC Registered with RBI	1,051	0.31	53,145,725	12.68
(g) Individuals, HUF, Trust	339,167	98.89	160,549,466	38.32
(h) IEPF	1	0.00	3,481,316	0.83
(i) N. R. I.	2,710	0.79	4,517,576	1.08
(j) **Sub-total (B)**	**342,966**	**100.00**	**228,646,404**	**54.57**
Total (A) + (B)	**342,971**	**100.00**	**418,965,278**	**100.00**

Dematerialisation of shares and liquidity

The shares of the Company are under compulsory demat list of SEBI, and it has joined as a member of the Depository services with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as an Issuer Company for dematerialisation of its' shares. Shareholders can get their shares dematerialised with either NSDL or CDSL.

Pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28 September 2010, each equity shares of face value of ₹ 10/- each has been sub-divided into ten equity shares of ₹ 1/- each and the depositories allotted the following new ISIN number to the Company:

NSDL - INE 019C01026	CDSL - INE 019C01026

As on 31 March 2022, out of the 418,965,278 equity shares of the Company, 415,965,296 shares were held in electronic form representing 99.28% to the total paid up share capital, whereas balance of 2,999,982 shares were held in physical form representing 0.72% to the total paid up share capital of the Company.

The summary of form in which the shareholding of the Company being held is given below:

Held in dematerialised form in CDSL	91,164,635	21.76%
Held in dematerialised form in NSDL	324,800,661	77.52%
Physical	2,999,982	0.72%
Total No. of shares	**418,965,278**	**100.00%**

Foreign Exchange Risk and Hedging activities

In terms of the SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including commodity price risk, foreign exchange risk, hedging activities etc., have been adequately covered under the Management Discussion and Analysis Report.

Locations of Plants

Sr. No.	Location of Plant
1	Mahistikry, P.S.- Haripal, District- Hooghly (W.B.)
2	Liluah Unit (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.)
3	Liluah Unit (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah- 711 204 (W.B.)
4	Korba Unit - Vill- Jhagrah, Rajgamar Colliery, Korba- 495683 (Chhattisgarh)
5	Vizag Unit - Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.)

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Sr. No.	Location of Plant
6	Wind Mills Division: a. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra b. Vill- Titane, Taluka- Sakri, District- Dhule, Maharashtra
7	Sambalpur Unit, Kenghati. P.O Jayantpur, Sambalpur -768112
8	Falta Special Economic Zone J.L. No 1, Dag No: 49,50,51, Sector- II, Vill- Simulberia, P.O.- Falta, Dist- 24 Pgs (South) West Bengal -743504
9	China Unit, Longkou, Shandong, China. (Step-down Subsidiary)

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Address for correspondence

All communication may be sent to Ms. Monika Saraswat, Company Secretary and Compliance Officer at the following address:

Himadri Speciality Chemical Ltd

23A, Netaji Subhas Road, 8th Floor, Suite no 15

Kolkata - 700 001

Phone number: (033) 2230 9953/ 2230 4363

Fax No 91-33-2230-9051,
e-mail: investors@himadri.com

All shares related queries may be sent to the Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Private Limited, D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032, Ph No: 033-24120027 / 033-24120029.

17. Subsidiary Companies

The Company also has two Subsidiary Companies 1) AAT Global Limited, Hong Kong in which the Company holds 100% equity 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned Subsidiary Company, AAT Global Limited.

During the financial year 2020-21 and 2021-22, AAT Global Limited was material subsidiary pursuant to Section 16 of SEBI (LODR) Regulations, 2015 ("SEBI Listing Regulations'). Mr. Santimoy Dey, the Independent Director of the Company is appointed as Director of AAT Global Limited

The Board of Directors of the Company regularly reviews the financial statements of the unlisted subsidiary companies. Further, the Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies. The Company has duly formulated a policy for determining 'Material' Subsidiaries. The main objective of the policy is to ensure governance of material subsidiary companies.

The web link for Policy for determining Material Subsidiaries is placed on the website of the Company at https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf

18. Other Disclosures

i. Materially significant related party transactions (i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc.) that may have potential conflict with the interests of the Company at large;

The Company has not entered into any materially significant related party transaction during the year with any of the related parties which may have potential conflict with the interest of the Company. The related party transactions constitute contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit

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Committee reviews periodically the related party transactions and the Committee provided omnibus approval for related party transactions which are in ordinary course of business (repetitive in nature) and are on Arm's Length basis. All transactions covered under the related party transactions are regularly approved by the Board. There were no material transactions during the financial year 2021-22 that were prejudicial to the Company's interest. There are no materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large. Related party transactions as per requirements of Indian Accounting Standard (Ind- AS 24) "Related Party Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the year ended 31 March 2022.

ii. **Reconciliation of Share Capital Audit Report;**

A qualified Practising Company Secretary has carried out exercise of Reconciliation of Share Capital to the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital as on the close of the financial year 2021-22. The Reconciliation of Share Capital confirms that the total issued / paid up capital is in line with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

iii. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years;**

The Company has complied with the requirements of the stock exchange(s)/ SEBI and statutory authorities on all matters related to capital markets. There were no instances of non-compliance on any matter relating to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchange(s), SEBI or any statutory authority in any matter related to capital markets except the following:

Action Taken by	Details of violation	Details of action taken e.g., fines, warning letter, debarment, etc.
National Stock Exchange of India Limited (NSE)	Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated 29.07.2020 the Company was required to submit unaudited financial statements for the quarter ended 30 June 2020 on or before 15 September 2020 but the same was submitted by the Company on 29 October 2020	Fine was imposed by NSE. The Company paid the fine on 16 April 2021
BSE Limited (BSE)		Fine was imposed by BSE. The Company paid the fine on 18 September 2021

iv. **Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no person has been denied access to the Audit Committee;**

The Company has adopted a Vigil Mechanism and Whistle Blower Policy and the same is uploaded on the website of the Company at www.himadri.com. The Board appointed Ms. Monika Saraswat, Company Secretary as Vigilance Officer for this purpose. The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The Policy also offers appropriate protection to the whistle

Annexure VIII
of the Board's Report (Contd.)

blowers from victimisation, harassment, or disciplinary proceedings.

Further, during the financial year ended 31 March 2022, no personnel has been denied access to the audit committee, in this regard.

v. Details of Mandatory and Non-mandatory requirements;

The Company has complied with the mandatory requirements of Regulation 34(3) read with Schedule V of the Listing Regulations and has adopted a few non-mandatory requirements as specified under Regulations of SEBI Listing Regulations, which are reviewed by the management from time to time.

vi. Details of compliance with Non-mandatory (discretionary) requirements;

The Company has duly fulfilled the following discretionary requirements as prescribed in Sub – Regulation 1 of Regulation 27 Part E of Schedule II of the SEBI Listing Regulations as follows:

Reporting of Internal Auditor

Internal Auditors of the Company make presentations to the Audit Committee on their Reports and has direct access to the Audit Committee.

Other Items

- The rest of the Non-Mandatory Requirements will be implemented by the Company as and when required and/ or deemed necessary by the Board.

vii. Proceeds from Public Issues, Rights Issue, Preferential Issues, Qualified Institutional Placement etc.;

The Company has not raised any money through issue of Securities by means of Public issue, Rights Issue, Preferential Issue, Qualified Institutions Placement etc. during the financial year ended 31 March 2022

viii. Web link where policy on determining 'material' subsidiaries is disclosed;

The Company has formulated a policy pursuant to provisions of Chapter IV of SEBI Listing Regulations to determine material subsidiaries. The policy is posted on the website of the Company and the web link for the same is: https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf

ix. Web link where policy on dealing with related party transactions;

The Company has duly formulated a Policy on dealing with Related Party transactions. The Company recognises that certain transactions present a heightened risk of conflicts of interest or the perception thereof and therefore has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions. The link for the same as placed on the website of the Company is https://www.himadri.com/pdf/corporate_governance/amended_policy_on_materiality_of_related_party11-02-2022.pdf

x. Disclosure of commodity price risks and commodity hedging activities;

Disclosure of commodity price risks and commodity hedging activities has been adequately covered under the Management Discussion and Analysis Report.

xi. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the financial year, the Company had not raised any funds through preferential allotment or qualified institutions placement

Annexure VIII
of the Board's Report (Contd.)

xii. Declaration of Non-Disqualification or debarment for appointment / continuing as the Director in companies for the financial year 2021-2022;

There is no such director on the Board of the Company who has been disqualified by virtue of any provisions of the Companies Act, 2013 and any other laws or debarred by any regulatory authority to be appointed or continue to act as Director.

A Certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed to this report as Annexure II.

xiii. Recommendation from the Committees to the Board;

There were no such instances where the Board has not accepted the recommendations of / submissions by the Committee, which were required for the approval of the Board of Directors during the financial year under review.

xiv. Details of fees paid to statutory auditor;

Total fees paid by the Company to the statutory auditors for all the services provided by them are as follows:

Amount in ₹ Lakhs

Payment towards-	2021-22	2020-21
Statutory Audit Fee	50.50	50.50
Limited Review Reports	9.50	9.50
Certification fees	4.35	2.40
Non-Audit Services	2.00	1.50
Re-imbursement of Expenses	4.03	4.86
Total	**70.38**	**68.76**

xv. Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

The Company has constituted Internal Complaint Committee pursuant to Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. During the financial year 2021-22, the Committee submitted its Annual Report as prescribed in the said Act and there was no complaint as regards sexual harassment received by the Committee during the financial year.

Details of Complaints received and redressed during the financial year 2021-22 are as follows:

a) Number of complaints outstanding at the beginning of financial year - Nil

b) Number of complaints filed during the financial year - Nil

c) Number of complaints disposed of during the financial year - Nil

d) Number of complaints pending as on end of the financial year - Nil

xvi. Disclosures with respect to demat suspense account/ unclaimed suspense account;

There is no shares in demat suspense account.

(a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year- NIL

(b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year- NIL

Annexure VIII
of the Board's Report (Contd.)

(c) number of shareholders to whom shares were transferred from suspense account during the year- NIL

(d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year- NIL

(e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares- NIL

xvii. Disclosure of discretionary requirements as specified in Part E of Schedule II have been adopted;

As mentioned above in point no 18(vi)

xviii. Disclosure of Non-compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of para C of Schedule V of SEBI (LODR) Regulation, 2015, with reasons thereof shall be disclosed;

There is no instance of non-compliance of any requirement of Corporate Governance report of sub-paras (2) to (10) of para C of Schedule –V of SEBI Listing Regulations.

xix. Disclosure of the Compliance of the Corporate Governance;

The Company is in compliance with the Corporate Governance requirements as specified in Regulation 17 to 27 and the Company is also in compliance with the requirements of dissemination of the information of as required in terms of clause (b) to (i) of Regulation 46 (2) of the SEBI Listing Regulations.

Details of corporate policies

Sl. No	Policy	Link
1	Corporate Social Responsibility Policy	https://www.himadri.com/pdf/corporate_governance/csr-policy-himadri-30-03-2021.pdf
2	Composition and Profile of the Board of Directors	https://www.himadri.com/leadership
3	Terms and Conditions of appointment of Independent Directors	https://www.himadri.com/corporate_governance
4	Familiarisation Programme for Independent Directors	https://www.himadri.com/pdf/corporate_governance/familarisation-programme-2021-22.pdf
5	Remuneration policy of Directors, KMPs & other Employees	https://www.himadri.com/pdf/corporate_governance/hscl_nomination_and_remuneration_policy2022.pdf
6	Code of Conduct	https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_all_director_and_senior_management.pdf
7	Criteria for making payments to Non-Executive Directors	https://www.himadri.com/pdf/corporate_governance/criteria_of_making_payment_to_non_executive_directors.pdf
8	Code of Conduct for Non-Executive Independent Directors	https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_independent_directors.pdf
9	Policy on Related Party Transactions	https://www.himadri.com/pdf/corporate_governance/amended_policy_on_materiality_of_related_party11-02-2022.pdf
10	Policy on determining Material Subsidiaries	https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf
11	Whistle Blower Policy	https://www.himadri.com/pdf/corporate_governance/vigil_mechanism_himadri_amended_wef18-03-2020.pdf
12	Policy on determination of Materiality for Disclosure(s)	https://www.himadri.com/pdf/corporate_governance/policy_on_determination_of_materiality_of_events2020.pdf
13	Business Responsibility Policy	https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf
14	Dividend Distribution Policy	https://www.himadri.com/pdf/corporate_governance/dividend_distribution_policy.pdf

Annexure VIII
of the Board's Report (Contd.)

xx. Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results. [Para A (2A) of Schedule V]

No such transactions were entered into by the Company during the financial year. All transactions with related parties have been disclosed in Financial Statements.

xxi. Disclosure of 'Loans and advances in the nature of loans to firms/companies in which directors are interested

No such transactions were entered into by the Company during the financial year.

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-
Shyam Sundar Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 21 July 2022

Annexure VIII
of the Board's Report (Contd.)

Annexure I

Declaration by the Chief Executive Officer

[Pursuant to Regulation 34 (3) {Schedule V Paragraph D} of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members of
Himadri Speciality Chemical Ltd

I, Anurag Choudhary, Chairman cum Managing Director & Chief Executive Officer of the Company declare that to the best of my knowledge and belief, all the Members of the Board and the designated personnel in the Senior Management Personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the financial year ended 31 March 2022.

For **Himadri Speciality Chemical Ltd**

Sd/-
Anurag Choudhary
Chairman cum Managing Director &
Chief Executive Officer
(DIN: 00173934)
Date: 21 July 2022

Annexure II

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
Himadri Speciality Chemical Ltd
23A, Netaji Subhas Road, 8th Floor, Suite No. 15
Kolkata, West Bengal - 700001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Himadri Speciality Chemical Limited** having **CIN NO: L27106WB1987PLC042756** and having registered office at **23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata, West Bengal - 700001** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Annexure VIII
of the Board's Report (Contd.)

Sr. No.	Name of Directors	DIN	Date of appointment in Company
1.	HARDIP SINGH MANN	00104948	14/11/2011
2.	AMIT CHOUDHARY	00152358	14/08/2019
3.	SHYAM SUNDAR CHOUDHARY	00173732	28/07/1987
4.	BANKEY LAL CHOUDHARY	00173792	28/07/1987
5.	VIJAY KUMAR CHOUDHARY	00173858	28/07/1987
6.	ANURAG CHOUDHARY	00173934	14/08/2019
7.	TUSHAR CHOUDHARY	00174003	14/08/2019
8.	SANTOSH KUMAR AGARWALA	00364962	14/11/2016
9.	SAKTI KUMAR BANERJEE	00631772	11/07/2006
10.	GOPAL AJAY MALPANI	02043728	13/08/2021
11.	SANTIMOY DEY	06875452	27/05/2014
12.	SUCHARITA BASU DE	06921540	01/04/2019
13.	GIRISH PAMAN VANVARI	07376482	22/06/2021

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

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-
Vanita Kanoi
Partner

ACS NO: 44285
CP No: 23620

Place: Kolkata
Date: 20/07/2022

UDIN: A044285D000654631

Annexure VIII
of the Board's Report (Contd.)

Annexure III

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members
Himadri Speciality Chemical Ltd
Kolkata

We have examined the compliance of conditions of Corporate Governance by Himadri Speciality Chemical Limited ("the Company") for the financial year ended 31 March 2022 ("Period under Review"), as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of the Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. The Certificate is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors, the management and the Company's officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations during the Period under Review.

We further 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 its affairs of the Company.

For **Arun Kumar Maitra & Co.**
Practicing Company Secretaries

Sd/-
A.K. Maitra
Partner
Membership No. A-3010
C.P. No. 14490
UDIN: A003010D000660623
Date: 21 July 2022

Annexure VIII
of the Board's Report (Contd.)

Annexure IV

CEO & CFO CERTIFICATION

To
The Members of
Himadri Speciality Chemical Ltd
23A, Netaji Subhas Road, 8th Floor, Suite No 15,
Kolkata - 700 001

Sub: CEO & CFO certification in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015

We,

1) Anurag Choudhary, Chairman cum Managing Director & Chief Executive Officer and

2) Kamlesh Kumar Agarwal, Chief Financial Officer

Certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2022 and that to the best of our knowledge and belief:

   1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

D. We have indicated to the auditors and the Audit Committee:

   i) Significant changes in internal control over financial reporting during the year;

   ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board

Sd/-
Anurag Choudhary
Chairman cum Managing Director &
Chief Executive Officer
(DIN: 00173934)

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Place: Kolkata
Date: 21 July 2022

Annexure IX
of the Board's Report

BUSINESS RESPONSIBILITY REPORT

Section A: General information about the Company

1. **Corporate Identity Number (CIN)** : L27106WB1987PLC042756
2. **Name of the Company** : Himadri Speciality Chemical Ltd
3. **Registered address** : 23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata – 700 001
4. **Website** : www.himadri.com
5. **E-mail id** : investors@himadri.com
6. **Financial year reported** : 2021-22
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Particulars	National Industrial Code
Carbon Materials & Chemicals	23999
Power	38210

8. **The key products/services manufactured (as in balance sheet):**

   i. **Carbon Materials and Chemicals**

   ii. **Power**

9. **Total number of locations where business activity is undertaken:**

   i. **Number of international locations:**

   Himadri Speciality Chemical Ltd carries out its international operations in Longkou, Shandong, China through its step-down subsidiary in China – Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL"). The Company also has one wholly owned subsidiary AAT Global Limited incorporated in Hong Kong which holds 94% in SDHCIL in China.

   ii. **Number of national locations:**

   The Company carries out its operations through its head office in Kolkata and several marketing offices across India. The Company has total 7 manufacturing units viz one manufacturing unit at Mahistikry, Hooghly, West Bengal, two manufacturing units at Liluah, Howrah, West Bengal, one unit at Falta SEZ, West Bengal, one unit each at Korba, Chhattisgarh; Vishakhapatnam, Andhra Pradesh; and Sambalpur, Odisha.

10. **Markets served by the Company: Local/State/ National/International**

    The products of the Company are majorly sold across India. Further, in international markets, Himadri primarily caters to include Asia, Middle East, Europe, Africa, Americas and all other major geographic.

Section B: Financial details of the Company as on 31 March 2022

1. **Paid up capital (₹):** 4,189.65 lakhs
2. **Total turnover (₹):** 279,131.40 lakhs
3. **Total profit after taxes (₹):** 6,506.19 lakhs
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of PAT (%):** ₹ 55.61 lakhs which is 0.85% of the PAT
5. **List of activities in which expenditure in 4 above has been incurred:**

   Please refer Annual report on CSR activities forming part as **Annexure VII** of the Board's Report.

Annexure IX
of the Board's Report (Contd.)

Section C: Other Details

1. **Does the Company have any subsidiary Company/ Companies?**

   Yes. HSCL has one wholly owned subsidiary AAT Global Limited incorporated in Hong Kong and also has one step down subsidiary, Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through AAT Global Limited as on 31 March 2022.

2. **Do the subsidiary Company/Companies participate in the BR initiatives of the parent Company? if yes, then indicate the number of such subsidiary Company(s).**

   No

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? [>30%, 30-60%, < 60%]**

   The Company's Business Responsibility ('BR') Policy is applicable to the management and all employees of the Company. The Company encourages and expects its business partners to adopt the BR practices. However, no formal study has been undertaken as of date to ascertain the percentage of such entities who participate in BR activities.

Section D: BR information

1. a. **Details of Director/Directors responsible for BR implementation of the BR policy/policies**

   i. **Name:** Mr. Anurag Choudhary

   ii. **DIN :** 00173934

   iii. **Designation:** Chairman Cum Managing Director & Chief Executive Officer

   iv. **Telephone number:** 033-22309953

   v. **E-mail id:** investors@himadri.com

   b. **Details of BR head**

   i. **Name:** Mr. Anurag Choudhary

   ii. **DIN:** 00173934

   iii. **Designation:** Chairman cum Managing Director & Chief Executive Officer

   iV. **Telephone number:** 033-22309953

   V. **E-mail id:** investors@himadri.com

2. **Principle-wise BR Policies as per National Voluntary Guidelines**

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

p1	Business 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 well-being of all employees
p4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
p5	Businesses should respect and promote human rights
p6	Business should respect, protect and make efforts to restore the environment

Annexure IX
of the Board's Report (Contd.)

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

(a) Details of Compliance (Reply in Y / N)

	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? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policy is based on National Voluntary Guidelines on Social, Environmental & Economical Responsibilities of Business released by Ministry of Corporate Affairs in July 2011.								
4	Has the policy being approved by the Board? if yes, It has been signed by MD/ CEO/ appropriate Board director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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 Director responsible for BR and BR head is responsible for implementation of the policy								
6	Indicate the link for the policy to be viewed online?	https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, It has been posted 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 this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Annexure IX
of the Board's Report (Contd.)

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

No.	Questions	p1	p2	p3	p4	p5	p6	p7	p8	p9
1	The Company has not understood the principles	Not Applicable								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

i. Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company. Within three months, 3-6 months, annually, more than 1 year:

The BR Head periodically assess the BR performance of the Company, and the Board reviews the same annually.

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

The Company has adopted its BR report for FY 2021-22 which forms the part of the Annual Report. The same can be viewed on the website of the Company at www.himadri.com

Section E: Principle-wise performance

PRINCIPLE 1 - BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

The Company's policy on Ethics, Transparency and Accountability along with the Code of Conduct is applicable to all the individuals working in the Company. The Company encourages its business partners to follow the code. The policy also applies to for fair dealings with customers, suppliers, contractors and other stakeholders.

The Company also encourages customers, suppliers, contractors and other stakeholders to follow the principles envisaged in the BRR policy

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

No stakeholder complaint was received pertaining to ethics, transparency, and accountability violation in financial year 2021-22.

Annexure IX
of the Board's Report (Contd.)

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.**
   - Coal Tar Pitch
   - Carbon Black
   - Naphthalene
2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   Power: The Company produces and uses green power. The Company makes use of the exhaust gases generated during production of carbon black to produce captive power.

   Fuel: Coal tar, which is a key raw material, is a by-product of steel plants. The oil derived from distillation of coal tar is used as energy source for production process.

   Water: We utilise all our effluent by treating chemically followed by reverse osmosis process. We have a zero discharge facility.

   Raw Material: For each of the products, the key raw materials are coal tar and carbon black feedstock which are procured from domestic and international markets.
3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? if yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

   The Company considers aspects such as safety and environment in addition to commercial considerations while selecting its suppliers. Most of the raw materials are sourced from these suppliers.
4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? if yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The major raw material used by the Company in manufacturing its products are of such nature, which are generally not produced by small producers. However, for all other products the Company tries to procure from local supply chain partners which include small scale industries who meet our quality, delivery, cost and technology expectations. Efforts are continuously made to use local service providers for availing various support services at our various plants and services.
5. **Does the Company have a mechanism to recycle products and waste? if yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

   The Company has a robust efficient effluent treatment process thereby enabling it continuously maintain Zero-discharge status across all the facilities.

   The Company has a closed loop process and does not generate any waste. All the by-products are converted into finished goods. The water content in raw material is separated during the manufacturing process. This is treated in ETP plant and recycled as input in the manufacturing process. Of the total input, waste generated and recycled is less than 5%.

PRINCIPLE 3 - BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

1. **Total number of employees:** 908
2. **Total number of employees hired on temporary/ contractual/casual basis:** 891 (hired in Financial Year 2021-22)

Annexure IX
of the Board's Report (Contd.)

3. **Number of permanent women employees:** 38

4. **Number of permanent employees with disabilities:** 0

5. **Do you have an employee association that is recognised by management?** There is no employee association.

6. **What percentage of your permanent employees is members of this recognised employee association?**

   Not Applicable

7. **Please indicate the number of complaints relating to Child labour, forced labour, involuntary labour, sexual harassment, Discriminatory employment in the last financial year and pending, as on the end of the financial year**

No.	Category	No of complaints filed during the year	No of complaints pending as on the end of financial year
1	Child labour, forced labour, involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment.	Nil	Nil

8. **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

   51% of employees were trained on skill up gradation training (Technical & managerial together) and 55% trained on safety.

PRINCIPLE 4 - BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. **Has the Company mapped its internal and external Stakeholders?**

   Yes – the Company has done so consummately.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised Stakeholders?**

   Yes, we always actively work to identify underprivileged communities in and around our Manufacturing Sites to prioritise our intervention and work on to serve their needs through our well-crafted CSR Programs. The needs are identified through various listening and learning methods and are prioritised by suitably addressing the needs of the Community.

3. **Are there any special initiatives taken by Company to engage with the disadvantaged, vulnerable and marginalised Stakeholders? If so, provide details thereof, in about 50 words or so.**

   Yes. Himadri Speciality Chemical Ltd believes that it has an important role to play in the inclusive growth of the Society and the Community in which it operates

   - The Company has taken up Project for provision of Safe Drinking Water to each household in the Village.
   - The Company promotes Education and Literacy in adjoining villages. Free Distribution of Books is the initiative taken at the commencement of each Academic Year for the needy School Children so that they can seamlessly pursue their studies.
   - The Company provides Healthcare Facilities to the underprivileged in and around its Factory premises. A Medical Centre is run in the Village where the Manufacturing Activities of the Company is situated. It provides Free Medical Consultation and Free Medicine to the needy Villagers of all adjoining Villages around the year.

Annexure IX
of the Board's Report (Contd.)

- The Company has chosen couple of CSR projects on rural development such as constructing pukka houses in place of kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay.

Details of all the Activities listed above are provided in **Annexure VII** to the Board's Report.

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 respects & protects the human rights of all people around and associated with it. The Company complies with applicable laws and regulation governing occupational health and safety. The Company applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company is holding ISO 9001:2008 and ISO 14001:2015 certification for Health and Safety Standards and Environment Management Standards. The Company expects its suppliers, contractors etc. to adhere to the principles of human rights.

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

   No stakeholder complaints were received pertaining to human rights violation in financial year 2021-22.

PRINCIPLE 6 - BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. **Does the policy related to principle 6 cover only the Company or extends to the Group/Joint ventures/suppliers/contractors/NGOs/others.**

   The Company is committed to safeguard the interest of environment with a view of sustainable development. For the same, Company has taken many environmentally friendly initiatives and also carried out process modification to protect environment. The Company's Environmental policy is applicable to all its business places.

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

   The Company understands and recognises that climate change and global warming are real threat to the global community and each and every person has a role & responsibility to address such alarming issue. The Company has taken the following initiatives to address these global environmental issues as:

   i. **Anode material for Lithium-ion batteries:** The Company has developed anode material for lithium-ion batteries and is expanding its commercial capacity to market the same. Lithium-ion batteries are critical for industries like electric vehicles and renewable energy storage solutions thereby reducing the reliance on fossil fuel globally.

   ii. **Operation of Boiler through waste flue gas generated from Carbon Black reactor during the production of Carbon Black:** The waste flue gas generated from the carbon black reactor is routed to the drier where it is being utilised for drying the Carbon Black. Thus additional fuel is not required for the operation of drier thereby reducing the emission of Carbon-dioxide a green-house gas. The power generated by the Company is clean power eligible for carbon credits.

   iii. **Use of heat exchanger:** The heat exchanger transfers some of the waste heat in the exhaust to the furnace air, thus preheating it before entering the fuel burner stage. Since the gases have been pre-heated, less fuel is required to heat the gases up to the furnace inlet temperature. By recovering some

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of the energy usually lost as waste heat, the heat exchanger can make reheating furnace more efficient. Less use of fuel ultimately leads to less generation of carbon-dioxide thereby contributing to global cause.

More information is available on following web link: https://www.himadri.com/sustainability

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

   Yes.

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

   No, the Company presently does not have any project related to clean development mechanism.

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

   The Company has taken certain initiatives towards conservation of energy and energy efficiency at its various plants. **Annexure V** to the Board's Report contains details of the steps taken to conserve energy during the year.

   Sustainable growth is an integral part of Company's philosophy and multiple projects, and initiatives are undertaken to address clean technology, energy efficiency, renewable energy etc. The Company is **Carbon Positive** in its operations and has zero discharge facilities. Some of the initiatives are listed below:

   Clean and green power: The Company generates power from waste gas generated during production of carbon black. This power is clean and green power. The power is used for captive consumption as well as sold to grid to reduce overall carbon footprint.

   Alternative Source of energy: The Company has started commissioning alternate source of energy through use of solar panels for the lighting equipment as well as very long solar panels for the warehouse and packaging activity also contemplating to progressively use this source in critical manufacturing equipment.

   Waste management: Well integrated system to handle wastes. E.g., all the water waste generated during process is utilised as input material for another process.

   - Kitchen waste – we generate the bio-gas which in turn used for our canteen cooking.

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

   All the plants of the Company comply with the prescribed emission norms of various Central/State pollution control boards. All the emission and waste generated by the Company is well within the permissible limits given by SPCB/CPCB for the financial year 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.**

   No show cause or legal notices from the pollution control authorities 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.**

   (a) CHEMEXCIL (b)Bharat Chamber of Commerce (c) Indian Chamber of Commerce and Industry (d) Federation of Indian Chambers of Commerce and Industry (e) CII (f) Hooghly Chamber of Commerce & Industry (g) ACAE and (h) ASSOCHAM

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2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes specify the broad areas.**

   We do from time to time take up issues through these associations on matters of public and industry interest.

PRINCIPLE 8 - BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

   The Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society. The Company has several socio-economic projects running in various areas and are taken as per the CSR policy of the Company which includes:

   - Promoting healthcare including preventing healthcare.
   - Promoting education and special education.
   - Eradicating hunger and making available safe drinking water

   The details of specific CSR projects are given in **Annexure VII** to the Board's Report.

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

   The aforesaid projects have been carried out by the Company directly and/or through implementing agencies.

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

   Efforts are made to make a general assessment of impact of some of the initiatives. The CSR Committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programs and to gain insight for improving the design and delivery of future initiatives. However, no structural impact assessment is put in place at present.

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

   During the year, the Company has spent ₹ 55.61 lakhs towards various CSR initiatives and projects. The details of the same are given in **Annexure VII** to the Board's Report.

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

   All CSR projects and initiatives are planned with the objective of sustainable community development. The project is identified and developed as a facilitator within the CSR policy framework and presented to the CSR committee for its review, guidance and approval. The Company works directly and through implementing agencies of the project to ensure proper and meaningful adoption of these initiatives among the target community.

PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

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

   No customer complaints are pending as on the end of the financial year.

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

   Not Applicable

Annexure IX
of the Board's Report (Contd.)

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, in about 50 words or so.**

   There is no case against Himadri Speciality Chemical Ltd during last five years, relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

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

   Himadri believes in providing best services to its customers. Time to time meeting(s) with customers are organised to understand their expectation and essentially to gauge our competitiveness in the business. Himadri leverages its presence across the country to remain consistently in touch with the customers through its business unit and mitigate their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. Our ongoing efforts have made us market leaders or significant players across all products we operate in.

Independent Auditor's Report

To the Members of Himadri Speciality Chemical Limited

Report on the Audit of the Standalone Financial Statements

Opinion

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

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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 4(A)(h) to the standalone financial statements which describes accounting relating to claim under EPC contract, responses to the inquiries received from National Stock Exchange of India Limited (NSE) and Securities and Exchange Board of India (SEBI) seeking clarification from the Company regarding a complaint filed by one of the Independent Director of the Company alleging certain irregularities relating to inter-alia the said EPC contract and compliance with laws and regulations relating to related party transactions, etc. The note further explains that the Complainant, subsequent to the year ended 31 March 2022, has written back to NSE and SEBI that he has been satisfactorily provided with the necessary explanations and clarifications by the Company and therefore has withdrawn his complaint. There is no regulatory action from NSE and SEBI yet in this regard. Pending final response from NSE and SEBI, if any, the outcome of the complaint filed against the Company by the complainant cannot be determined currently. Further, the Company had received a notice in the current year from an adjudicating authority of a dispute between the promoter shareholders/ promoter directors which has been subsequently withdrawn by the petitioner.

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 of the current period. 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.

Independent Auditor's Report (Contd.)

Litigation and Regulatory Proceedings

See note 8 and 16 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2022, the Company has, certain amount receivable from a customer (refer note 8) and given certain advances to a supplier (refer note 16), which are currently under arbitration proceedings from earlier years. The Company applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the magnitude of the legal matters involved along with the fact that legal proceedings may span over an extended period and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and legal cases progress. The Company has carried out independent assessment of the above matters and also obtained independent legal opinion to support their assessment around the outcome of these litigations that has led to their conclusion that no provision is required to be recognised in the books of account against the same. We considered this to be a matter of significance to our audit, given the inherent complexity of the matters, magnitude of potential exposures and the significant impact that the outcome of these litigations is likely to have on the standalone financial statements for the year ended 31 March 2022.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Understood and evaluated the design and tested the operating effectiveness of controls around the assessment of this matter. • Discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the Company. • Evaluated the independence and competency of legal expert engaged by the Company. • Read the independent legal opinion obtained by the Company from external legal counsel. • Obtained and tested evidence to support the Company's assessment on recoverability of the amount receivable from a customer and advances given to suppliers. • Assessed the appropriateness of disclosure made in the standalone financial statements of the Company.

Recoverability of MAT credit entitlement (a component of deferred tax assets)

See note 32 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company has recognised Minimum Alternate Tax ('MAT') credit entitlement (a component of deferred tax assets) as at 31 March 2022. The utilisation of this asset will be through offsetting it when the Company pays taxes under the normal provision of Income-tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income- tax Act, 1961. The Company recognises MAT credit only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. This is based on profit earned during the current year and future profitability projections based on approved business plans. Significant estimation is involved in projecting future taxable profits and other assumptions affected by expected future market or economic conditions. Due to significant level of judgement as stated aforesaid, we have identified recoverability of MAT credit entitlement as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Evaluated the accounting policy of MAT credit entitlement in terms of relevant accounting standard. • Tested the design, implementation and operating effectiveness of key controls regarding recoverability of MAT credit assets and budgeting procedures upon which the approved business plans are based. • Assessed the profit forecast prepared by the Company by comparing it with the historical trends, current year performance and approved future business plans. • Evaluated the Company's estimate regarding the period by which the MAT credit entitlement would be utilised. We compared the Company's assessment to business plans and projections of future taxable profits with the prescribed credit utilisation period under the Income-tax Act, 1961. • Assessed the adequacy of related disclosures made in the standalone financial statements of the Company.

Independent Auditor's Report (Contd.)

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements 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 about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone 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 Ind AS specified under Section 133 of the Act.

Independent Auditor's Report (Contd.)

e. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 8(d), 16(b), 24 and 34(a) to the standalone financial statements.

b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 to the standalone financial statements.

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

d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 50 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 50 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

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Independent Auditor's Report (Contd.)

e. The final dividend paid by the Company during the year, which was declared in the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 48 to the standalone financial statements, the Board of Directors of the Company have proposed final 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.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

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

Sd/-
Seema Mohnot
Partner
Membership No.: 060715
ICAI UDIN:22060715ANJHPE7379

Place: Kolkata
Date: 21 July 2022

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value (₹ in Lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held-indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Freehold Land	518.86	Equal Commodeal Private Limited	No	2017-2019	Refer note 4A(e) of the financial statements

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment including Right of Use assets.

(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 or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year.For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five Crores rupees, in aggregate, from

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022 (Contd.)

banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company. However, loans granted to and investment made in the wholly owned subsidiary has been fully provided for in earlier years.

(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 not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Employee State Insurance and Income-Tax.

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

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

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022 (Contd.)

Name of the statute	Nature of the dues	Total amount under dispute (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period	Forum where dispute is pending	Remarks, if any
Central Sale Tax Act, 1956	Central Sale Tax	1,342.62	127.87	2005-2006 to 2009-2010 and 2013-14, 2015-16 to 2016-17	Appellate and Revision Board	
Central Sale Tax Act, 1956	Central Sale Tax	30.45	7.61	2005 - 2006	Sales Tax Appellate Tribunal	
Central Sale Tax Act, 1956	Central Sale Tax	64.90	5.01	2014-2015, 2015-16	Assistant Commissioner	
Central Sale Tax Act, 1956	Central Sale Tax	0.89	-	2010 - 2011	Deputy Commissioner	
West Bengal Value Added Tax Act, 2003	Value Added Tax	905.86	-	2008 - 2009	West Bengal Taxation Tribunal	
West Bengal Value Added Tax Act, 2003	Value Added Tax	2,194.46	24.36	2005-2006 to 2007-2008; 2009-2010 to 2010-2011 and 2013-2014	Appellate and Revision Board	
West Bengal Value Added Tax Act, 2003	Value Added Tax	257.91	-	2005 - 2006	Senior Joint Commissioner -Special Cell	
Chhattisgarh Value Added Sales Tax Act, 2003	Value Added Tax	2.30	44.48	2010 - 2011	Deputy Commissioner	
The Central Excise Act, 1944	Excise Duty	2,061.27	-	2011 to 2016	Hon'ble Calcutta High Court	
The Central Excise Act, 1944	Excise Duty	0.31	0.09	2011-2012 to 2014-2015	Custom Excise and Service Tax Appellate Tribunal	
The Central Excise Act, 1944	Excise Duty	47.29	1.16	2004 to 2006 and 2012-2013,	Commissioner (Appeals) of Central Excise	
The Custom Act, 1962	Custom Act	28.83	3.00	2000-2001	Custom Excise and Service Tax Appellate Tribunal	
Finance Act, 1994	Service Tax	3.35	0.13	2012-13 to 2014-15	Custom Excise and Service Tax Appellate Tribunal	
Chhattisgarh Entry Tax Act, 1976	Entry Tax	277.04	208.63	2012-13 to 2013-14,2016-17 to 2017-18 1st qtr	Hon'ble High Court of Judicature Chhattisgarh at Bilaspur	

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022 (Contd.)

Name of the statute	Nature of the dues	Total amount under dispute (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period	Forum where dispute is pending	Remarks, if any
Chhattisgar h Entry Tax Act, 1976	Entry Tax	223.05	39.75	2014-15 & 15-16	Assistant Commissioner	
The West Bengal Tax On Entry Of Goods into Local Areas Act, 2012	Entry Tax	964.42	-	2012-2013 and 2017-2018	Hon'ble High Court of Calcutta	
The West Bengal Tax On Entry Of Goods into Local Areas Act, 2012	Entry Tax	4,064.40	-	2013-14 to 2016-17	West Bengal Taxation Tribunal	
Income Tax Act, 1961	Income Tax	2,489.16	34.87	2010-2011, 2011-2012, 2013-14, 2016-2017, 2017-18	Commissioner of Income-tax (Appeals)	

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022 (Contd.)

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022 (Contd.)

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act

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

Sd/-
Seema Mohnot
Partner
Membership No.: 060715
ICAI UDIN:22060715ANJHPE7379

Place: Kolkata
Date: 21 July 2022

Annexure B

to the Independent Auditor's Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022

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

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

Opinion

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

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

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial

Annexure B

to the Independent Auditor's Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022 (Contd.)

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Sd/-
Seema Mohnot
Partner
Membership No.: 060715
ICAI UDIN:22060715ANJHPE7379

Place: Kolkata
Date: 21 July 2022

Standalone Balance Sheet
as at 31 March 2022

Amount in ₹ Lakhs

	Note	31 March 2022	31 March 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4A	**145,637.83**	135,230.08
(b) Capital work-in-progress	5	**7,655.24**	15,961.03
(c) Right of use assets	4B	**2,328.08**	2,669.96
(d) Intangible assets	6	**66.72**	130.53
(e) Financial assets			
(i) Investments	7	**11,331.82**	6,605.00
(ii) Loans	11	**100.00**	100.00
(iii) Trade receivables	8	**1,003.87**	1,004.25
(iv) Other financial assets	12	**1,922.15**	1,719.71
(f) Non-current tax assets (net)	13	**737.48**	399.70
(g) Other non-current assets	14	**1,267.18**	1,810.54
Total non-current assets		**172,050.37**	165,630.80
(2) Current assets			
(a) Inventories	15	**77,239.76**	33,481.65
(b) Financial assets			
(i) Trade receivables	8	**50,503.45**	46,144.69
(ii) Cash and cash equivalents	9	**17,129.44**	5,027.73
(iii) Bank balances other than (ii) above	10	**9,162.75**	8,498.99
(iv) Loans	11	**170.44**	141.81
(v) Other financial assets	12	**1,257.29**	1,258.48
(c) Other current assets	16	**10,824.17**	9,614.44
Total current assets		**166,287.30**	104,167.79
TOTAL ASSETS		**338,337.67**	269,798.59
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	**4,189.65**	4,189.65
(b) Other equity	18	**176,188.27**	166,638.43
Total Equity		**180,377.92**	170,828.08
(2) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**9,316.92**	8,439.32
(ii) Lease liabilities	34	**160.29**	262.96
(iii) Other financial liabilities	22	**25.77**	25.77
(b) Provisions	24	**432.60**	418.29
(c) Deferred tax liabilities (net)	32	**7,316.37**	6,178.78
Total non-current liabilities		**17,251.95**	15,325.12
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**48,520.91**	63,469.97
(ii) Lease liabilities	34	**188.69**	218.50
(iii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		**89.20**	183.54
- total outstanding dues of creditors other than micro enterprises and small enterprises		**77,339.29**	14,718.15
(iv) Derivatives	21	**1,130.00**	-
(v) Other financial liabilities	22	**6,304.66**	2,485.14
(b) Other current liabilities	23	**6,974.15**	2,408.33
(c) Provisions	24	**160.90**	161.76
Total current liabilities		**140,707.80**	83,645.39
TOTAL EQUITY AND LIABILITIES		**338,337.67**	269,798.59
Significant accounting policies	3		
The accompanying notes form an integral part of the Standalone financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

Amount in ₹ Lakhs

	Note	Year ended 31 March 2022	Year ended 31 March 2021
I. Revenue from operations	25	**279,131.40**	167,945.80
II. Other income	26	**721.60**	1,382.59
III. Total income (I + II)		**279,853.00**	169,328.39
IV. Expenses			
Cost of materials consumed	27	**239,179.74**	115,646.45
Changes in inventories of finished goods and work-in-progress	28	**(14,177.78)**	8,362.45
Employee benefits expense	29	**8,015.65**	7,551.05
Finance costs	30	**3,504.05**	3,321.17
Depreciation and amortisation expense	4A,4B and 6	**4,663.40**	4,421.95
Other expenses	31	**30,721.42**	23,628.64
Total expenses		**271,906.48**	162,931.71
V. Profit before exceptional item and tax (III-IV)		**7,946.52**	6,396.68
VI. Exceptional items		**-**	-
VII. Profit before tax (V-VI)		**7,946.52**	6,396.68
VIII. Tax expenses			
Current tax	32	**1,388.57**	1,184.06
Deferred tax	32	**51.76**	545.45
Total tax expenses		**1,440.33**	1,729.51
IX. Profit for the year (VII-VIII)		**6,506.19**	4,667.17
X. Other comprehensive income			
A. Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the net defined benefit plan		**0.88**	55.69
(b) Net gain/ (loss) on investment in equity instruments accounted at fair value		**4,726.82**	1,939.06
(c) Income-tax relating to items that will not be reclassified to profit or loss		**(1,085.83)**	(437.33)
Net other comprehensive income not to be reclassified subsequently to profit or loss		**3,641.87**	1,557.42
B. Items that will be reclassified subsequently to profit or loss		**-**	-
Net other comprehensive income to be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income for the year (net of income tax)		**3,641.87**	1,557.42
XI. Total comprehensive income for the year (IX+X)		**10,148.06**	6,224.59
XII. Earnings per equity share	33		
[Face value of equity share ₹ **1** each (previous year ₹ 1 each)]			
- Basic		**1.55**	1.11
- Diluted		**1.55**	1.11
Significant accounting policies	3		
The accompanying notes form an integral part of the Standalone financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Standalone Statement of Changes in Equity
for the year ended 31 March 2022

A. Equity share capital

Amount in ₹ Lakhs

Particulars	Note	Number	Amount
Balance as at 1 April 2020		418,807,782	4,188.08
Changes in equity share capital during the year	17	157,496	1.57
Balance as at 31 March 2021		**418,965,278**	**4,189.65**
Changes in equity share capital during the year	17	-	-
Balance as at 31 March 2022		**418,965,278**	**4,189.65**

B. Other equity

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of Other comprehensive income	Total
		Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Equity instruments through other comprehensive income	
Balance at 1 April 2020		1,280.50	45,532.25	3,535.67	15,419.94	340.27	93,991.85	862.36	160,962.84
Total comprehensive income for the year ended 31 March 2021									
Profit for the year 2020-21		-	-	-	-	-	4,667.17	-	4,667.17
Remeasurement of net defined benefit plan		-	-	-	-	-	36.16	-	36.16
Net change in fair value of Equity investments	18	-	-	-	-	-	-	1,521.26	1,521.26
Total comprehensive income for the year		-	-	-	-	-	4,703.33	1,521.26	6,224.59
Dividends	47	-	-	-	-	-	(628.21)	-	(628.21)
Issue of equity shares on exercise of employee stock option	17 and 38	-	39.50	-	-	(39.50)	-	-	-
Share based payments- Equity settled	38	-	28.35	-	-	50.86	-	-	79.21
Transfer from debenture redemption reserve	18	-	-	(3,535.67)	3,535.67	-	-	-	-
Balance at 31 March 2021		1,280.50	45,600.10	-	18,955.61	351.63	98,066.97	2,383.62	166,638.43

Standalone Statement of Changes in Equity
for the year ended 31 March 2022 (Contd.)

B. Other equity (Continued)

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of Other comprehensive income	Total
		Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Equity instruments through other comprehensive income	
Balance at 1 April 2021		1,280.50	45,600.10	-	18,955.61	351.63	98,066.97	2,383.62	166,638.43
Total comprehensive income for the year ended 31 March 2022									
Profit for the year 2021-22		-	-	-	-	-	6,506.19	-	6,506.19
Remeasurement of net defined benefit plan		-	-	-	-	-	0.51	-	0.51
Net change in fair value of Equity investments	18	-	-	-	-	-	-	3,641.36	3,641.36
Total comprehensive income for the year		-	-	-	-	-	6,506.70	3,641.36	10,148.06
Dividends	47	-	-	-	-	-	(628.45)	-	(628.45)
Share based payments- Equity settled	38	-	-	-	-	30.23	-	-	30.23
Balance at 31 March 2022		**1,280.50**	**45,600.10**	**-**	**18,955.61**	**381.86**	**103,945.22**	**6,024.98**	**176,188.27**

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of Reserves:

(i) Capital reserve: Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) Securities premium: Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

(iii) Debenture redemption reserve (DRR): The Company is required to create a debenture redemption reserve out of the profits as per the requirements of Companies (Share capital and Debentures) Rules, 2014 which will be available for the purpose of redemption of debentures. During the year ended 31 March 2021, entire DRR has been utilised pursuant to redemption of the non convertible debentures.

Standalone Statement of Changes in Equity
for the year ended 31 March 2022 (Contd.)

(iv) **General reserve:** It represents a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer of profit to general reserve is not mandatory under the Companies Act, 2013.

(v) **Share option outstanding reserve:** The Company has a stock option scheme under which options to subscribe for the Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 38 for further details of these plans.

(vi) **Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Significant accounting policies 3

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Standalone Statement of Cash Flows

for the year ended 31 March 2022

Amount in ₹ Lakhs

		Year ended 31 March 2022		Year ended 31 March 2021	
A.	**Cash flows from operating activities**				
	Net profit before tax		**7,946.52**		6,396.68
	Adjustments for:				
	Depreciation and amortisation expense	**4,663.40**		4,421.95	
	Share based payments - Equity settled	**30.23**		50.86	
	Finance costs	**3,504.05**		3,321.17	
	Interest income	**(126.48)**		(286.92)	
	Net gain on sale of current investments carried at FVTPL	**-**		(9.33)	
	Loss allowance for doubtful trade receivables	**-**		300.00	
	Unrealised foreign exchange fluctuation losses, net	**1,801.46**		462.03	
	Loss (net) on sale of property, plant and equipment	**7.55**		0.90	
	Cash generated from operations before working capital changes		**9,880.21**		8,260.66
	Operating cash flows before working capital changes		**17,826.73**		14,657.34
	Movement in working capital:				
	(Increase) in inventories	**(43,758.11)**		(332.25)	
	(Increase) in trade receivables	**(4,255.68)**		(16,635.12)	
	(Increase)/ Decrease in financial and other assets	**(1,469.27)**		3,755.78	
	Increase/ (Decrease) in trade payables	**61,576.50**		(6,390.91)	
	Increase in financial liabilities (net)	**216.91**		1,082.86	
	Increase in other liabilities and provisions (net)	**4,580.15**		1,296.38	
			16,890.50		(17,223.26)
	Cash generated/ (used in) from operations		**34,717.23**		(2,565.92)
	Taxes paid		**(1,726.35)**		(1,359.73)
	Net cash generated/ (used in) from operating activities		**32,990.88**		(3,925.65)
B.	**Cash flows from investing activities**				
	Purchase of property, plant and equipment	**(2,316.01)**		(3,490.99)	
	Proceeds from sale of property, plant and equipment	**7.27**		1.35	
	Purchase of intangible assets	**-**		(13.21)	
	Interest income received	**147.42**		192.97	
	Sale of current investments	**-**		11,569.33	
	Purchase of current investments	**-**		(11,560.00)	
	Redemption of bank deposits (having maturity of more than 3 months)	**8,665.80**		15,355.74	
	Investment in bank deposits (having maturity of more than 3 months)	**(9,327.06)**		(23,401.21)	
	Net cash (used in) investing activities		**(2,822.58)**		(11,346.02)
C.	**Cash flows from financing activities**				
	Proceeds from allotment of equity share under employee stock options	**-**		29.92	
	Proceeds from non-current borrowings	**5,026.59**		12,902.50	
	Repayment of non-current borrowings	**(4,301.71)**		(19,471.55)	
	Proceeds from/ (Repayment of) current borrowings (net)	**(15,054.74)**		27,888.13	
	Interest paid	**(3,078.31)**		(3,613.63)	
	Payment of lease liabilities (principal portion)	**(195.03)**		(75.84)	
	Payment of lease liabilities (interest portion)	**(29.23)**		(20.32)	
	Net proceeds/ (Outflow) on settlement of derivative contracts	**194.31**		(454.76)	
	Dividend paid	**(628.45)**		(628.21)	
	Net cash (used in)/ generated from financing activities		**(18,066.57)**		16,556.24
	Net increase in cash and cash equivalents (A+B+C)		**12,101.73**		1,284.57

Standalone Statement of Cash Flows
for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Cash and cash equivalents at the beginning of the year (refer note 9)	**5,027.73**	3,743.81
Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)	**(0.02)**	(0.65)
Cash and cash equivalents at the end of the year (refer note 9)	**17,129.44**	5,027.73

Notes:

1. Standalone Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" specified under Section 133 of the Companies Act, 2013.
2. Purchase of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
3. Changes in liability arising from financing activities:

Amount in ₹ Lakhs

	1 April 2021	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2022
Borrowings (refer note 19)	71,909.29	(14,329.86)	246.90	-	11.50	57,837.83
Derivative contracts	(48.69)	194.31	-	-	984.38	1,130.00
Lease Liabilities	481.46	(224.26)	-	62.55	29.23	348.98

Amount in ₹ Lakhs

	1 April 2020	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2021
Borrowings (refer note 19)	50,489.69	21,319.08	58.90	-	41.62	71,909.29
Derivative contracts	175.88	(454.76)	-	-	230.19	(48.69)
Lease Liabilities	229.44	(96.16)	-	327.86	20.32	481.46

#Other changes with respect to borrowings and lease liabilities represent adjustment for effective interest and for derivative contracts it represents fair value changes.

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Notes to the Standalone Financial Statements
for the year ended 31 March 2022

1. Reporting entity

Himadri Speciality Chemical Limited ("the Company") is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S. Road, Kolkata - 700 001 and corporate office situated at 8, India Exchange Place, 2nd floor, Kolkata -700 001. The Company was incorporated on 28 July 1987 and its equity shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has wholly owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and a step-down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Limited, incorporated in China.

During the year ended 31 March 2020, one of the wholly owned subsidiary of the Company, Equal Commodeal Private Limited, incorporated in India, has merged with the Company pursuant to the Scheme of Amalgamation ("the Scheme") approved by the National Company Law Tribunal ("NCLT") vide it's order dated 14 October 2019 with effect from the Appointed Date of 1 April 2018.

2. Basis of preparation and measurement of Standalone financial statements

(a) Basis of preparation

These Standalone financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as the "Ind AS") notified by the Ministry of Corporate Affairs pursuant to Section 133 Companies Act, 2013 (hereinafter referred to as "the Act"), notified under Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, other relevant provisions and presentation requirements of Division II of Schedule III to the Act, as applicable.

The Standalone financial statements were authorised for issue by the Board of Directors of the Company at their meeting held on 21 July 2022.

The details of the Company's accounting policies are included in note 3 to the Standalone financial statements.

(b) Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (Rs), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

(c) Basis of measurement

The Standalone financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

(i) Derivative financial instruments measured at fair value;

(ii) Certain financial assets and financial liabilities measured at fair value;

(iii) Employee's defined benefit plan as per actuarial valuation, and

(iv) Employee share-based payments measured at fair value.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Key accounting estimates and judgements

The preparation of the Company's Standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying notes and disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

an ongoing basis. 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.

The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Standalone financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. The changes in the estimates are reflected in the Standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone financial statements.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment and Other intangible assets

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/ component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unmortised depreciable amount is charged over the remaining useful life of the assets. See note 3(d), 4A and 6 for details.

(ii) 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 certain valuation techniques. The inputs to these models are taken from observable market data 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 volatility risk and credit risk. See note 3(y) and 41 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuation using projected unit credit method. 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. See note 3(g) and 37 for details.

(iv) Employee share-based payments

The Company measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 38.

(v) Recognition of current tax and deferred tax (including MAT credit entitlements)

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted

Notes to the Standalone Financial Statements

for the year ended 31 March 2022 (Contd.)

by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is recognised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Section 115BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019, subject to certain conditions. The Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utlisation of accumulated minimum alternative tax ("MAT"). See note 3(n) and 32 for details.

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. In respect of litigation against receivables, advances and other matters, the Company evaluates amount to be provided for, if any, on the basis of merit of the ongoing legal proceedings and independent legal opinion obtained from the lawyers. See note 24 and 34(a) for details.

(vii) Impairment of financial assets

Certain key assumptions used in estimating recoverable cash flows. The Company reviews it's carrying value of investment in subsidiaries carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than it's carrying amount, the impairment loss is accounted for in the Standalone Statement of Profit and Loss. See note 7 for details.

(viii) Determination of Right of use (ROU) assets and liabilities

Certain key assumptions used in determination of ROU assets and liabilities, incremental borrowing rate and lease term. See note 4B and 34(c) for details.

(ix) Loss allowance on trade receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with, and the countries where it operates. The identification of credit impaired balances of trade receivable requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables, and credit impaired expenses in the period in which such estimate has been changed. See note 8, 41 and 42 for details.

(e) Measurement of fair values

Number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 41.

3. Significant accounting policies

(a) Current Vs. non-current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is expected to be realised within 12 months after the reporting date; or

(iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is due to be settled within 12 months after the reporting date; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

For the purpose of current and non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

acquisition of assets for processing and their realisation in cash and cash equivalents.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Standalone Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Company under Ind AS 101.

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset/ financial liabilities.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)– Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

(a) the asset is held within a business model whose objective is to hold assets 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 (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Standalone Statement of Profit and Loss. This category generally applies to long-term deposits, loans, and long-term trade receivables.

Financial assets at fair value through Other Comprehensive Income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Financial assets are measured at the FVOCI if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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 (SPPI) on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

Financial assets at fair value through Profit or Loss (FVTPL)

All financial assets which are not classified as measured at amortised cost or FVOCI as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the EIR. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Investments in subsidiaries

Investments in subsidiary are carried at cost less accumulated impairment losses, if any. Where any indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Standalone Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Standalone Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Standalone Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the EIR method. Interest expense and foreign exchange gains and losses are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Standalone Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables (including other financial liabilities) maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Standalone Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately, if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Standalone Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 "*Financial Instruments*: *Recognition and Measurement*". The use of hedge instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under "effective portion of cash flow hedges". The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Standalone Statement of Profit and Loss.

All other hedged forecast transactions, the amount accumulated in other equity is reclassified to Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Standalone Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Standalone Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Standalone Statement of Profit and Loss.

If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Standalone Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Standalone Statement of Profit and Loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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

An item of property, plant and equipment is eliminated from the Standalone financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss. Property, plant and equipment which are not ready for intended use as on the date of Standalone Balance Sheet are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under "Other current assets".

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-current Assets".

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (b) above.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Capital work-in-progress

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds/general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

(iv) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Standalone Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for Property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on property, plant and equipment situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold Land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight-line basis over the period of respective lease, except land acquired on perpetual lease. Useful lives and residual values are reviewed at each financial year end and adjusted, as appropriate. Leasehold improvements are amortised/ depreciated over the remaining tenure of the contract.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	3-25	5
Vehicles	8-10	6-10
Furniture and fixtures	10	8-10

Based on technical assessment done by experts in earlier years and management's estimate:

- Useful life of property, plant and equipment are different than those indicated in Schedule II to the Act, as stated above.
- Residual value on property, plant and equipment has been estimated at 5% of the cost, specified in Schedule II of the Act.

The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

the period over which the assets are likely to be used.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

(e) Other intangible assets

(i) Recognition and measurement

Other intangible assets includes Computer Software which are acquired by the Company and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loss.

Revenue expenditure on research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method over the useful lives of assets based on evaluation. The useful life of such intangible assets for Computer software is 5 years. The amortisation period for other intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is “credit- impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at twelve months ECL unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Standalone Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 *Financial Instruments for recognition of impairment loss allowance*. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including subsequent information.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Standalone Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in current periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash 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) Employee share- based payment transactions

The Company recognises compensation expense relating to share-based payments in Standalone Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions for (a) employee provident fund to Government administered provident fund scheme and (b) employee state insurance, which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Standalone Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ("the asset ceiling"). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ("past service cost" or "past service gain") or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

(v) Compensated absences

As per policy of the Company, employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation.

Notes to the Standalone Financial Statements
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Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Company. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligation is an obligation that derives from an entity's actions where:

i. by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and

ii. as a result, the entity has created a valid expectation on the part of those other parties that it will discharge such responsibilities.

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

The Company does not recognise a Contingent liability but discloses in the Standalone financial statements.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

In the case of finished goods and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Raw materials held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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

Notes to the Standalone Financial Statements
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Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(j) Revenue recognition

The Company's revenue primarily from sale of Carbon materials and chemicals, and power (generation and distribution).

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product.

At contract inception, the Company assess the goods promised in a contract with a customer and identifies as a performance obligation of each promise to transfer to the customer. Revenue from contracts with customers is recognised when control of goods is transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Sale of Power

The Company's derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity produced to the electricity grid based on the agreed tariff rate. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

Significant financing component: Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods will be one year or less.

(k) Government Grant/Subsidy

Government grants are recognised in the Standalone Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

Government grants related to income under State Investment Promotion Scheme linked with VAT /GST payment, are recognised in the Standalone Statement of Profit and Loss in the period in which they become receivable.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Export incentives

Government grants in the form of import duty exemption on purchase of property, plant and equipment, to be used for export of goods, are recognised as an income as and when export obligations are met as specified in EPCG Scheme.

(l) Recognition of dividend income, interest income or expense

Dividend income is recognised in Standalone Statement of Profit and Loss on the date on which the Company's right to receive payment is established.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Interest income or expense is recognised using the effective interest rate (EIR) method. The “effective interest rate” is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Rental income is recognised on a straight-line basis over the term of the relevant arrangements.

(m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

(i) Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment [refer to note 3(f)].

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Short-term lease and lease of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(n) Income-tax

Income tax expense comprises of current tax and deferred tax charge or credit. Current tax and deferred tax is recognised in the Standalone Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Standalone Financial Statements
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For items recognised in other comprehensive income or equity, deferred / current tax is also recognised in other comprehensive income or equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets are not recognised when there is lack of reasonable certainty.

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 laws that have been enacted or substantively enacted by the reporting date.

Minimum Alternate Tax (MAT)

In case of tax payable as Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(o) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

(r) Cash and bank balances

Cash and bank balances consist of:

Cash and cash equivalents - which includes cash in hand, cheques in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than 3 months from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

Other balances with bank- which includes balances and deposits with banks having maturity of more than three months but less than 12 months.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(t) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) (Managing Director & CEO) to make decisions about resources to be allocated to the segments and assess their performance. The Company has currently two reportable segments (a) Carbon materials and chemicals; and (b) Power.

(v) Contingent liabilities

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 Standalone financial statements.

(w) Exceptional items

When the items of income and expense within profit or loss are of such size, nature and incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such items is disclosed separately as exceptional items. Such items are material by nature or amount to the year's Standalone financial statements and require separate disclosure in accordance with Ind AS.

(x) Business combination

The Company accounts for common control transaction in accordance with the applicable method prescribed under Ind AS 103 *Business Combinations* for common control transactions and also as per the provisions of the Scheme approved by National Company Law Tribunal, where all the assets and liabilities of the Transferor Company is recorded at the carrying value as on the Appointed Date.

(y) Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Derivative financial liabilities

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value as at the reporting date.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

(z) Recent Indian Accounting Standards (Ind AS)

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended to the existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1 April 2022. Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment – For items produced during testing / trail phase, clarification added that revenue generated out of the same shall not be recognised in the profit or loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets – Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 41 Agriculture – This aligns the fair value measurement therein with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.
- 'Ind AS 101 – First time Adoption of Ind AS – Measurement of Foreign Currency Translation Difference in case of subsidiary / associate / JV's date of transition to Ind AS is subsequent to that of Parent – FCTR in the books of subsidiary / associate / JV can be measured based Consolidated Financial Statements.
- Ind AS 103 – Business Combination – Reference to revised Conceptual Framework.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.

- 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.

The Company has evaluated the effect of the above on the financial statements and the impact is not material.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

4A. Property, plant and equipment

See accounting policies in note 3(d) and 3(f) (ii)

Reconciliation of carrying amount

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Gross carrying amount									
Balance at 1 April 2020	4,226.01	123.53	8,583.60	170,089.12	971.04	1,634.22	2,058.67	391.45	188,077.64
Additions during the year	-	-	41.04	3,013.88	14.20	76.98	82.09	-	3,228.19
Discard/ disposals during the year	-	-	-	-	-	(35.43)	(1.11)	-	(36.54)
Effect of movement in foreign exchange rates [refer note (d) below]	-	-	-	5.38	-	-	-	-	5.38
Balance at 31 March 2021	4,226.01	123.53	8,624.64	173,108.38	985.24	1,675.77	2,139.65	391.45	191,274.67
Balance at 1 April 2021	**4,226.01**	**123.53**	**8,624.64**	**173,108.38**	**985.24**	**1,675.77**	**2,139.65**	**391.45**	**191,274.67**
Additions during the year	**1,400.60**	**-**	**1,792.96**	**10,309.22**	**183.85**	**284.81**	**645.42**	**-**	**14,616.86**
Discard/ disposals during the year	**-**	**-**	**-**	**-**	**-**	**(70.82)**	**-**	**-**	**(70.82)**
Effect of movement in foreign exchange rates [refer note (d) below]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2022	**5,626.61**	**123.53**	**10,417.60**	**183,417.60**	**1,169.09**	**1,889.76**	**2,785.07**	**391.45**	**205,820.71**
Accumulated depreciation and amortisation									
Balance at 1 April 2020	-	6.20	2,639.14	45,997.88	675.53	875.84	1,722.12	84.59	52,001.30
Depreciation/ amortisation during the year	-	1.55	218.96	3,488.14	67.04	122.90	100.39	78.24	4,077.22
Discard/ disposals during the year	-	-	-	-	-	(33.66)	(0.27)	-	(33.93)
Balance at 31 March 2021	-	7.75	2,858.10	49,486.02	742.57	965.08	1,822.24	162.83	56,044.59
Balance at 1 April 2021	**-**	**7.75**	**2,858.10**	**49,486.02**	**742.57**	**965.08**	**1,822.24**	**162.83**	**56,044.59**
Depreciation/ amortisation during the year	**-**	**1.55**	**227.27**	**3,590.59**	**44.18**	**139.51**	**115.27**	**75.92**	**4,194.29**
Discard/ disposals during the year	**-**	**-**	**-**	**-**	**-**	**(56.00)**	**-**	**-**	**(56.00)**
Balance at 31 March 2022	**-**	**9.30**	**3,085.37**	**53,076.61**	**786.75**	**1,048.59**	**1,937.51**	**238.75**	**60,182.88**
Net carrying amount									
At 31 March 2021	4,226.01	115.78	5,766.54	123,622.36	242.67	710.69	317.41	228.62	135,230.08
At 31 March 2022	**5,626.61**	**114.23**	**7,332.23**	**130,340.99**	**382.34**	**841.17**	**847.56**	**152.70**	**145,637.83**

Notes to the Standalone Financial Statements

for the year ended 31 March 2022 (Contd.)

Notes:

(a) Title deeds of immovable properties not held in the name of the Company:

Amount in ₹ Lakhs

Particulars	Description of the item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter or director	Property held since which date	Reason for not being held in the name of the Company
As at 31 March 2022						
Property, plant and equipment	Freehold Land	518.86	Equal Commodeal Private Limited	No	2017-2019	Refer note (e) below

(b) As at 31 March 2022, Property, plant and equipment with net carrying amount of ₹ **140,176.22 lakhs** (31 March 2021: ₹ 130,179.83 lakhs) are subject to first charge to secure borrowings (refer note 19).

(c) Gross carrying amount includes Research and development assets (Building, Plant and equipment, Furniture and fixtures and Office equipment) of ₹ **1,874.31 lakhs** (31 March 2021: ₹ 1,847.41 lakhs) and net carrying amount of ₹ **1,033.96 lakhs** (31 March 2021: ₹ 1,075.07 lakhs). Additions to the Research and development assets during the year 2021-2022 is ₹ **26.90 lakhs** (2020-2021: ₹ 82.72 lakhs).

(d) Net foreign exchange loss/ (gain) amounting to ₹ **Nil** capitalised during the year (2020-2021: ₹ 5.38 lakhs).

(e) The title deeds of leasehold Land are duly registered with appropriate authorities and title deeds of Freehold land amounting to ₹ **518.86 lakhs**, which were transferred to the Company pursuant to the Scheme of Amalgamation, are in the process of transfer in the name of the Company.

(f) For contractual commitment with respect to Property, plant and equipment, refer note 34(b)(I)(i).

(g) No indicator of impairment were identified during the current year, hence Property, plant and equipment including Capital work-in-Progress were not tested for impairment.

(h) The carbon black expansion project, which had started commercial production in the 4th quarter of 2019-20, was set up under an EPC contract executed by a related party, as approved by the Board of Directors and the shareholders. The Company, during the year ended 31 March 2021 had received final additional claim of ₹ 53.02 crores from the EPC contractor for enhancements/additional work which had not been considered in the books of account for the year then ended. Further, the Company had issued final purchase/ job orders amounting to ₹ 22.32 crores to various third-party contractors for certain works. The Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of these additional claims and purchase/job orders, on which some of the directors had raised concerns. Subsequently, the Company had received the final technical report of the independent engineering firm, dated 20 May 2021 as per which there were some overlap in the scope of the original EPC contract, additional work (not covered under the original scope of work) executed by EPC contractor. The findings of this report were discussed and taken on record by the Audit Committee in its meeting held on 10 June 2021 and the Board of Directors of the Company in its meetings held on 10 June and 22 June 2021. Post receipt and consideration of the technical report, pursuant to its earlier decision of 22 October 2020, the Board of Directors, in its meeting held on 22 June 2021, had approved the appointment of an independent financial firm to carry out the financial reconciliation.

The Company has received multiple emails from National Stock Exchange of India Ltd (NSE) and Securities and Exchange Board of India (SEBI) seeking clarification from the Company regarding a complaint filed by one of the Independent Director of the Company alleging certain irregularities relating to inter-alia the above

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

stated EPC contract, insider trading provisions, compliance with laws and regulations relating to related party transactions, etc. The Company has submitted its response to NSE and SEBI. There is no regulatory action from NSE and SEBI yet in this regard. The management is of the view that, as detailed response has been submitted to NSE and SEBI, this will not have any significant impact on the financial statements of the current or previous years of the Company.

Subsequent to the year ended 31 March 2022, the Company has received the financial reconciliation report from the financial consultant. The Board of Directors and Audit committee has considered both the technical and the financial report in tandem and has approved a net additional claim of ₹ 39.85 crores, subject to shareholders approval. Necessary accounting adjustments (including depreciation impact of ₹ 1.00 crore) have been made in the financial statements for the current year as adjusting events post balance sheet date. Further, the Directors (including the Independent Director) who had earlier raised concerns relating to the above mentioned EPC contract, have written back to the Company and other relevant authorities (including NSE, SEBI etc.), that they have satisfactorily received necessary responses to all the queries / concerns raised over the past period and therefore have withdrawn their complaints and they do not wish to pursue the same any further. The management believes that with the withdrawal of complaint as well as providing adequate responses to the authorities, no further action is currently needed and is of the view that the above matters will not have any additional significant impact on the financial statements of the Company. The Company had also received a notice from an adjudicating authority of a dispute between the promoter shareholders/ promoter directors which has been subsequently withdrawn by the petitioner. The promoters shareholders / promoter directors have also entered into family settlement agreement to settle their disputes.

4B. Right of use assets

See accounting policies in note 3(f)(ii) and 3(m)

Amount in ₹ Lakhs

	Land	Buildings	Total
Gross carrying amount			
Balance at 1 April 2020	2,706.44	155.27	2,861.71
Additions during the year	-	337.14	337.14
Discard/ disposals during the year	-	-	-
Balance at 31 March 2021	2,706.44	492.41	3,198.85
Balance at 1 April 2021	**2,706.44**	**492.41**	**3,198.85**
Additions during the year	**-**	**63.42**	**63.42**
Discard/ disposals during the year	**-**	**(30.05)**	**(30.05)**
Balance at 31 March 2022	**2,706.44**	**525.78**	**3,232.22**
Accumulated amortisation			
Balance at 1 April 2020	235.28	15.81	251.09
Amortisation during the year	198.92	78.88	277.80
Discard/ disposals during the year	-	-	-
Balance at 31 March 2021	434.20	94.69	528.89
Balance at 1 April 2021	**434.20**	**94.69**	**528.89**
Amortisation during the year	**199.65**	**205.65**	**405.30**
Discard/ disposals during the year	**-**	**(30.05)**	**(30.05)**
Balance at 31 March 2022	**633.85**	**270.29**	**904.14**
Net carrying amount			
At 31 March 2021	2,272.24	397.72	2,669.96
At 31 March 2022	**2,072.59**	**255.49**	**2,328.08**

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for the year ended 31 March 2022 (Contd.)

5. Capital work-in-progress

See accounting policy in note 3(d)(iii)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Balance at the beginning of the year	**15,961.03**	15,837.78
Additions during the year	**5,660.38**	2,974.94
Capitalised during the year	**(13,966.17)**	(2,851.69)
Balance at the end of the year	**7,655.24**	15,961.03

Notes:

(a) Capital work-in-progress ageing schedule :

Particulars	Amount of CWIP for a period of:				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2021:					
(i) Projects in progress	2,872.18	11,501.78	1,071.77	515.30	15,961.03
As at 31 March 2022:					
(i) Projects in progress	**2,264.01**	**1,574.14**	**3,229.05**	**588.04**	**7,655.24**

(b) CWIP completion schedule for capital work in progress ,whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	To be completed in:				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2021:					
(i) Carbon Black Expansion Project	11,132.86	-	-	-	11,132.86
(ii) Carbon Black Other Capex	1,080.43	-	-	-	1,080.43
(iii) Pitch Plant normal Capex items	991.45	-	-	-	991.45
(iv) SNF Plant normal Capex items	559.90	-	-	-	559.90
(v) Advance Carbon Black Project	1,999.48	-	-	-	1,999.48
Total	15,764.12	-	-	-	15,764.12
As at 31 March 2022:*					
(i) Carbon Black Expansion Project	**2,825.69**	**-**	**-**	**-**	**2,825.69**
(ii) Carbon Black Other Capex	**327.80**	**-**	**-**	**-**	**327.80**
(iii) Pitch Plant normal Capex items	**764.52**	**-**	**-**	**-**	**764.52**
(iv) SNF Plant normal Capex items	**576.40**	**-**	**-**	**-**	**576.40**
(v) Advance Carbon Black Project	**2,217.88**	**-**	**-**	**-**	**2,217.88**
Total	**6,712.29**	**-**	**-**	**-**	**6,712.29**

* Based on revised completion date

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(c) Details of projects where activity has been suspended . - Not applicable

Capital work-in-progress includes:

Expenditure incurred on addition to manufacturing facility of the Company, given below:

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Balance at the beginning of the year	**1,025.03**	927.72
Additions during the year:		
Employee benefits expense	**87.41**	93.52
Rates and taxes	**-**	0.31
Miscellaneous expenses (includes professional fees, inspection charges, testing charges, etc.)	**10.71**	80.48
	98.12	174.31
Less: Capitalised during the year	**(909.55)**	(77.00)
Balance at the end of the year	**213.60**	1,025.03

6. Intangible assets

See accounting policies in note 3(e) and 3(f) (ii)

Reconciliation of carrying amount of Computer software

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Gross carrying amount		
Balance at the beginning of the year	**311.33**	298.12
Additions during the year	**-**	13.21
Balance at the end of the year	**311.33**	311.33
Accumulated amortisation		
Balance at the beginning of the year	**180.80**	113.87
Amortisation during the year	**63.81**	66.93
Balance at the end of the year	**244.61**	180.80
Net carrying amount	**66.72**	130.53

Intangible assets under development - Nil

No indicator of impairment were identified during the current year, hence intangible assets were not tested for impairment.

7. Investments

See accounting policies in note 3(c)(i) - (iv) and 3(f)(i)

A. Non-current investments

(All the investments are fully paid, unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Investments in subsidiary carried at cost		
70,783,680 (31 March 2021: 70,783,680) equity shares of AAT Global Limited, a wholly-owned subsidiary (face value - HKD 1 each)	**5,244.64**	5,244.64

Notes to the Standalone Financial Statements

for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Less: Impairment of investment in equity shares of AAT Global Limited, a wholly-owned subsidiary (refer note below)	(5,244.64)	(5,244.64)
	-	-

The Company had made investments in equity shares and given loans and advances to its wholly owned subsidiary, AAT Global Limited ('AAT'), Hongkong. AAT, in turn, invested in equity shares and had given loans and advances to its subsidiary, Shandong Dawn Himadri Chemical Industry Limited ('SDHCIL'), China. There had been shortfall in the business performance of both AAT and SDHCIL as compared with budgets and further changes in the technology, market, economic environment have had adverse impact on the value of the investments and recoverability of loans and advances given. Due to the on-going size of operations and cost-benefit trend, both AAT and SDHCIL had been incurring losses and their net worth are fully eroded. Accordingly, the Company's investments in equity shares of AAT, amounting to ₹ 5,244.64 lakhs, had been fully impaired and loans and advances given to AAT, amounting to ₹ 7,554.01 lakhs, had been fully provided during the year ended 31 March 2020.

Amount in ₹ Lakhs

Investments carried at fair value through other comprehensive income (FVOCI)	31 March 2022	31 March 2021
Equity instruments		
Quoted		
334,900 (31 March 2021: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	576.03	509.05
8,000 (31 March 2021: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	1.76	1.34
	577.79	510.39
Unquoted		
17,000 (31 March 2021: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	2.14	2.15
2 (31 March 2021: 2) equity shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)	3.43	1.93
1 (31 March 2021: 1) equity share of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	0.03	0.02
	5.60	4.10
Preference shares (unquoted)		
1,248,774 (31 March 2021: 1,248,774) 1% Non-cumulative optionally convertible preference shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each) (refer note a)	10,701.99	6,044.07
	10,701.99	6,044.07
Investments carried at fair value through profit or loss (FVTPL)		
Preference shares (unquoted)		
463,702 (31 March 2021: 463,702) 1% Non-cumulative redeemable preference shares of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	46.37	46.37
	46.37	46.37

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for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Government securities (unquoted) carried at amortised cost		
Kisan Vikas Patra (deposited with sales tax authorities)	0.07	0.07
	11,331.82	6,605.00
Aggregate book value of quoted investments	577.79	510.39
Aggregate market value of quoted investments	577.79	510.39
Aggregate value of unquoted investments (net of impairment)	10,754.03	6,094.61
Aggregate amount of impairment in book value of unquoted investments	(5,244.64)	(5,244.64)
Investment carried at amortised cost	0.07	0.07
Investment carried at fair value through profit or loss (FVTPL)	46.37	46.37
Investment carried at fair value through other comprehensive income (FVOCI)	11,285.38	6,558.56

(a) OCPS are convertible/ redeemable at any time before the expiry of 20 years from the date of allotment (i.e. 1 March 2019) at the option of the Issuer. Each OCPS, if not opted for conversion shall be redeemable at value equal to fair market value (post considering the market value of underlying assets) of the proportionate equity shares of the Issuer (if it were converted) as on 1 June 2018 (i.e. amalgamation appointed dated). The outstanding OCPS, if not redeemed, would be converted into equity shares at any time at the option of the Issuer, but not later than 20 years from the date of allotment at the option of the Issuer in a manner that the Company would obtain same proportion of equity shareholding (ownership) of the Issuer as on 1 June 2018 i.e. 7.7% of the total outstanding as on 1 June 2018 and would be subject to any dilution thereof pursuant to fresh allotment by MHPL. In that case conversion is made by the Issuer, the OCPS will be converted into 6,253 equity shares (i.e. fixed number of equity shares) whenever converted.

Information about the Company's fair value measurement and exposure to credit and market risks are disclosed in note 41 and 42.

B. Investments designated at fair value

As at 1 April 2016, the Company designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Company intends to hold for long-term for strategic purposes.

Fair value through other comprehensive income	Fair value as at 31 March 2022	Dividend income recognised during 2021-2022	Fair value as at 31 March 2021	Dividend income recognised during 2020-2021	Fair value as at 1 April 2020
Equity shares					
Investment in Himadri Credit & Finance Limited	576.03	-	509.05	-	381.79
Investment in Transchem Limited	1.76	-	1.34	-	1.30
Investment in Modern Hi-Rise Private Limited	3.43	-	1.93	-	1.35
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	0.03	-	0.02	-	0.02

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for the year ended 31 March 2022 (Contd.)

Fair value through other comprehensive income	Fair value as at 31 March 2022	Dividend income recognised during 2021-2022	Fair value as at 31 March 2021	Dividend income recognised during 2020-2021	Fair value as at 1 April 2020
Investment in Himadri e-Carbon Limited	**2.14**	-	2.15	-	1.45
Preference shares					
Investment in Modern Hi-Rise Private Limited	**10,701.99**	-	6,044.07	-	4,233.59
Fair value through profit or loss (FVTPL)					
Preference shares					
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	**46.37**	-	46.37	-	46.37
	11,331.75	-	6,604.93	-	4,665.87

8. Trade receivables

See accounting policy in note 3(c) (i)-(iv) and (f) (i)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Trade receivable considered good - secured	**1,783.37**	1,990.37
Trade receivable considered good - unsecured	**50,440.96**	45,875.58
	52,224.33	47,865.95
Less: Loss allowance	**(717.01)**	(717.01)
	51,507.32	47,148.94
Non-current	**1,003.87**	1,004.25
Current	**50,503.45**	46,144.69
	51,507.32	47,148.94
(a) Movement in loss allowance		
Balance as at beginning of the year	**717.01**	417.01
Change in loss allowances during the year	**-**	300.00
Trade receivables written off during the year	**-**	-
Balance as at the end of the year	**717.01**	717.01

(b) Trade receivables ageing schedule is as follows:

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022							
(i) Undisputed Trade receivables:							
- considered good	**41,865.41**	**8,452.03**	**298.12**	**210.39**	**68.25**	**43.28**	**50,937.48**

Notes to the Standalone Financial Statements
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Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	Outstanding for following periods from due date of payment						
(ii) Disputed Trade receivables:							
- considered good	-	-	-	-	-	**1,003.87**	**1,003.87**
- credit impaired	-	-	-	**9.31**	**14.00**	**259.67**	**282.98**
Total	**41,865.41**	**8,452.03**	**298.12**	**219.70**	**82.25**	**1,306.82**	**52,224.33**

Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	Outstanding for following periods from due date of payment						
As at 31 March 2021							
(i) Undisputed Trade receivables:							
- considered good	38,506.53	7,590.72	99.26	107.15	66.16	209.30	46,579.12
(ii) Disputed Trade receivables:							
- considered good	-	-	-	-	-	1,004.25	1,004.25
- credit impaired	-	9.29	-	14.00	197.41	61.88	282.58
Total	38,506.53	7,600.01	99.26	121.15	263.57	1,275.43	47,865.95

(c) For trade receivables, secured against borrowings, refer note 19.

(d) Non-current trade receivables represent an amount of ₹ **1,003.87 lakhs** (31 March 2021: ₹ 1,004.25 lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Company, the Company continues to believe that the outcome of the said proceedings would be in favour of the Company.

(e) No trade receivables are due from directors of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(f) Information about the Company's exposure to credit, market and currency risks, and loss allowances related to trade receivables are disclosed in note 42.

9. Cash and cash equivalents

See accounting policy in note 3(r)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Cash on hand	**65.57**	64.27
Balances with banks		
- On current accounts	**13,946.89**	3,883.67
- On EEFC accounts	**112.58**	263.04
- On deposit account (with original maturities less than 3 months)	**3,004.40**	816.75
	17,129.44	5,027.73

Bank deposits of ₹ **4.40 lakhs** (31 March 2021: ₹ 4.25 lakhs) have been pledged with the banks against various credit facilities availed by the Company.

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10. Bank balances other than cash and cash equivalents

See accounting policy in note 3(r)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date [refer note (a) below]	**9,132.78**	8,470.82
Earmarked balances with banks		
- Earmarked balances with banks for unpaid dividend accounts	**29.70**	27.90
- Other deposits [refer note (b) below]	**0.27**	0.27
	9,162.75	8,498.99

(a) Bank deposits of ₹ **120.38 lakhs** (31 March 2021: ₹ 108.82 lakhs) have been pledged with various banks against various credit facilities availed by the Company.

(b) Earmarked balances with banks of ₹ **0.27 lakhs** (31 March 2021: ₹ 0.27 lakhs) is held as security against various credit facilities availed by the Company.

11. Loans

See accounting policy in note 3(c) (i) - (iv) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Loan to employees	**100.00**	100.00
To related party - wholly owned subsidiary		
Loan given to AAT Global Limited (refer note 39 and 40)	**6,298.98**	6,298.98
Less: Loss allowance	**(6,298.98)**	(6,298.98)
	-	-
	100.00	100.00
Current		
Loan to employees	**79.21**	56.56
To related party		
Loan to employees (including interest receivable) (refer note 39)*	**91.23**	85.25
	170.44	141.81
	270.44	241.81
Loan receivables considered good - secured	**-**	-
Loan receivables considered good - unsecured	**270.44**	241.81
Loan receivables which have significant increase in credit risk	**6,298.98**	6,298.98
Loan receivables - loss allowance	**(6,298.98)**	(6,298.98)
	270.44	241.81

Information about the Company's exposure to credit and market risks are disclosed in note 42.

*Loan to employees include ₹ **91.23 lakhs** (31 March 2021: ₹ 85.25 lakhs) due from a Key Management Personnel (KMP) of the Company. Maximum balance outstanding during the year is ₹ **91.23 lakhs** (31 March 2021: ₹ 85.25 lakhs)

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

12. Other financial assets

See accounting policy in note 3(c) (i) - (v) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Security and other deposits	**1,912.89**	1,709.46
Bank deposits due to mature after 12 months of the reporting date	**8.97**	9.67
Interest accrued on bank deposits	**0.29**	0.58
	1,922.15	1,719.71
Current		
Receivable from parties other than related parties		
Security and other deposits	**535.16**	547.57
Interest accrued on bank deposits	**75.58**	96.23
Insurance claim receivable	**-**	8.30
Export incentive receivable	**19.64**	0.63
Derivatives	**-**	48.69
Government grants receivable	**557.06**	557.06
Other receivable	**69.85**	-
	1,257.29	1,258.48
	3,179.44	2,978.19

Bank deposits of ₹ **8.97 lakhs** (31 March 2021: ₹ 9.67 lakhs) have been pledged with various banks against various credit facilities availed by the Company.

Information about the Company's exposure to credit and market risks are disclosed in note 42.

13. Non-current tax assets (net)

See accounting policy in note 3(n)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Advance income tax	**737.48**	399.70
[net of provision for income tax ₹ **25,997.06 lakhs** (31 March 2021: ₹ 24,591.00 lakhs)]		
	737.48	399.70

14. Other non-current assets

(Unsecured, considered good)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Capital advances		
To a related party (refer note 39)	**-**	327.70
Other than related party	**287.19**	510.00
Deposits with government authorities (Custom, excise etc.)	**860.30**	849.77
Prepaid expenses	**119.69**	123.07
	1,267.18	1,810.54

Notes to the Standalone Financial Statements
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15. Inventories

See accounting policy in note 3(i)

(Valued at the lower of cost and net realisable value)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Raw materials [including goods-in-transit ₹ **1,688.84 lakhs** (31 March 2021: ₹ 573.55 lakhs)]	**48,237.88**	18,104.82
Work-in-progress	**9,125.22**	3,337.16
Finished goods	**16,075.11**	7,685.39
Packing materials	**713.69**	668.33
Stores and spares	**3,087.86**	3,685.95
	77,239.76	33,481.65

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

16. Other current assets

(Unsecured considered good unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Parties other than related parties		
Advances to suppliers		
Unsecured, considered good [refer note (b) below]	**9,471.30**	7,251.36
Unsecured, considered doubtful	**216.75**	216.75
	9,688.05	7,468.11
Less: Allowances for unsecured advances [refer note (a) below]	**(216.75)**	(216.75)
	9,471.30	7,251.36
Others		
Balance with government authorities	**731.94**	1,307.78
Others (prepaid expenses and other receivables)	**288.47**	279.72
To related party		
Advance for supplies: AAT Global Limited (refer note 39)	**1,587.49**	2,030.61
Less: Allowances for advances [refer note (a) below]	**(1,255.03)**	(1,255.03)
	332.46	775.58
	10,824.17	9,614.44

(a) Movement in allowances for unsecured advances		
Balance as at beginning of the year	**1,471.78**	1,471.78
Changes in allowances for advances during the year	**-**	-
Advances written off during the year	**-**	-
Balance as at the end of the year	**1,471.78**	1,471.78

(b) Advances to suppliers includes ₹ **833.93 lakhs** (31 March 2021: ₹ 833.93 lakhs) as advance given in earlier years to a supplier against supply of raw materials which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Company, the Company continues to believe that the outcome of the said proceedings would be in favour of the Company.

Other receivables includes prepaid expenses and advance for expenses.

Notes to the Standalone Financial Statements
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17. Equity share capital

See accounting policy in note 3(p)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Authorised*		
700,100,000 (31 March 2021: 700,100,000) equity shares of ₹ 1 each	**7,001.00**	7,001.00

* Pursuant to the merger of Equal Commodeal Private Limited with the Company, vide National Company Law Tribunal order dated 14 October 2019 with effect from appointed date of 1 April 2018, authorised share capital amounting to ₹ 1 lakh of Equal Commodeal Private Limited, stands transfer to authorised equity share capital of the Company.

	31 March 2022	31 March 2021
Issued, subscribed and fully paid-up		
418,965,278 (31 March 2021: 418,965,278) equity shares of ₹ 1 each	**4,189.65**	4,189.65
	4,189.65	4,189.65

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
At the beginning of the year	**418,965,278**	**4,189.65**	418,807,782	4,188.08
Add: Equity shares issued during the year (refer note 38)	-	-	157,496	1.57
At the end of the year	**418,965,278**	**4,189.65**	418,965,278	4,189.65

B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Equity shares held by upstream associates (shareholders of the Company) having significant influence over the Company

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
Modern Hi-Rise Private Limited	**182,599,607**	**1,826.00**	182,599,607	1,826.00

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

D. Details of equity shareholders holding more than 5% shares of fully paid up equity shares of the aggregate equity shares of the Company

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹ 1 each fully paid up held by:				
Modern Hi-Rise Private Limited	182,599,607	43.58%	182,599,607	43.58%
BC India Investments	-	0.00%	48,178,860	11.50%

E. Shareholding of promoters are as follows:

	Number of shares at the beginning of the year	Change during the year	Number of shares at the end of the year	% of total shares in the class	% change during the year
As at 31 March 2022					
Equity shares of ₹ 1 each fully paid up held by:					
Modern Hi-Rise Private Limited	182,599,607	-	182,599,607	43.58%	-
Himadri Credit & Finance Limited	1,484,067	-	1,484,067	0.36%	-
Vijay Kumar Choudhary	3,266,640	-	3,266,640	0.79%	-
Bankey Lal Choudhary	1,484,280	-	1,484,280	0.35%	-
Tushar Choudhary	1,484,280	-	1,484,280	0.35%	-
	190,318,874	-	190,318,874	45.43%	-

	Number of shares at the beginning of the year	Change during the year	Number of shares at the end of the year	% of total shares in the class	% change during the year
As at 31 March 2021					
Equity shares of ₹ 1 each fully paid up held by:					
Modern Hi-Rise Private Limited	182,599,607	-	182,599,607	43.58%	-
Himadri Credit & Finance Limited	9,487,000	(8,002,933)	1,484,067	2.27%	(1.91%)
Mr. Vijay Kumar Choudhary	3,266,640	-	3,266,640	0.79%	-
Mr. Shyam Sundar Choudhary	3,234,280	(3,234,280)	-	0.77%	(0.77%)
Mr. Damodar Prasad Choudhary	1,484,280	(1,484,280)	-	0.35%	(0.35%)
Mr. Bankey Lal Choudhary	1,484,280	-	1,484,280	0.35%	-
Mr. Tushar Choudhary	-	1,484,280	1,484,280	0.00%	0.35%
Ms. Sushila Devi Choudhary	850,000	(850,000)	-	0.20%	(0.20%)
Ms. Saroj Devi Choudhary	822,850	(822,850)	-	0.20%	(0.20%)
Ms. Kanta Devi Choudhary	822,850	(822,850)	-	0.20%	(0.20%)
Ms. Sheela Devi Choudhary	763,420	(763,420)	-	0.18%	(0.18%)
	204,815,207	(14,496,333)	190,318,874	48.89%	(3.46%)

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

F. Shares reserved for issue under options

See accounting policies in note 3(g)(ii)

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	**Amount**	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): **1,571,812** (31 March 2021: 1,658,343) equity shares of ₹ 1 each (refer note 38)	**1,571,812**	**15.72**	1,658,343	16.58

Information of stock options granted to employees are disclosed in note 38 regarding share based payments.

G. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

No equity shares have been allotted as fully paid up pursuant to contracts for consideration other than cash during the period of five years immediately preceeding the reporting date.

18. Other equity

Refer Standalone statement of changes in equity for detailed movement in other equity balance.

A. Movement in other equity balance

Amount in ₹ Lakhs

Components	1 April 2020	Movement during the year	31 March 2021	Movement during the year	31 March 2022
Capital reserve	1,280.50	-	1,280.50	-	**1,280.50**
Securities premium	45,532.25	67.85	45,600.10	-	**45,600.10**
Debenture redemption reserve	3,535.67	(3,535.67)	-	-	**-**
General reserve	15,419.94	3,535.67	18,955.61	-	**18,955.61**
Share option outstanding reserve	340.27	11.36	351.63	**30.23**	**381.86**
Retained earnings	93,991.85	4,075.12	98,066.97	**5,878.25**	**103,945.22**
Items of other comprehensive income:					
- Remeasurement of defined benefit plan	-	-	-	-	**-**
- Effective portion of cash flow hedge	-	-	-	-	**-**
- Equity instruments through Other Comprehensive income	862.36	1,521.26	2,383.62	**3,641.36**	**6,024.98**
	160,962.84	5,675.59	166,638.43	**9,549.84**	**176,188.27**

B. Other comprehensive income accumulated in other equity (net of income-tax)

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Equity instruments through other comprehensive income
As at 1 April 2020	862.36
Equity instruments through other comprehensive income - net change in fair value	1,939.06
Tax on above items	(417.80)
As at 31 March 2021	**2,383.62**
Equity instruments through other comprehensive income - net change in fair value	**4,726.82**
Tax on above items	**(1,085.46)**
As at 31 March 2022	**6,024.98**

Notes to the Standalone Financial Statements
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19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (iv)

Amount in ₹ Lakhs

	Interest	Maturity	31 March 2022	31 March 2021
Non-current borrowings				
Secured				
Term loans				
Rupee term loan (secured)	refer note [A(i)] below			
From banks			13,064.04	12,309.12
Loan against vehicles and equipments (secured)	7%-8.3%	2022-2025	188.70	207.24
			13,252.74	12,516.36
Less: Current maturities of non-current borrowings			(3,935.82)	(4,077.04)
			9,316.92	8,439.32

	31 March 2022	31 March 2021
Current borrowings		
Secured		
From banks (repayable on demand)		
Rupee loans	31,180.11	21,466.39
Foreign currency loans	1,904.98	24,926.54
	33,085.09	46,392.93
Current maturities of non-current borrowings	3,935.82	4,077.04
Unsecured		
From banks (repayable on demand)		
Rupee loans	11,500.00	13,000.00
	48,520.91	63,469.97

Information about the Company's exposure to fair value measurement, interest rate, currency and liquidity risks related to borrowings are disclosed in note 41 and 42.

A. Terms of repayment/ conversion/ redemption

Term loans

Amount in ₹ Lakhs

Name of the lender	Interest	Repayment schedule	31 March 2022	31 March 2021
(i) Rupee term loans				
Axis Bank Limited [₹ **Nil** (31 March 2021: ₹ 1,002.00 lakhs)]	6M MCLR + 0.20%		-	1,005.69
HDFC Bank Limited [₹ **8,125.00 lakhs** (31 March 2021: ₹ 11,375.00 lakhs)]	3 Month Repo Rate + 2.75%	Repayable at quarterly rest: 10 of ₹ 812.50	8,085.93	11,303.43
Kotak Mahindra Bank Limited [₹ **5,000.00 lakhs** (31 March 2021: ₹ Nil)]	3 Month REPO Rate+ 1.75%	Repayable at quarterly rest: 16 of ₹ 312.50	4,978.11	-

(ii) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

Notes to the Standalone Financial Statements
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B. Details of security

(i) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable Property, plant and equipment on pari passu basis with other lenders.

Rupee term loans from HDFC Bank Limited is secured by way of pari passu first charge on the movable fixed assets of the Company and equitable mortgage on the Mahistikry Unit of the Company situated in West Bengal.

Rupee term loans from Kotak Mahindra Bank Limited is secured by way of pari passu first charge on the movable fixed assets of the Company and equitable mortgage on the Mahistikry Unit of the Company situated in West Bengal.

(ii) Loans against vehicles and equipments are secured by way of hypothecation of the underlying asset financed.

(iii) Current borrowings from banks aggregating to ₹ **33,085.09 lakhs** (31 March 2021: ₹ 46,392.93 lakhs) are secured by hypothecation of currents assets of the Company both present and future on pari passu basis. Further, working capital loan from banks aggregating to ₹ **758.66 lakhs** (31 March 2021: ₹ 13,002.83 lakhs) is also secured by subservient charge on moveable Property, plant and equipment of the Company.

20. Trade payables

See accounting policy in note 3(c) (i) - (iv)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Trade payable for goods and services		
- total outstanding dues of micro enterprises and small enterprises (refer note 46)	89.20	183.54
- total outstanding dues of creditors other than micro enterprises and small enterprises	34,384.44	14,277.94
(b) Acceptances	42,954.85	440.21
	77,428.49	14,901.69
Non-current	-	-
Current	77,428.49	14,901.69
	77,428.49	14,901.69

(c) Trade payables ageing:

Particulars	Outstanding for following periods from the transaction date				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022					
(i) MSME	89.20	-	-	-	89.20
(ii) Others	27,309.74	1,280.40	25.07	151.18	28,766.39
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-
Total	27,398.94	1,280.40	25.07	151.18	28,855.59
Add: Accrued Liabilities	-	-	-	-	5,618.05
					34,473.64

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Particulars	Outstanding for following periods from the transaction date				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2021					
(i) MSME	183.54	-	-	-	183.54
(ii) Others	9,000.48	87.38	43.34	221.65	9,352.85
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-
Total	9,184.02	87.38	43.34	221.65	9,536.39
Add: Accrued Liabilities	-	-	-	-	4,925.09
					14,461.48

Information about the Company's exposure to currency and liquidity risks related to trade payables are disclosed in note 42.

21. Derivatives

See accounting policy in note 3(c)(v)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Mark to market on commodity hedging	**1,130.00**	-
	1,130.00	-
Non-current	**-**	-
Current	**1,130.00**	-
	1,130.00	-

Information about the Company's exposure to commodity price risks related to derivatives are disclosed in note 42.

22. Other financial liabilities

See accounting policy in note 3(c) (i) - (iv)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Security deposits	**25.77**	25.77
	25.77	25.77
Current		
Interest accrued but not due on borrowings	**338.78**	178.02
Unclaimed dividend	**29.70**	27.90
Liability for capital goods	**4,043.68**	603.63
Others (including Employee benefits expense and Security deposits)	**1,892.50**	1,675.59
	6,304.66	2,485.14

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

(b) Information about the Company's exposure to currency and liquidity risks related to the above financial liabilities are disclosed in note 42.

Notes to the Standalone Financial Statements
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23. Other current liabilities

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Statutory dues (including provident fund, tax deducted at source, goods and services tax and others)	2,903.52	1,509.27
Advance from customers	4,070.63	899.06
	6,974.15	2,408.33

24. Provisions

See accounting policies in note 3(g) and (h)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Net defined benefit liability - Gratuity (refer note 37)	354.18	339.87
Provision for litigation [refer note (a) below]	78.42	78.42
	432.60	418.29
Current		
Liability for compensated absences [refer note (a) below]	160.90	161.76
	160.90	161.76

(a) Movement of provisions (Non-current and current)

Amount in ₹ Lakhs

	Liability for compensated absences	Provision for litigation
Balance as at 1 April 2020	76.97	78.42
Add: Provisions made during the year 2020-2021	99.54	-
Less: Amount utilised/ reversed during the year 2020-2021	(14.75)	-
Balance as at 31 March 2021	**161.76**	**78.42**
Add: Provisions made during the year 2021-2022	**88.80**	**-**
Less: Amount utilised/ reversed during the year 2021-2022	**(89.66)**	**-**
Balance as at 31 March 2022	**160.90**	**78.42**

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Company as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

25. Revenue from operations

See accounting policies in note 3(j) and (k)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products	**279,072.35**	167,931.12
Other operating revenue		
- Export incentive	**59.05**	14.68
Total revenue from operations	**279,131.40**	167,945.80

(i) Sales are net of price adjustments settled during the year by the Company, discounts and Goods and Services tax (GST) etc.

(ii) Revenue disaggregation is as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
(a) Disaggregation of goods		
- Carbon materials and chemicals	**277,329.49**	166,849.44
- Power	**1,742.86**	1,081.68
	279,072.35	167,931.12
(b) Disaggregation based on geography		
India	**239,300.83**	148,488.12
Outside India	**39,771.52**	19,443.00
	279,072.35	167,931.12
Geographical location is based on the location of customers excluding export incentives		
(c) Reconciliation of Revenue from sale of products with the contracted price		
Contracted price	**278,202.21**	171,513.21
Add/(less): Adjustment for variable consideration	**870.14**	(3,582.09)
	279,072.35	167,931.12
(d) Information about major customers (refer note 42)		
(e) Contract balances		
Trade receivables (refer note 8)	**51,507.32**	47,148.94
	51,507.32	47,148.94

26. Other income

See accounting policies in note 3(l) and 3(b)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income under the effective interest method on:		
- Interest on bank deposits	**126.48**	286.92
- From related parties (refer note 39):		
- Others	**5.98**	5.99
- Unwinding of discount on security deposits and others	**142.51**	171.54

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Gain on sale proceeds of current investments measured at fair value through profit or loss	-	9.33
Insurance claims	**100.29**	129.29
Net foreign exchange gain	-	499.13
Rental income (refer note 39)	**90.00**	86.75
Miscellaneous income	**256.34**	193.64
	721.60	1,382.59

27. Cost of materials consumed

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Inventory of raw materials at the beginning of the year	**18,104.82**	9,480.19
Add: Purchases during the year	**269,312.80**	124,519.17
	287,417.62	133,999.36
Less: Inventory of raw materials at the end of the year	**(48,237.88)**	(18,104.82)
Less: Material captively consumed in capital projects	-	(248.09)
Cost of materials consumed	**239,179.74**	115,646.45

* includes ₹ **1,123.64 lakhs** (31 March 2021: ₹ Nil) pertaining to mark to market loss on commodity options

28. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Opening inventories		
Finished goods	**7,685.39**	9,231.89
Work-in-progress	**3,337.16**	10,153.11
	11,022.55	19,385.00
Closing inventories		
Finished goods	**16,075.11**	7,685.39
Work-in-progress	**9,125.22**	3,337.16
	25,200.33	11,022.55
Change in inventories of finished goods and work-in-progress	**(14,177.78)**	8,362.45

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

29. Employee benefits expense

See accounting policy in note 3(g)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	**6,868.66**	6,584.99
Contribution to provident and other funds	**347.38**	312.25
Defined benefit plan expenses - Gratuity (refer note 37)	**74.80**	79.75
Share based payments to employees - Equity settled (refer note 38)	**30.23**	50.86
Staff welfare expenses	**694.58**	523.20
	8,015.65	7,551.05

Salaries, wages and bonus includes ₹ **504.77 lakhs** (31 March 2021: ₹ 395.88 lakhs) relating to outsource manpower cost.

30. Finance costs

See accounting policy in note 3(o)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense on financial liabilities measured at amortised cost	**2,880.22**	3,071.77
Exchange difference regarded as an adjustment to borrowing costs	**224.25**	48.13
Other borrowing costs (including interest on income-tax)	**370.35**	180.95
Interest cost on lease liability [refer note 34(c)]	**29.23**	20.32
	3,504.05	3,321.17

31. Other expenses

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spares	**988.97**	521.97
Power and fuel* [refer note (a) below]	**1,683.00**	1,256.58
Rent	**342.46**	408.36
Rates and taxes	**111.16**	82.16
Repairs to*:		
- Building	**71.72**	33.39
- Plant and equipment	**2,914.51**	1,795.28
- Others	**542.47**	407.45
Payment to auditors' [refer note (b) below]	**70.38**	68.76
Insurance	**467.56**	428.70
Loss allowance for doubtful trade receivables	**-**	300.00
Packing expenses	**2,542.15**	1,645.07
Freight and forwarding expenses	**14,009.11**	10,842.52

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Commission on sales	1,258.94	1,105.78
Net foreign exchange loss	766.94	-
Expenditure on corporate social responsibility [refer note (c) below]	386.82	1,309.28
Miscellaneous expenses	4,565.23	3,423.34
	30,721.42	23,628.64
* includes stores and spares consumed	2,910.25	1,567.33

(a) Power and fuel includes expenses incurred on operation of the power plant

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spares	287.39	126.22
Repairs	212.93	143.19
Other operational expenses	20.11	29.54
	520.43	298.95

(b) Payment to auditors'

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
As auditors':		
- Statutory audit fees	50.50	50.50
- Limited review of quarterly results	9.50	9.50
- Certification fees	4.35	2.40
In other capacity:		
- Other services	2.00	1.50
Reimbursement-Out of pocket expenses	4.03	4.86
	70.38	68.76

(c) Expenditure on corporate social responsibility (CSR)

As per Section 135 of the Act, a Company meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediate preceeding three financial years on CSR activities. The area of CSR activities are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Company under the Act.

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. Gross amount required to be spent by the Company	386.82	583.57
B. Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	55.61	417.01

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

Particulars	**Year ended 31 March 2022**	Year ended 31 March 2021
C. Related party transactions in relation to corporate social responsibility (refer note 39)	**261.34**	315.00
D. Provision movement during the year		
Opening provision	**892.27**	-
Addition during the year	**331.21**	892.27
Utilised during the year	**(188.34)**	-
Closing provision	**1,035.14**	892.27
E. Details of ongoing projects		
(a) Opening unspent amount brought forward	**-**	725.71
(b) Amount required to be spent by the Company for the year	**386.82**	583.57
(c) Amount spent during the year from Company's bank account	**(55.61)**	(417.01)
(d) Amount transferred to CSR unspent account #	**(331.21)**	(892.27)
Closing balance	**-**	-
Closing balance:		
(a) With Company	**-**	-
(b) In CSR unspent account	**1,035.14**	892.27

#Transferred to CSR unspent account on **29 April 2022** (31 March 2021: transferred on 30 April 2021)

32. Income tax

See accounting policy in note 3(n)

A. Reconciliation of effective tax rate

Amount in ₹ Lakhs

	Year ended 31 March 2022		Year ended 31 March 2021	
	Percentage	**Amount**	Percentage	Amount
Profit before tax		**7,946.52**		6,396.68
Statutory income-tax rate	**34.94%**	**2,776.83**	34.94%	2,235.26
Tax Effects of:				
Reversal of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind AS 12 "Income Taxes	**0.00%**	**-**	(12.51%)	(800.00)
Non - deductible expenses for tax purposes	**4.24%**	**337.10**	8.25%	528.01
Tax exempt income/ additional deduction as per income-tax	**(21.06%)**	**(1,673.60)**	(3.65%)	(233.76)
	18.13%	**1,440.33**	27.04%	1,729.51
Amount recognised in profit or loss				
- Current tax		**1,388.57**		1,184.06
- Deferred tax		**51.76**		545.45
Total tax expenses		**1,440.33**		1,729.51

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

B. Movement in deferred tax assets and liabilities

Amount in ₹ Lakhs

Movement during the year ended 31 March 2021	Balance as on 1 April 2020	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2021
Deferred tax (assets)/liabilities:				
Property, plant and equipment	19,247.78	1,705.79	-	20,953.57
Trade receivables	(148.93)	(106.57)	-	(255.50)
Right of use assets	926.39	117.81	-	1,044.20
Loans	(969.78)	54.32	-	(915.46)
Other financial assets	(1.83)	1.83	-	-
Other assets	(18.31)	(13.24)	-	(31.55)
Borrowings	0.67	21.73	-	22.40
Other liabilities	(80.17)	(88.07)	-	(168.24)
Other financial liabilities	(61.46)	61.46	-	-
Share based payments- Equity-settled	(118.90)	(17.78)	-	(136.68)
Provisions	(157.80)	(7.78)	19.53	(146.05)
MAT credit entitlement	(14,316.57)	(1,184.05)	-	(15,500.62)
Gain/ loss on fair valuation of Investments in equity instruments	894.91	-	417.80	1,312.71
Net deferred tax liabilities	5,196.00	545.45	437.33	6,178.78

Amount in ₹ Lakhs

Movement during the year ended 31 March 2022	**Balance as on 1 April 2021**	**Charge / (credit) to profit or loss**	**Charge / (credit) to OCI**	**Balance as on 31 March 2022**
Deferred tax (assets)/liabilities:				
Property, plant and equipment	**20,953.57**	**1,737.99**	**-**	**22,691.56**
Trade receivables	**(255.50)**	**(0.13)**	**-**	**(255.63)**
Right of use assets	**1,044.20**	**22.16**	**-**	**1,066.36**
Loans	**(915.46)**	**47.60**	**-**	**(867.86)**
Other assets	**(31.55)**	**(1.19)**	**-**	**(32.74)**
Borrowings	**22.40**	**(3.83)**	**-**	**18.57**
Other liabilities	**(168.24)**	**46.24**	**-**	**(122.00)**
Other financial liabilities	**-**	**(392.64)**	**-**	**(392.64)**
Share based payments- Equity-settled	**(136.68)**	**(10.56)**	**-**	**(147.24)**
Provisions	**(146.05)**	**(5.31)**	**0.38**	**(150.98)**
MAT credit entitlement	**(15,500.62)**	**(1,388.57)**	**-**	**(16,889.19)**
Gain/ loss on fair valuation of Investments in equity instruments	**1,312.71**	**-**	**1,085.45**	**2,398.16**
Net deferred tax liabilities	**6,178.78**	**51.76**	**1,085.83**	**7,316.37**

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

a) Deferred tax assets is not recognised on certain items [such as investment impairment, loss allowances on advances and capital loss] due to lack of reasonable certainty.

b) MAT credit entitlement is the amount which is available for set off in subsequent years against income tax liabilities as per the provisions of the Income-tax Act, 1961.

c) Section 115 BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Company had made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated Minimum Alternative Tax ('MAT'). However, the Company has re-measured the deferred tax assets / liability that is expected to reverse on exercising the option on the future date as per Ind AS 12 'Income Taxes' and thus, reversal of net deferred tax liability of ₹ **Nil** (31 March 2021: ₹ 800.00 lakhs) has been recognised during the year.

33. Earnings per equity share (EPS)

See accounting policy in note 3(t)

Amount in ₹ Lakhs

		Year ended 31 March 2022	Year ended 31 March 2021
A.	**Basic earnings per equity share**		
(i)	Profit for the year, attributable to the equity share holders of the Company	**6,506.19**	4,667.17
(ii)	Weighted average number of equity shares (basic) (number)	**418,965,278**	418,812,097
	Basic earnings per equity share [(i)/ (ii)]	**1.55**	1.11
B.	**Diluted earnings per equity share**		
(i)	Weighted average number of equity shares (basic) (number)	**418,965,278**	418,812,097
(ii)	Effect of dilutive potential equity shares on account of employee stock options (number)	**-**	-
(iii)	Weighted average number of equity shares (diluted) for the year (i+ii)	**418,965,278**	418,812,097
	Diluted earnings per equity share {(A) (i)/ (B) (iii)}	**1.55**	1.11

34. Contingent liability and commitments

See accounting policy in note 3(v)

(to the extent not provided for)

(a) Contingent liabilities

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Claim against the Company not acknowledged as debts		
Sales tax/VAT matters in dispute/ under appeal	**4,726.72**	4,732.33
Excise/ Service Tax matters in dispute/under appeal	**2,112.22**	2,087.33
Custom duty matter in dispute/ under appeal	**28.83**	28.83
Entry tax in dispute/ under appeal - West Bengal	**5,028.82**	5,028.82
Entry tax in dispute/ under appeal - Chhattisgarh	**500.08**	479.00
Income tax in dispute/ under appeal	**2,489.16**	2,489.16
Others [refer note (iii) below]	**266.71**	266.71

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Note:

(i) Cash outflows for the above are determinable only on receipt of final judgments pending at various forums/ authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

(ii) The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal ('Government'). The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the Government filed an appeal which is still pending to be disposed off. In the opinion of the Company and on the basis of independent legal opinion obtained, there is a strong merit of the case. Hence, the Company has not made provision for entry tax liability in the books for the current year and for the earlier years.

(iii) Others represents dispute with a lessor in respect of arrear dues. The Company based on independent legal opinion, does not foresee any significant financial liability on this account.

(b) Commitments

(I) Capital and other commitments

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(i) Estimated amount of contracts in capital account remaining to be executed and not provided for (net of capital advance)	**5,699.10**	1,325.69

(c) Leases (Ind AS 116)

See accounting policy in note 3(m)

Carrying value of right of use assets at the end of the reporting period by class: Refer note 4B.

Amount in ₹ Lakhs

	Year ended 31 March 2022			Year ended 31 March 2021		
Particulars	**Land**	**Buildings**	**Amount**	Land	Buildings	Amount
Balance at the beginning of the year	**2,272.24**	**397.72**	**2,669.96**	2,471.16	139.46	2,610.62
Addition during the year	**-**	**63.42**	**63.42**	-	337.14	337.14
Amortisation during the year	**(199.65)**	**(205.65)**	**(405.30)**	(198.92)	(78.88)	(277.80)
Balance at the end of the year	**2,072.59**	**255.49**	**2,328.08**	2,272.24	397.72	2,669.96

Movement in lease liabilities

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning of the year	**481.46**	229.44
Additions during the year	**62.55**	327.86
Finance cost accrued during the year (refer note 30)	**29.23**	20.32
Payment of lease liabilities during the year (including interest)	**(224.26)**	(96.16)
Balance at the end of the year	**348.98**	481.46
Lease liabilities - Non-current	**160.29**	262.96
Lease liabilities - Current	**188.69**	218.50

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Maturity analysis of lease liabilities

Amount in ₹ Lakhs

Maturity analysis – contractual undiscounted cash flows	31 March 2022	31 March 2021
Less than one year	**188.69**	218.50
One to five years	**157.94**	268.71
More than five years	**77.15**	88.37
Total undiscounted lease liabilities at the end of the year	**423.78**	575.58

Amount recognised in Standalone Statement of Profit and Loss

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	**29.23**	20.32
Amortisation during the year	**405.30**	277.80
Expenses relating to short-term leases and low value assets	**342.46**	408.36

Amount recognised in the Standalone Statement of Cash Flows

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest expenses recognised during the year (refer note 30)	**29.23**	20.32
Lease payments reflected in Standalone Statement of Cash Flows	**195.03**	75.84

35. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these Standalone financial statements since the requirement does not pertain to financial year ended 31 March 2022.

36. Research and development expenses

See accounting policy in note 3(d) and 3(e)

Research and development expenses aggregating to ₹ **585.03 lakhs** (31 March 2021: ₹ 494.93 lakhs) in the nature of revenue expenditure and addition of ₹ **26.90 lakhs** (31 March 2021: ₹ 82.72 lakhs) in the nature of capital expenditure during the year have been included under the relevant account heads.

37. Employee benefits

See accounting policy in note 3(g)

Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund and Employee State Insurance ('ESI') which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are recognised in the Standalone Statement of Profit and Loss as they accrue.

The expense for defined contribution plans amounts to ₹ **289.36 lakhs** (31 March 2021: ₹ 260.77 lakhs). Out of these, ₹ **264.81 lakhs** (31 March 2021: ₹ 237.04 lakhs) pertains to provident fund plan and ₹ **24.55 lakhs** (31 March 2021: ₹ 23.73 lakhs) pertains to ESI.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Defined benefits - Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, salary inflation risk, demographic risk and market (investment) risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Standalone Statement of Profit and Loss, actuarial assumptions and other information.

(i) Reconciliation of present value of defined benefit obligation

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Balance at the beginning of the year	614.04	619.72
(b) Current service cost	74.80	79.75
(c) Interest cost	40.64	39.63
(d) Actuarial (gains)/ losses recognised in other comprehensive income	(6.72)	(59.87)
(e) Benefits paid	(32.74)	(65.19)
Balance at the end of the year	**690.02**	614.04

(ii) Reconciliation of fair value of plan assets

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Balance at the beginning of the year	274.17	246.41
(b) Expected return on plan asset	20.25	17.13
(c) Actual return on plan asset less interest on plan asset	(5.84)	(4.18)
(d) Contributions by the employer	80.00	80.00
(e) Benefits paid	(32.74)	(65.19)
Balance at the end of the year	**335.84**	274.17

(iii) Net liability recognised in the Standalone Balance Sheet

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Present value of defined benefit obligation	(690.02)	(614.04)
(b) Fair value of plan assets	335.84	274.17
Net liability recognised in the Standalone Balance Sheet	**(354.18)**	(339.87)

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(iv) Expense recognised in Standalone Statement of Profit or Loss

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
(a) Current service cost	74.80	79.75
(b) Interest cost	40.64	39.63
(c) Expected return on plan assets	(20.25)	(17.13)
Amount charged to Standalone Statement of Profit or Loss	95.19	102.25

(v) Remeasurements recognised in Standalone Other Comprehensive Income

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	(31.04)	(3.44)
- experience adjustment	24.32	(56.43)
(b) Actual return on plan asset less interest on plan asset	5.84	4.18
Amount recognised in Standalone Other Comprehensive Income	(0.88)	(55.69)

(vi) The sensitivity of the overall plan obligation to changes in the weighted key assumptions are:

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Impact on defined benefit obligation on discount rate plus **100 basis points**	(68.77)	(62.83)
Impact on defined benefit obligation on salary growth rate plus **100 basis points**	73.23	67.46
Impact on defined benefit obligation on discount rate minus **100 basis points**	81.96	75.23
Impact on defined benefit obligation on salary growth rate minus **100 basis points**	(63.56)	(57.46)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Standalone Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(vii) Actuarial assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Standalone Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Financial assumption

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Discount rate	7.20%	6.80%
Expected rate of salary increase	7.00%	7.00%
Retirement age (years)	60	60
Attrition rate based on different age group of employees:		
ages from 20-25	5%	5%
ages from 25-30	3%	3%
ages from 30-35	2%	2%
ages from 35-50	1%	1%
ages from 50-55	2%	2%
ages from 55-58	3%	3%

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

Demographic assumptions

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-2008).

(viii) Maturity profile of defined benefit obligation (undiscounted)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Within next 12 months	75.61	77.76
1-2 year	30.16	19.29
2-3 year	34.89	28.66
3-4 year	47.04	33.33
4-5 year	41.85	43.24
Thereafter	387.10	295.08

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(ix) Weighted average duration of defined benefit obligation	11 years	12 years

(x) The Company expects to pay ₹ **354.18 lakhs** in contribution to its defined benefit plans during the year 2022-2023.

(xi) Asset liability matching strategy:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

There is no compulsion on the part of the Company to fully prefund the liability of the plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

38. Share based payments

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

Himadri Employees Stock Option Plan 2016 (equity-settled)

The Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("the Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act. 2013 for the time being in force. The option granted to certain eligible employees including certain key management personnel on vesting condition of time basis, Company performance and individual performance as specified in the grant letter issued to each employee.

Scheme	Vesting Period	Exercise Period	Year	Date of grant	Number of options granted	Exercise price ₹ per equity share
ESOP 2016 Plan (Tranche I)	Vested after 1 year but not later than 5 years from the date of grant of options.	Any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.	2016-17	05 January 2017	1,304,600	19
ESOP 2016 Plan (Tranche II)			2018-19	08 May 2018	2,695,000	140

B. Measurement of fair values

Equity-settled share based payment arrangements

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (Tranche I)		ESOP 2016 (Tranche II)	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Fair value at grant date	**₹ 24.94**	₹ 24.94	**₹ 23.01**	₹ 23.01
Share price at grant date	**₹ 36.70**	₹ 36.70	**₹ 121.15**	₹ 121.15
Exercise price	**₹ 19.00**	₹ 19.00	**₹ 140.00**	₹ 140.00
Expected volatility* (weighted average volatility)	**57.57%**	57.57%	**23.77%**	23.77%
Expected life (expected weighted average life)	**4.39 years**	4.39 years	**3.07 years**	3.07 years
Expected dividends**	**0.27%**	0.27%	**0.41%**	0.41%
Risk-free interest rate (based on government bonds)	**6.48%**	6.48%	**7.35%**	7.35%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Expected life of the options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

Particulars	Weighted average exercise price per option 31 March 2022	Number of options 31 March 2022	Weighted average exercise price per option 31 March 2021	Number of options 31 March 2021
Outstanding at 1 April	**96.04**	**1,658,343**	91.02	1,997,855
Granted during the year	**-**	**-**	-	-
Forfeited during the year	**114.93**	**86,531**	107.61	182,016
Exercised during the year	**-**	**-**	19.00	157,496
Outstanding at 31 March	**95.00**	**1,571,812**	96.04	1,658,343
Exercisable at 31 March	**86.61**	**1,325,031**	101.10	778,083

A weighted average remaining contractual life of **3.91 years** (31 March 2021: 4.91 years).

The weighted average share price at the date of exercise for share options exercised during the year 2021-2022 was ₹ **Nil** (2020-2021: ₹ 43.20).

Weighted average fair value of the options granted during the year 2021-2022 was ₹ **Nil** (2020-2021: ₹ Nil).

D. Expense recognised in Standalone Statement of Profit and Loss

During the year ended 31 March 2022, the Company has charged ₹ **30.23 lakhs** (31 March 2021: ₹ 50.86 lakhs) as share based payment equity-settled expenses, refer note 29.

E. Details of the liabilities arising out of the share based payments to employees - Equity settled were as follows:

Amount in ₹ Lakhs

Particulars	31 March 2022	31 March 2021
Total carrying amount	**381.86**	351.63

39. Related party disclosure

A. Enterprises where control exists:

i) Subsidiaries

Name of the related party	Principal place of business	% of shareholding and voting power 31 March 2022	31 March 2021
AAT Global Limited (AAT), Wholly owned subsidiary	Hongkong	**100**	100
Shandong Dawn Himadri Chemical Industry Limited (SDHCIL), subsidiary of AAT	China	**94**	94

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

ii) Other related parties with whom transactions have taken place during the year

a) Key Management Personnel (KMP) and relatives of KMP

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Executive Director*	Key Management Personnel
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel
Mr. Anurag Choudhary, Chairman cum Managing Director & Chief Executive Officer	Key Management Personnel
Mr. Amit Choudhary, Executive Director	Key Management Personnel
Mr. Tushar Choudhary, Executive Director	Key Management Personnel
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel
Mrs. Monika Saraswat - Company Secretary	Key Management Personnel
Late Damodar Prasad Choudhary, Chairman Emeritus (demised on 06 October 2020)	Relative of KMPs
Mrs. Sushila Devi Choudhary	Relative of KMPs (wife of Late Damodar Prasad Choudhary)
Mrs. Sheela Devi Choudhary	Relative of KMPs (wife of Mr. Shyam Sundar Choudhary)
Mrs. Saroj Devi Choudhary	Relative of KMPs (wife of Mr. Bankey Lal Choudhary)
Mrs. Kanta Devi Choudhary	Relative of KMPs (wife of Mr. Vijay Kumar Choudhary)
Mrs. Shikha Choudhary	Relative of KMPs (wife of Mr. Anurag Choudhary)
Mrs. Rinku Choudhary	Relative of KMPs (wife of Mr. Amit Choudhary)
Mrs. Swaty Choudhary	Relative of KMPs (wife of Mr. Tushar Choudhary)

b) Non-executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Late Hanuman Mal Choraria, Non-Executive Independent Director (demised on 26 April 2021)
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mrs. Sucharita Basu De, Non-Executive Independent Director
Mr. Girish Paman Vanvari, Non-Executive Independent Director (Appointed w.e.f. 22 June 2021)
Mr. Gopal Ajay Malpani, Non-Executive Independent Director (Appointed w.e.f. 22 June 2021)

* Executive Chairman till 21 June 2021

iii) Enterprises controlled by the Key Managerial Personnel or relatives of KMP or both

Himadri Credit & Finance Limited

Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)

Sri Agro Himghar Limited

Himadri e-Carbon Limited

Nanhey Lal Mohini Devi Foundation

Bharat Seva Nidhi (New)

Himadri Foundation

Tuaman Engineering Limited

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

iv) Entities with significant influence over the Company

BC India Investments (till 25 February 2021)

Modern Hi-Rise Private Limited

v) Firm in which director is a partner

Aquilaw

Transaction Square LLP (w.e.f. 22 June 2021)

B. Disclosure of transactions between the Company and related parties

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2022	Year ended 31 March 2021
AAT Global Limited	Purchase of raw materials	**75,261.00**	22,578.11
	Payment for supplies	**74,711.99**	16,816.84
	Sales of finished goods	**8.75**	-
	Receipt for sale	**8.91**	-
Tuaman Engineering Limited	Engineering, procurement and construction of project (EPC) [excluding Goods and Services Tax amounting to ₹ **717.32 Lakhs** (31 March 2021: ₹ Nil]	**3,985.11**	-
	Payment for EPC	**-**	123.55
	Rental income	**90.00**	86.75
Modern Hi-Rise Private Limited	Rent paid	**0.14**	0.14
Sri Agro Himghar Limited	Rent paid	**0.06**	0.06
Aquilaw	Legal expenses	**162.15**	89.33
Transaction Square LLP	Consultancy expenses	**9.30**	-
Himadri Foundation	Donation/Expenditure on corporate social responsibility	**261.34**	315.00
BC India Investments	Dividend paid	**53.52**	147.03
Modern Hi-Rise Private Limited	Dividend paid	**273.90**	253.36
Himadri Credit & Finance Limited	Dividend paid	**2.23**	13.16

C. Disclosure of transactions with Key Management Personnel Remuneration

Key management personnels (KMP) remuneration comprised of the following:

Amount in ₹ Lakhs

Nature of transaction	Year ended 31 March 2022	Year ended 31 March 2021
Short-term employee benefits	**1,373.37**	1,355.17
Other long-term benefits	**4.73**	3.65
Total remuneration paid to key management personnel	**1,378.10**	1,358.82
Sitting fees to KMPs	**52.05**	27.26
Interest income on loan to KMPs	**5.98**	5.99
Dividend paid to KMPs	**9.36**	17.72

As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

D. Outstanding balances

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	31 March 2022	31 March 2021
AAT Global Limited	Loan given (including interest receivable)	**6,298.98**	6,298.98
	Loss allowance for loan (including interest receivable)	**(6,298.98)**	(6,298.98)
	Advance for supplies (net)	**1,587.49**	2,030.61
	Loss allowance for advances	**(1,255.03)**	(1,255.03)
Tuaman Engineering Limited	(Trade Payable)/ Capital advances	**(3,657.41)**	327.70
Mr. Kamlesh Kumar Agarwal	Loan given (including interest receivable)	**91.23**	85.25

E. Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

40. Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Loans and advances in the nature of loan to a subsidiary Company		
AAT Global Limited		
Amount outstanding as at year ended	**6,298.98**	6,298.98
Less: loss allowances	**(6,298.98)**	(6,298.98)
Maximum balance of loan outstanding during the year	**6,298.98**	6,298.98
Loan given to AAT Global Limited for business purpose (refer note 11 and 48).		

The Company has neither given any loan or has advanced any amount in the nature of loan either during the year ended 31 March 2022 or year ended 31 march 2021.

(b) Details of investments: Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in note 7.

41. Fair value measurement

See accounting policy in note 3(y)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Amount in ₹ Lakhs

As on 31 March 2022	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	10,701.99	10,748.36	-	10,701.99	46.37
Investment in equity instruments (unquoted)	7	-	-	5.60	5.60	-	3.43	2.17
Investment in equity instruments (quoted)	7	-	-	577.79	577.79	1.76	-	576.03
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	51,507.32	-	-	51,507.32	-	-	-
Cash and cash equivalents	9	17,129.44	-	-	17,129.44	-	-	-
Bank balances other than cash and cash equivalents	10	9,162.75	-	-	9,162.75	-	-	-
Loans	11	270.44	-	-	270.44	-	-	-
Other financial assets	12	3,179.44	-	-	3,179.44	-	-	-
Financial liabilities:								
Borrowings	19	57,837.83	-	-	57,837.83	-	-	-
Trade payables	20	77,428.49	-	-	77,428.49	-	-	-
Derivatives	21	-	1,130.00	-	1,130.00	-	1,130.00	-
Lease liabilities	22	348.98	-	-	348.98	-	-	-
Other financial liabilities	22	6,330.43	-	-	6,330.43	-	-	-

Amount in ₹ Lakhs

As on 31 March 2021	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	6,044.07	6,090.44	-	6,044.07	46.37
Investment in equity instruments (unquoted)	7	-	-	4.10	4.10	-	1.93	2.17
Investment in equity instruments (quoted)	7	-	-	510.39	510.39	1.34	-	509.05
Investment in government securities	7	0.07	-	-	0.07	-	-	-

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2021	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Trade receivables	8	47,148.94	-	-	47,148.94	-	-	-
Cash and cash equivalents	9	5,027.73	-	-	5,027.73	-	-	-
Bank balances other than cash and cash equivalents	10	8,498.99	-	-	8,498.99	-	-	-
Loans	11	241.81	-	-	241.81	-	-	-
Other financial assets	12	2,929.50	48.69	-	2,978.19	-	48.69	-
Financial liabilities:								
Borrowings	19	71,909.29	-	-	71,909.29	-	-	-
Trade payables	20	14,901.69	-	-	14,901.69	-	-	-
Lease liabilities	22	481.46	-	-	481.46	-	-	-
Other financial liabilities	22	2,510.91	-	-	2,510.91	-	-	-

The Company assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, loans, trade payable and other financial assets and liabilities except derivative financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments. The Company's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

B. Fair value hierarchy

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on Company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

The following methods and assumptions were used to estimate the fair values:

(a) The fair value of the quoted investments are based on market price at the respective reporting date.

(b) The fair value of the unquoted investments included in level 2 has been determined using valuation techniques with market observable inputs. The model incorporate various inputs including prevailing market value of investments in listed Company.

(c) The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(d) The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

(e) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.

(f) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on the Company's estimates.

(g) The fair value of the commodity hedge is determined using the commodity rates existing as at the end of the reporting period.

The significant observable inputs used in the fair value measurement of the fair value hierarchy of level 3 inputs like discounted cash flows, market multiple method, option pricing model etc.

There were no transfer of financial assets or liabilities measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2022 and 31 March 2021.

Reconciliation of level 3 fair value measurements

The following table shows a reconciliation from opening balances to closing balances for level 3 for fair values on a recurring basis.

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Balance as at beginning of the year	557.59	429.63
Change in value of investment in equity instruments measured at FVTOCI (unrealised)	66.98	127.96
Balance as at end of the year	624.57	557.59

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March 2021.

Financial assets and liabilities measured at fair value as at Standalone Balance Sheet date

1. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
2. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

Other financial assets and liabilities

- Cash and Cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.
- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Significant unobservable inputs used in level 3 fair values

Certain investments are valued using level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

42. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Risk management framework

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The key risks and mitigating actions are also placed before the audit committee of the Company

The sources of risks which the Company is exposed to and their management is given below:

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Credit limit and credit worthiness monitoring, credit based approval process
Liquidity risk	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
Market risk			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps
Interest rate	Long term borrowings at variable rates and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity price risk	Movement in prices of raw materials	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity instruments	Sensitivity analysis	Portfolio diversification

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and restricts the exposure in equity markets.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally form the Company receivables from customers and loans. Credit arises when a customer or counterparty does 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) and from its financing/investing activities, including deposits with bank, investments in debt securities and foreign exchange transactions. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivable

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company standard payment and delivery terms and conditions are offered. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables indicate a low credit risk.

Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However the Company also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operates. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customers.

Details of concentration percentage of revenue generated from a top customer and top five customers are stated below:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from a top customer	15%	18%
Revenue from top five customers	42%	44%

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss:

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning of the year	717.01	417.01
Add: Provided during the year	-	300.00
Less: Utilised during the year	-	-
Balance at the end of the year	**717.01**	717.01

Aging analysis of trade receivables is disclosed in note 8

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, finding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Amount in ₹ Lakhs

31 March 2022	Carrying amount	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	57,837.83	49,326.20	4,972.70	3,068.98	1,969.42	-	59,337.30
Trade payables (including acceptances)	77,428.49	77,428.49	-	-	-	-	77,428.49
Derivatives	1,130.00	1,130.00	-	-	-	-	1,130.00
Other financial liabilities	6,330.43	6,304.66	-	-	-	25.77	6,330.43
Lease liabilities including lease interest	348.98	188.69	57.23	52.97	47.74	77.15	423.78

Amount in ₹ Lakhs

31 March 2021	Carrying amount	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	71,909.29	64,229.51	4,230.89	3,497.47	1,666.17	-	73,624.04
Trade payables (including acceptances)	14,901.69	14,901.69	-	-	-	-	14,901.69
Other financial liabilities	2,510.91	2,485.14	-	-	-	25.77	2,510.91
Lease liabilities including lease interest	481.46	218.50	174.89	43.43	50.39	88.37	575.58

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

All such transactions are carried out within the guidelines set by the management. Generally, the Company seeks to apply hedge accounting to manage volatility in other comprehensive income.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated is US$. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts and cross currency swap. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Exposure to currency risk

The Company's exposure to foreign currency as at the end of the reporting period are as follows:

Amount in Lakhs

31 March 2022	In original currency (US$ in lakhs)	In local currency (₹ in lakhs)
Financial Assets		
Trade receivables	59.42	4,504.46
Cash and cash equivalents	1.49	112.58
	60.91	4,617.04
Financial Liabilities		
Borrowings	25.13	1,904.98
Trade payables	909.30	68,931.76
Other financial liabilities	5.11	387.40
Less: Forward currency call options	(700.00)	(53,064.99)
	239.54	18,159.15
Net exposure in respect of recognised financial assets and financial liabilities	(178.63)	(13,542.11)

Amount in Lakhs

31 March 2021	In original currency (US$ in lakhs)	In local currency (₹ in Lakhs)
Financial Assets		
Trade receivables	46.10	3,388.30
Cash and cash equivalents	3.59	263.69
	49.69	3,651.99
Financial Liabilities		
Borrowings	339.11	24,926.54
Trade payables	106.19	7,805.61
Other financial liabilities	3.48	255.92
Less: Forward currency call options	-	-
	448.78	32,988.07
Net exposure in respect of recognised financial assets and financial liabilities	(399.09)	(29,336.08)

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US$ against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Amount in ₹ Lakhs

	(Profit) or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
US$ (5% Movement)	**(677.11)**	**677.11**	**(440.50)**	**440.50**
31 March 2021				
US$ (5% Movement)	(1,466.80)	1,466.80	(954.24)	954.24

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current borrowings with floating rates, the risk of variation in the interest rates in mitigated through interest rate swaps. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Fixed rate instruments		
Financial assets	**12,416.59**	9,539.05
Financial liabilities	**(2,093.68)**	(25,133.78)
	10,322.91	(15,594.73)
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**(55,744.15)**	(46,775.51)
	(55,744.15)	(46,775.51)

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Amount in ₹ Lakhs

	(Profit) or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
Variable rate instruments	**(557.44)**	**557.44**	**(362.65)**	**362.65**
Cash flow sensitivity (net)	**(557.44)**	**557.44**	**(362.65)**	**362.65**
31 March 2021				
Variable rate instruments	(467.76)	467.76	(304.31)	304.31
Cash flow sensitivity (net)	(467.76)	467.76	(304.31)	304.31

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particulars foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

(c) Equity price risks

The Company's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis

Investment in equity instruments made by the Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. There is no significant investment outstanding as at 31 March 2022. Hence, sensitivity analysis is not given.

(d) The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

Amount in ₹ Lakhs

Particulars	Currency pair	Position	31 March 2022 Amount in foreign currency in lakhs	31 March 2022 Amount in ₹ in lakhs	31 March 2021 Amount in foreign currency in lakhs	31 March 2021 Amount in ₹ in lakhs
Foreign Currency Option contracts [**1**, (previous year Nil)]	US$/₹	Options	**700.00**	**53,064.99**	-	-

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Standalone Balance Sheet date:

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Not later than one month	**(6.36)**	-
Later than one month and not later than three months	**(1,123.64)**	-
Later than three months and not later than one year	**-**	48.69
	(1,130.00)	48.69

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

Amount in ₹ Lakhs

	31 March 2022 Derivative financial asset	31 March 2022 Derivative financial liability	31 March 2021 Derivative financial asset	31 March 2021 Derivative financial liability
Gross amount of recognised financial asset/ liability	**-**	**(1,130.00)**	48.69	-
Net amount presented in Standalone Balance Sheet	**-**	**(1,130.00)**	48.69	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2022 (Contd.)

43. Ratios to disclosed as per requirement of Schedule III to the Act

Amount in ₹ Lakhs

Particulars	Numerator	Denominator	As at 31 march 2022	As at 31 march 2021	% of variance	Explanation for change in the ratio by more than 25%
Liquidity Ratio						
(a) Current ratio (times)	Current assets	Current liabilities	**1.18**	1.25	(5.60%)	Not applicable
Solvency Ratio						
(b) Debt-equity ratio (times)	Total Debt	Shareholder's Equity	**0.32**	0.42	(23.81%)	Not applicable
(c) Debt service coverage ratio (times)	Earning for Debt Service (i.e. Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments like loss on sale of Fixed assets etc.)	Debt service (i.e. Interest & Lease Payments + Principal Repayments)	**0.26**	0.17	52.94%	Increase in profitability along with reduction in overall debt resulting into overall improvement in debt service coverage ratio
Profitability ratio						
(d) Net profit ratio (%)	Net profit after tax	Net sales	**2.33%**	2.78%	(16.11%)	Not applicable
(e) Return on equity ratio (%)	Net profit after taxes - preference dividend (if any)	Average shareholder's equity	**3.71%**	2.78%	33.36%	Mainly on account of increase in Shareholder's equity on account of profit for the period.
(f) Return on Capital employed (%)	Earning before interest and tax	Capital employed (i.e. tangible net worth + total debt + deferred tax liability)	**4.65%**	3.89%	19.54%	Not applicable
(g) Return on Investment (%)	Interest (finance income)	Average fixed deposits	**1.18%**	5.89%	-79.98%	It has reduced primarily on account of change in mix of FDs having different maturity dates as well as reduction in FD interest rates.
Utilisation ratio						
(h) Trade Receivables turnover ratio (times)	Net Credit Sales	Average trade receivables	**5.78**	4.41	31.07%	Due to increase in net credit sales on account of higher sales realisation.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

Particulars	Numerator	Denominator	As at 31 march 2022	As at 31 march 2021	% of variance	Explanation for change in the ratio by more than 25%
(i) Inventory turnover ratio	Cost of goods sold or sales	Average inventory	**4.08**	3.74	9.09%	Not applicable
(j) Trade payables turnover ratio (times)	Net credit purchases	Average trade payables	**5.83**	6.90	(15.51%)	Not applicable
(k) Net capital turnover ratio (times)	Net sales	Working capital	**10.91**	8.18	33.37%	Increase in turnover due to higher sales realisation

44. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Company's objective when managing capital are to: (a) maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital. The Company may take appropriate steps in order to maintain or adjust its capital structure.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Amount in ₹ Lakhs

Particulars		31 March 2022	31 March 2021
Borrowings	A	**57,837.83**	71,909.29
Liquid investments	B	**17,129.44**	5,027.73
TOTAL	C = A-B	**40,708.39**	66,881.56
Equity	D	**180,377.92**	170,828.08
Debt to Equity	E = A / D	**0.32**	0.42
Debt to Equity (net)	F = C / D	**0.23**	0.39

For the purpose of the Company's capital management

(a) Borrowings include as non-current borrowings, current borrowings and current maturities of non-current borrowings as described in note 19

(b) Equity includes issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Company as described in note 17 and 18.

(c) Liquid investments include cash and cash equivalents, mutual funds (refer note 9)

45. Segment information

See accounting policy in note 3(u)

The Company has presented segment information in the Consolidated financial statements which are presented in the same annual report. Accordingly, in terms of paragraph 4 of Ind AS 108 'Operating segment', no disclosures related to segments are presented in these Standalone financial statements.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

46. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Standalone financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

47. Due to micro enterprises and medium enterprises

The disclosure pursuant to the Micro, Small and Medium enterprise development Act, 2006 (MSMED Act) for dues to Micro enterprises and Small enterprises as at 31 March 2022 and 31 March 2021 are as under

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year:		
- Principal	**89.20**	183.54
- Interest	**-**	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	**-**	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	**-**	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	**-**	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	**-**	-

48. Distribution made and proposed dividend on equity shares

See accounting policy in note 3(q)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Dividend on equity shares declared and paid during the year		
Final dividend for the year ended on 31 March 2021: ₹ 0.15 per share (31 March 2020: ₹ 0.15 per share)	**628.45**	628.21
Total dividend paid	**628.45**	628.21
Proposed dividend on equity shares not recognised as liability		
Final dividend for the year ended on 31 March 2022: ₹ **0.20 per share** (31 March 2021: ₹ 0.15 per share)	**837.93**	628.45
Total dividend proposed for the year	**837.93**	628.45

Proposed dividend on equity shares is subject to the approval of the equity shareholders of the Company at the Annual General Meeting and not recognised as a liability as at Standalone Balance Sheet date.

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

49. Estimation of uncertainty due to COVID-19 pandemic

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including inventories, receivables, investments and other financial and non-financial assets. As per the assessment carried out by the Company based on the internal and external information available up to the date of approval of these standalone financial statements, the Company does not foresee any uncertainty related to recoverability or liquidation of the aforesaid assets and also about the ability of the non-financial assets to generate future economic benefits.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these Standalone financial statements and the Company will continue to closely monitor for any material changes to future economic conditions.

50. Other Statutory information

(i) **Details of benami property held**

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) **Borrowing secured against current assets**

The Company has taken working capital borrowings from banks and financial institutions on the basis of security of current assets. The quarterly statement filed to the banks and financial institutions are in agreement with the books of accounts:

(iii) **Willful defaulter**

The company have not been declared willful defaulter by any bank or financial institution or government or any government authority.

(iv) **Relationship with struck off companies**

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956 except the following:

Name of the struck off Company	Nature of transactions with struck off Company	Relationship with the struck off Companies	Number of shares outstanding 31st March 2021	Number of shares outstanding 31st March 2022	31-03-2022	31-03-2021
Frohar Trading Private Limited	Shares held by struck off Company	NA	1,700.00	1,700.00	1.26	0.01
Chandra Merchandise Private Limited	Shares held by struck off Company	NA	-	-	-	-
Satidham Industries Private Limited	Shares held by struck off Company	NA	-	-	-	-
K.S.Consultancy Services Private Limited	Shares held by struck off Company	NA	-	-	7.58	-
Multifold Agencies Private Limited	Shares held by struck off Company	NA	1,470.00	1,470.00	-	0.01
Trishul Vintrade Private Limited	Shares held by struck off Company	NA	590.00	590.00	-	-
Zenith Logistics Private Limited	Shares held by struck off Company	NA	120,000.00	120,000.00	22.29	50.04
Abhay Carriers Private Limited	Shares held by struck off Company	NA	771.00	771.00	-	-
Gold Mine Stocks Private Limited	Shares held by struck off Company	NA	400.00	400.00	1.78	-
Arvind Securities Private Limited	Shares held by struck off Company	NA	250.00	250.00	-	-

Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Contd.)

(v) **Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) **Compliance with approved scheme(s) of arrangements**

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) **Utilisation of borrowed funds and share premium**

No funds have been advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(viii) **Undisclosed income**

The Company do not have not any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

(ix) **Details of crypto currency or virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) **Valuation of PP&E, intangible asset and investment property**

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(xi) **Registration of charges or satisfaction with Registrar of Companies**

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(xii) **Utilisation of borrowings availed from banks and financial institutions**

The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were was taken.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Independent Auditor's Report

To the Members of Himadri Speciality Chemical Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Himadri Speciality Chemical Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities* for the Audit of the Consolidated *Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 4(A)(g) to the consolidated financial statements which describes accounting relating to claim under EPC contract, responses to the inquiries received from National Stock Exchange of India Limited (NSE) and Securities and Exchange Board of India (SEBI) seeking clarification from the Holding Company regarding a complaint filed by one of the Independent Director of the Holding Company alleging certain irregularities relating to inter-alia the said EPC contract and compliance with laws and regulations relating to related party transactions, etc. The note further explains that the Complainant, subsequent to the year ended 31 March 2022, has written back to NSE and SEBI that he has been satisfactorily provided with the necessary explanations and clarifications by the Holding Company and therefore has withdrawn his complaint. There is no regulatory action from NSE and SEBI yet in this regard. Pending final response from NSE and SEBI, if any, the outcome of the complaint filed against the Holding Company by the complainant cannot be determined currently. Further, the Holding Company had received a notice in the current year from an adjudicating authority of a dispute between the promoter shareholders/ promoter directors which has been subsequently withdrawn by the petitioner.

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.

Independent Auditor's Report (Contd.)

Litigation and regulatory proceedings

See Note 8 and 16 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2022, the Holding Company has, certain amount receivable from a customer (refer note 8) and given certain advances to a supplier (refer note 16), which are currently under arbitration proceedings from earlier years. The Holding Company applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the magnitude of the legal matters involved along with the fact that legal proceedings may span over an extended period and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and legal cases progress. The Holding Company has carried out independent assessment of the above matters and also obtained independent legal opinion to support their assessment around the outcome of these litigations that has led to their conclusion that no provision is required to be recognised in the books of account against the same. We considered this to be a matter of significance to our audit, given the inherent complexity of the matters, magnitude of potential exposures and the significant impact that the outcome of these litigations is likely to have on the consolidated financial statements for the year ended 31 March 2022.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Understood and evaluated the design and tested the operating effectiveness of controls around the assessment of this matter. • Discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the Holding Company. • Evaluated the independence and competency of legal expert engaged by the Holding Company. • Read the independent legal opinion obtained by the Holding Company from external legal counsel. • Obtained and tested evidence to support the Holding Company's assessment on recoverability of the amount receivable from a customer and advances given to supplier. • Assessed the appropriateness of disclosures in the consolidated financial statements of the Group.

Recoverability of MAT credit entitlement (a component of deferred tax assets)

See Note 33 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Holding Company has recognised Minimum Alternate Tax ('MAT') credit entitlement (a component of deferred tax assets) as at 31 March 2022. The utilisation of this asset will be through offsetting it when the Holding Company pays taxes under the normal provision of Income -tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income -tax Act, 1961. The Holding Company recognises MAT credit only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the period for which the MAT credit can be carried forward for set- off against the normal tax liability. This is based on profit earned during the current year and future profitability projections based on approved business plans. Significant estimation is involved in projecting future taxable profits and other assumptions affected by expected future market or economic conditions. Due to significant level of judgement as stated aforesaid we have identified recoverability of MAT credit entitlement as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Evaluated the accounting policy of MAT credit entitlement in terms of relevant accounting standard. • Tested the design, implementation and operating effectiveness of key controls regarding recoverability of MAT credit assets and budgeting procedures upon which the approved business plans are based. • Assessed the profit forecast prepared by the Holding Company by comparing it with the historical trends, current year performance and approved future business plans. • Evaluated the Holding Company's estimate regarding the period by which the MAT credit entitlement would be utilised. We compared the Holding Company's assessment to business plans and projections of future taxable profits. We verified such estimate to be within the period prescribed under the Income -tax Act, 1961. • Assessed the adequacy of related disclosures in the consolidated financial statements of the Group.

Independent Auditor's Report (Contd.)

Other Information

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

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive

Independent Auditor's Report (Contd.)

to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (Contd.)

Other Matters

a. We did not audit the financial statements of 2 subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹ 7,481.57 Lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of ₹ 75,177.52 Lakhs and net cash outflows (before consolidation adjustments) amounting to ₹ 279.74 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

b. These subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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 Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, 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 statement of cash flows 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 Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by

Independent Auditor's Report (Contd.)

the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on consolidated financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 8(d), 16(b), 24 and 35(a) to the consolidated financial statements.

b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 21 to the consolidated financial statements in respect of such items as it relates to the Group.

c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended 31 March 2022.

d. (i) The management of the Holding Company incorporated in India whose financial statements has been audited under the Act has represented to us that, to the best of it's knowledge and belief, as disclosed in the Note 50 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management of the Holding Company incorporated in India whose financial statements has been audited under the Act has represented to us that, to the best of it's knowledge and belief, as disclosed in the Note 50 to the consolidated financial statements, no funds have been received by the Holding Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or

Independent Auditor's Report (Contd.)

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

e. The final dividend paid by the Holding Company during the year, which was declared in the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 48 to the consolidated financial statements, the Board of Directors of the Holding Company has proposed final 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.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

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

Sd/-
Seema Mohnot
Partner
Membership No.: 060715
ICAI UDIN:22060715ANJIJF5146

Place: Kolkata
Date: 21 July 2022

Annexure A

to the Independent Auditor's Report on the Consolidated Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

According to the information and explanations given to us and based on our examination, there are no companies included in the consolidated financial statements of the Holding Company which are companies incorporated in India except the Holding Company. The Companies (Auditor's Report) Order, 2020 of the Holding Company did not include any unfavourable answers or qualifications or adverse remarks.

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

Sd/-
Seema Mohnot
Partner
Membership No.: 060715
ICAI UDIN:22060715ANJIJF5146

Place: Kolkata
Date: 21 July 2022

Annexure B

to the Independent Auditor's Report on the consolidated financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of Himadri Speciality Chemical Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company , as of that date.

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

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding 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 internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain

Annexure B

to the Independent Auditor's Report on the consolidated financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2022 (Contd.)

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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Sd/-
Seema Mohnot
Partner
Membership No.: 060715
ICAI UDIN:22060715ANJIJF5146

Place: Kolkata
Date: 21 July 2022

Consolidated Balance Sheet
as at 31 March 2022

Amount in ₹ Lakhs

	Note	31 March 2022	31 March 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4A	**151,404.47**	143,193.81
(b) Capital work-in-progress	5	**7,655.24**	15,961.03
(c) Right of use assets	4B	**3,082.03**	3,450.69
(d) Intangible assets	6	**66.72**	130.53
(e) Financial assets			
(i) Investments	7	**11,331.82**	6,605.00
(ii) Loans	11	**100.00**	100.00
(iii) Trade receivables	8	**1,003.87**	1,004.25
(iv) Other financial assets	12	**1,922.15**	1,719.71
(f) Non-current tax assets (net)	13	**737.48**	399.70
(g) Other non-current assets	14	**1,267.18**	1,810.54
Total non-current assets		**178,570.96**	174,375.26
(2) Current assets			
(a) Inventories	15	**77,150.65**	33,940.21
(b) Financial assets			
(i) Trade receivables	8	**50,503.45**	46,144.69
(ii) Cash and cash equivalents	9	**17,338.39**	5,271.66
(iii) Bank balances other than (ii) above	10	**9,162.75**	8,498.99
(iv) Loans	11	**225.05**	245.26
(v) Other financial assets	12	**1,257.29**	1,258.48
(c) Other current assets	16	**11,174.79**	9,382.80
Total current assets		**166,812.37**	104,742.09
TOTAL ASSETS		**345,383.33**	279,117.35
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	**4,189.65**	4,189.65
(b) Other equity	18	**182,574.09**	175,101.21
Equity attributable to the owners of the Company		**186,763.74**	179,290.86
Non-controlling interests		**(269.35)**	(68.69)
Total equity		**186,494.39**	179,222.17
(2) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**9,316.92**	8,439.32
(ii) Lease liabilities	35	**558.92**	706.39
(iii) Other financial liabilities	22	**25.77**	25.77
(b) Provisions	24	**432.60**	418.29
(c) Deferred tax liabilities (net)	33	**7,316.37**	6,178.78
Total non-current liabilities		**17,650.58**	15,768.55
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**48,520.91**	63,469.97
(ii) Lease liabilities	35	**282.11**	305.66
(iii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		**89.20**	183.54
- total outstanding dues of creditors other than micro enterprises and small enterprises		**77,770.95**	15,107.36
(iv) Derivatives	21	**1,130.00**	-
(v) Other financial liabilities	22	**6,309.40**	2,490.01
(b) Other current liabilities	23	**6,974.15**	2,408.33
(c) Provisions	24	**160.90**	161.76
(d) Current tax liabilities (net)	25	**0.74**	-
Total current liabilities		**141,238.36**	84,126.63
TOTAL EQUITY AND LIABILITIES		**345,383.33**	279,117.35
Significant accounting policies	3		
The accompanying notes form an integral part of the Consolidated financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner
Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Consolidated Statement of Profit and Loss
for the year ended 31 March 2022

Amount in ₹ Lakhs

		Note	Year ended 31 March 2022	Year ended 31 March 2021
I.	Revenue from operations	26	279,131.77	167,945.80
II.	Other income	27	722.16	1,404.66
III.	Total income (I + II)		279,853.93	169,350.46
IV.	Expenses			
	Cost of materials consumed	28	238,453.82	108,208.81
	Changes in inventories of finished goods and work-in-progress	29	(13,967.65)	15,182.91
	Employee benefits expense	30	8,076.66	7,611.14
	Finance costs	31	3,561.86	3,343.43
	Depreciation and amortisation expense	4A,4B and 6	4,954.76	4,697.42
	Other expenses	32	30,962.89	23,850.62
	Total expenses		272,042.34	162,894.33
V.	Profit before exceptional item and tax (III-IV)		7,811.59	6,456.13
VI.	Exceptional items	4A	(2,465.06)	-
VII.	Profit before tax (V-VI)		5,346.53	6,456.13
VIII.	Tax expenses			
	Current tax	33	1,389.29	1,184.06
	Deferred tax	33	51.76	545.45
	Total tax expenses		1,441.05	1,729.51
IX.	Profit for the year (VII-VIII)		3,905.48	4,726.62
X.	Other comprehensive income			
	A. Items that will not be reclassified subsequently to profit or loss			
	(a) Remeasurements of the net defined benefit plan		0.88	55.69
	(b) Net gain/ (loss) on investment in equity instruments accounted at fair value		4,726.82	1,939.06
	(c) Income-tax relating to items that will not be reclassified to profit or loss		(1,085.83)	(437.33)
	Net other comprehensive income not to be reclassified subsequently to profit or loss		3,641.87	1,557.42
	B. Items that will be reclassified subsequently to profit or loss			
	(a) Exchange differences in translating financial statements of foreign operations		323.09	115.18
	Net other comprehensive income to be reclassified subsequently to profit or loss		323.09	115.18
	Other comprehensive income for the year (net of income tax)		3,964.96	1,672.60
XI.	Total comprehensive income for the year (IX+X)		7,870.44	6,399.22
XII.	Profit attributable to:			
	Owners of the Company		4,094.65	4,747.76
	Non-controlling interests		(189.17)	(21.14)
	Profit after tax for the year		3,905.48	4,726.62
XIII.	Other comprehensive income attributable to:			
	Owners of the Company		3,976.45	1,675.13
	Non-controlling interests		(11.49)	(2.53)
	Other comprehensive income for the year		3,964.96	1,672.60
XIV.	Total comprehensive income attributable to:			
	Owners of the Company		8,071.10	6,422.89
	Non-controlling interests		(200.66)	(23.67)
	Total comprehensive income for the year		7,870.44	6,399.22
XV.	Earnings per equity share	34		
	[Face value of equity share ₹ **1** each (previous year ₹ 1 each)]			
	- Basic		0.98	1.13
	- Diluted		0.98	1.13
Significant accounting policies		3		
The accompanying notes form an integral part of the Consolidated financial statements.				

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Consolidated Statement of Changes in Equity
for the year ended 31 March 2022

A. Equity share capital

Amount in ₹ Lakhs

Particulars	Note	Number	Amount
Balance as at 1 April 2020		418,807,782	4,188.08
Changes in equity share capital during the year	17	157,496	1.57
Balance as at 31 March 2021		**418,965,278**	**4,189.65**
Changes in equity share capital during the year	17	-	-
Balance as at 31 March 2022		**418,965,278**	**4,189.65**

B. Other equity

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of Other comprehensive income		Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
		Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Currency translation reserve	Equity instruments through other comprehensive income			
Balance at 1 April 2020		1,280.50	45,532.25	3,535.67	15,419.94	340.27	104,486.82	(2,230.49)	862.36	169,227.32	(45.02)	169,182.30
Total comprehensive income for the year ended 31 March 2021												
Profit for the year 2020-21		-	-	-	-	-	4,747.76	-	-	4,747.76	(21.14)	4,726.62
Remeasurement of net defined benefit plan		-	-	-	-	-	36.16	-	-	36.16	-	36.16
Net change in fair value of Equity investments	18	-	-	-	-	-	-	117.71	1,521.26	1,638.97	(2.53)	1,636.44
Total comprehensive income for the year		-	-	-	-	-	4,783.92	117.71	1,521.26	6,422.89	(23.67)	6,399.22
Dividends	48	-	-	-	-	-	(628.21)	-	-	(628.21)	-	(628.21)
Issue of equity shares on exercise of employee stock option	17 and 39	-	39.50	-	-	(39.50)	-	-	-	-	-	-
Share based payments- Equity settled	39	-	28.35	-	-	50.86	-	-	-	79.21	-	79.21
Transfer from debenture redemption reserve	18	-	-	(3,535.67)	3,535.67	-	-	-	-	-	-	-
Balance at 31 March 2021		1,280.50	45,600.10	-	18,955.61	351.63	108,642.53	(2,112.78)	2,383.62	175,101.21	(68.69)	175,032.52

Consolidated Statement of Changes in Equity
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of Other comprehensive income		Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
		Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Currency translation reserve	Equity instruments through other comprehensive income			
Balance at 1 April 2021		1,280.50	45,600.10	-	18,955.61	351.63	108,642.53	(2,112.78)	2,383.62	175,101.21	(68.69)	175,032.52
Total comprehensive income for the year ended 31 March 2022												
Profit for the year 2021-22		-	-	-	-	-	4,094.65	-	-	4,094.65	(189.17)	3,905.48
Remeasurement of net defined benefit plan		-	-	-	-	-	0.51	-	-	0.51	-	0.51
Net change in fair value of Equity investments	18	-	-	-	-	-	-	334.58	3,641.36	3,975.94	(11.49)	3,964.45
Total comprehensive income for the year		-	-	-	-	-	4,095.16	334.58	3,641.36	8,071.10	(200.66)	7,870.44
Dividends	48	-	-	-	-	-	(628.45)	-	-	(628.45)	-	(628.45)
Share based payments- Equity settled	39	-	-	-	-	30.23	-	-	-	30.23	-	30.23
Balance at 31 March 2022		**1,280.50**	**45,600.10**	**-**	**18,955.61**	**381.86**	**112,109.24**	**(1,778.20)**	**6,024.98**	**182,574.09**	**(269.35)**	**182,304.74**

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of Reserves:

(i) **Capital reserve:** Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Holding Company's own equity instruments.

(ii) **Securities premium:** Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

(iii) **Debenture redemption reserve (DRR):** The Holding Company is required to create a debenture redemption reserve out of the profits as per the requirements of Companies (Share capital and Debentures) Rules, 2014 which will be available for the purpose of redemption of debentures. During the previous year ended 31 March 2021, entire DRR has been utilised pursuant to redemption of the non convertible debentures.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2022 (Contd.)

(iv) **General reserve:** It represents a portion of the net profit of the Group before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer of profit to general reserve is not mandatory under the Companies Act, 2013.

(v) **Share option outstanding reserve:** Share option outstanding reserve: The Holding Company has a stock option scheme under which options to subscribe for the Holding Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 39 for further details of these plans.

(vi) **Retained earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to equity shareholders.

Significant accounting policies 3

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Place: Kolkata
Date: 21 July 2022

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

Amount in ₹ Lakhs

		Year ended 31 March 2022		Year ended 31 March 2021	
A.	**Cash flows from operating activities**				
	Net profit before tax		**5,346.53**		6,456.13
	Adjustments for:				
	Depreciation and amortisation expense	**4,954.76**		4,697.42	
	Share based payments - Equity settled	**30.23**		50.86	
	Finance costs	**3,561.86**		3,343.43	
	Interest income	**(126.48)**		(286.92)	
	Net gain on sale of current investments carried at FVTPL	**-**		(9.33)	
	Impairment of Property, plant and equipment	**2,465.06**		-	
	Loss allowance for doubtful trade receivables	**-**		300.00	
	Unrealised foreign exchange fluctuation losses, net	**1,801.46**		462.03	
	Exchange differences in translating financial statements of foreign operations	**(209.46)**		(263.77)	
	Loss (net) on sale of property, plant and equipment	**7.55**		1.80	
	Cash generated from operations before working capital changes		**12,484.98**		8,295.52
	Operating cash flows before working capital changes		**17,831.51**		14,751.65
	Movement in working capital:				
	(Increase)/ Decrease in inventories	**(43,210.44)**		6,578.89	
	(Increase) in trade receivables	**(4,255.68)**		(16,635.12)	
	(Increase) in financial and other assets	**(1,967.16)**		(2,039.74)	
	Increase/ (Decrease) in trade payables	**61,618.95**		(7,765.01)	
	Increase in financial liabilities (net)	**216.78**		1,087.73	
	Increase in other liabilities and provisions (net)	**4,580.16**		1,340.41	
			16,982.61		(17,432.84)
	Cash generated/ (used in) from operations		**34,814.12**		(2,681.19)
	Taxes paid		**(1,726.33)**		(1,359.73)
	Net cash generated/ (used in) from operating activities		**33,087.79**		(4,040.92)
B.	**Cash flows from investing activities**				
	Purchase of property, plant and equipment	**(2,316.01)**		(3,500.94)	
	Proceeds from sale of property, plant and equipment	**7.27**		1.62	
	Purchase of intangible assets	**-**		(13.21)	
	Interest income received	**147.42**		192.97	
	Sale of current investments	**-**		11,569.33	
	Purchase of current investments	**-**		(11,560.00)	
	Redemption of bank deposits (having maturity of more than 3 months)	**8,665.80**		15,355.74	
	Investment in bank deposits (having maturity of more than 3 months)	**(9,327.06)**		(23,401.21)	
	Net cash (used in) investing activities		**(2,822.58)**		(11,355.70)
C.	**Cash flows from financing activities**				
	Proceeds from allotment of equity share under employee stock options	**-**		29.92	
	Proceeds from non-current borrowings	**5,026.59**		12,902.50	
	Repayment of non-current borrowings	**(4,301.71)**		(19,471.55)	
	(Repayment of)/ Proceeds from current borrowings (net)	**(15,054.74)**		27,888.13	
	Interest paid	**(3,119.92)**		(3,618.53)	
	Payment of lease liabilities (principal portion)	**(269.11)**		(143.72)	
	Payment of lease liabilities (interest portion)	**(45.43)**		(37.68)	
	Net proceeds/ (Outflow) on settlement of derivative contracts	**194.31**		(454.76)	
	Dividend paid	**(628.45)**		(628.21)	
	Net cash (used in)/ generated from financing activities		**(18,198.46)**		16,466.10

Consolidated Statement of Cash Flows
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Net increase in cash and cash equivalents (A+B+C)	**12,066.75**	1,069.48
Cash and cash equivalents at the beginning of the year (refer note 9)	**5,271.66**	4,202.83
Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)	**(0.02)**	(0.65)
Cash and cash equivalents at the end of the year (refer note 9)	**17,338.39**	5,271.66

Notes:

1. Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" specified under Section 133 of the Companies Act, 2013.
2. Purchase of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
3. Changes in liability arising from financing activities:

Amount in ₹ Lakhs

	1 April 2021	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2022
Borrowings (refer note 19)	71,909.29	(14,329.86)	246.90	-	11.50	57,837.83
Derivative contracts	(48.69)	194.31	-	-	984.38	1,130.00
Lease Liabilities	1,012.05	(314.54)	35.54	62.55	45.43	841.03

Amount in ₹ Lakhs

	1 April 2020	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2021
Borrowings (refer note 19)	50,489.69	21,319.08	58.90	-	41.62	71,909.29
Derivative contracts	175.88	(454.76)	-	-	230.19	(48.69)
Lease Liabilities	803.17	(181.40)	24.74	327.86	37.68	1,012.05

#Other changes with respect to borrowings and lease liabilities represent adjustment for effective interest and for derivative contracts it represents fair value changes.

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner
Membership No. 060715

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Place: Kolkata
Date: 21 July 2022

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022

1. Reporting entity

Himadri Speciality Chemical Limited ("the Holding Company" or "the Company") is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S. Road, Kolkata - 700 001 and corporate office situated at 8, India Exchange Place, 2nd floor, Kolkata -700 001. The Holding Company was originally incorporated on 28 July 1987 and its equity shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Holding Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Holding Company has operations in India and caters to both domestic and international markets. The Holding Company also has wholly-owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and step-down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Limited, incorporated in China, collectively referred to as "the Group".

During the year ended 31 March 2020, one of the wholly owned subsidiary of the Company, Equal Commodeal Private Limited, incorporated in India, has merged with the Holding Company pursuant to the Scheme of Amalgamation ("the Scheme") approved by the National Company Law Tribunal ("NCLT") vide order dated 14 October 2019 with effect from the Appointed Date of 1 April 2018.

2. Basis of preparation and measurement of Consolidated financial statements

(a) Basis of preparation

These Consolidated financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as the "Ind AS") notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act"), notified under Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, other relevant provisions and presentation requirements of Division II of Schedule III to the Act, as applicable.

The Consolidated financial statements were authorised for issue by the Board of Directors of the Holding Company at their meeting held on 21 July 2022.

(b) Functional and presentation currency

These Consolidated financial statements are presented in Indian Rupees (₹), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

(c) Basis of measurement

The Consolidated financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

(i) Derivative financial instruments measured at fair value;

(ii) Certain financial assets and financial liabilities measured at fair value;

(iii) Employee's defined benefit plan as per actuarial valuation; and

(iv) Employee share-based payments measured at fair value

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Key accounting estimates and judgements

The preparation of the Group's Consolidated 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. Estimates and underlying assumptions are reviewed on an ongoing basis. 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. The application of accounting policies that

Notes to the Consolidated Financial Statements

for the year ended 31 March 2022 (Contd.)

require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Consolidated financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. The changes in the estimates are reflected in the Consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated financial statements.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment and Other intangible assets

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/ component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets. See note 3(d) and 4A and 6 for details.

(ii) 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 certain valuation techniques. The inputs to these models are taken from observable market data 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 volatility risk and credit risk. See note 3(y) and 42 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuation using projected unit credit method. 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. See note 3(g) and 38 for details.

(iv) Employee share-based payments

The Group measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 39.

(v) Recognition of current tax and deferred tax (including MAT credit entitlements)

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

be paid or received after considering the uncertainty, if any, related to income taxes. 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 laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Section 115BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Holding Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ("MAT"). See note 3(n) and 33 for details.

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. In respect of litigation against receivables, advances and other matters, the Group evaluates amount to be provided for, if any, on the basis of merit of the ongoing legal proceedings and independent legal opinion obtained from the lawyers. See note 24 and 35(a) for details.

(vii) Impairment of financial assets

Certain key assumptions used in estimating recoverable cash flows. The Group reviews it's carrying value of investment in subsidiaries carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than it's carrying amount, the impairment loss is accounted for in the Standalone Statement of Profit and Loss. See note 7 for details.

(viii) Determination of Right of use (ROU) assets and liabilities

Certain key assumptions used in determination of ROU assets and liabilities, incremental borrowing rate and lease term. See note 4B and 35(c) for details.

(ix) Loss allowance on trade receivables

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with, and the countries where it operates. The identification of credit impaired balances of trade receivable requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables, and credit impaired expenses in the period in which such estimate has been changed. See note 8, 42 and 43 for details.

(e) Measurement of fair values

Number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Group has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in note 42.

(f) Basis of consolidation

(i) Subsidiaries

These Consolidated financial statements are prepared in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS 110), specified under Section 133 of the Act.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries considered in the Consolidated financial statements are:

Name of the Company	Country of incorporation	31 March 2022 shareholding %	31 March 2021 shareholding %
AAT Global Limited	Hong Kong	100%	100%
Shandong Dawn Himadri Chemical Industry Limited	China	94%	94%

(ii) Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

(iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiaries used in the consolidation procedures are drawn upto the same reporting date i.e 31 March 2022.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

Intra-group balances and transactions, and any unrealised income and expenses

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

arising from intra-group transactions, are eliminated.

3. Significant accounting policies

(a) Current and non-current classification

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

For the purpose of current and non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(b) (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at an average rate which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Group under Ind AS 101.

(ii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries) including fair value

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

adjustments arising on acquisition, are translated into Rs, the functional currency of the Holding Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rs at the exchange rates at the dates of the transactions or any average rate if the average rate approximately the actual rate at the date of the transaction.

When a foreign operation is disposed off in its entirety or partially such that control, significant influence is lost, the cumulative amount of exchange differences related to that foreign operation recognised in Other comprehensive income ("OCI") is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to Non-controlling interest ("NCI").

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset/ financial liabilities.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)– Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a. the asset is held within a business model whose objective is to hold assets 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 (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Consolidated Statement of Profit and Loss. This category generally applies to long-term deposits, loans, and long-term trade receivables.

Financial assets at fair value through Other Comprehensive Income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

In accordance with Ind AS 101, the Group has irrevocably designated its investment in equity instruments (other than investment in subsidiary) as FVOCI on the date of transition to Ind AS.

Financial assets at fair value through Profit or Loss (FVTPL)

All financial assets which are not classified as measured at amortised cost or FVOCI as described above, are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Consolidated Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Consolidated Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through fair value through Profit or Loss (FVTPL)

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. See note 3 (c) (v) for financial liabilities designated as hedging instruments.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables (including other financial liabilities) maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset:

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when

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its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Consolidated Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Consolidated Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 “Financial Instruments: Recognition and Measurement”. The use of hedge instruments is governed by the Group’s policies approved by the Board of Directors. The Group does not use these contracts for trading or speculative purposes.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the other equity under ‘effective portion of cash flow hedges. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Consolidated Statement of Profit and Loss.

All other hedged forecast transactions, the amount accumulated in other equity is reclassified to Consolidated Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Consolidated Statement of Profit and Loss.

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If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Consolidated Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Consolidated Statement of Profit and Loss. If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Consolidated Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Consolidated Statement of Profit and Loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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

An item of property, plant and equipment is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss. Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-current Assets".

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (c) above.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Capital work-in-progress

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/under development as at

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the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds/general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

(iv) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Consolidated Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for Property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on property, plant and equipment situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight-line basis over the period of respective lease, except land acquired on perpetual lease. Useful lives and residual values are reviewed at each financial year end and adjusted, as appropriate. Leasehold improvements are amortised/depreciated over the remaining tenure of the contract.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	3-25	5
Vehicles	8-10	6-10
Furniture and fittings	10	8-10

Based on technical assessment done by experts and management's estimate:

- Useful life of property, plant and equipment are different than those indicated in Schedule II to the Act, as stated above.
- Residual value on property, plant and equipment has been estimated at 5% of the cost, specified in Schedule II of the Act.

The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

(e) Other intangible assets

(v) Recognition and measurement

Other intangible assets includes Computer Software which are acquired by the Group and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loss.

Revenue expenditure on research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and

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development activities is capitalised and is depreciated according to the policy followed by the Group.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(vii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method over the useful lives of assets based on evaluation. The useful life of such intangible assets of Computer Software is 5 years. The amortisation period for other intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at twelve months ECL unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Consolidated Statement of Profit and Loss.

In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 - *Financial Instruments* for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including subsequent information.

(ii) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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The Group's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in current periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash 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) Employee share- based payment transactions

The Group recognises compensation expense relating to share-based payments in Consolidated Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions for (a) employee provident fund to Government administered provident fund scheme and (b) employee state insurance, which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a

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reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Holding Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

(v) Compensated absences

As per policy of the Group, employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Group records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Group. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

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(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligation is an obligation that derives from an entity's actions where:

i. by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and

ii. as a result, the entity has created a valid expectation on the part of those other parties that it will discharge such responsibilities.

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

The Group does not recognise a Contingent liability but discloses in the Consolidated financial statements.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

In the case of finished goods and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Raw materials held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(j) Revenue recognition

The Group's revenue primarily from sale of Carbon materials and chemicals, and power (generation and distribution).

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product.

At contract inception, the Group assess the goods promised in a contract with a customer and identifies as a performance obligation of each promise to transfer to the customer. Revenue from contracts with customers is recognised when control of goods is transferred to customers and the Group retains neither

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continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Sale of Power

The Group derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity produced to the electricity grid based on the agreed tariff rate. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

Significant financing component: Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods will be one year or less.

(k) Government grants/subsidy

Government grants are recognised in the Consolidated Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Government grants related to income under State Investment Promotion Scheme linked with VAT / GST payment, are recognised in the Consolidated Statement of Profit and Loss in the period in which they become receivable. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Export incentives

Government grants in the form of import duty exemption on purchase of property, plant and equipment, to be used for export of goods, are recognised as an income as and when export obligations are met as specified in EPCG Scheme.

(l) Recognition of divided income, interest income or expenses

Dividend income is recognised in Consolidated Statement of Profit and Loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest rate (EIR) method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That

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is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

(i) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment [refer to note 3(f)].

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs

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incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(n) Income-tax

Income tax expense comprises of current tax and deferred tax charge or credit. Current tax and deferred tax is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax assets are not recognised when there is lack of reasonable certainty.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

For items recognised in other comprehensive income or equity, deferred / current tax is also recognised in other comprehensive income or equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available

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against which such deferred tax asset can be realised.

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 laws that have been enacted or substantively enacted by the reporting date.

Minimum Alternate Tax (MAT)

In case of tax payable as Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT Credits are in the form of unused tax credits that are carried forward by the Holding Company for a specified period of time, hence it is grouped with Deferred Tax Asset. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(o) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Holding Company.

(r) Cash and bank balances

Cash and bank balances consist of:

Cash and cash equivalents - which includes cash in hand, cheques in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than 3 months from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

Other balances with bank- which includes balances and deposits with banks having maturity of more than three months but less than 12 months.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(t) Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Managing Director and Chief Executive Officer to make decisions about resources to be allocated to the segments and assess their performance. The Group has currently two reportable segments: (a) Carbon materials and chemicals; and (b) Power.

(v) Contingent liabilities

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.

(w) Exceptional items

When the items of income and expense within profit or loss are of such size, nature and incidence that their disclosure is relevant to explain the performance of the Group for the period, the nature and amount of such items is disclosed separately as exceptional items. Such items are material by nature or amount to the year's Consolidated financial statements and require separate disclosure in accordance with Ind AS.

(x) Business combination

The Group accounts for common control transaction in accordance with the applicable method prescribed under Ind AS 103 *Business Combinations* for common control transactions and also as per the provisions of the Scheme approved by National Company Law Tribunal, where all the assets and liabilities of the Transferor Company is recorded at the carrying value as on the Appointed Date.

(y) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI. Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2022 (Contd.)

(iv) Derivative financial liabilities

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value as at the reporting date.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Employee share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

(z) Recent Indian Accounting Standards (Ind AS)

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended to the existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1 April 2022. Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment – For items produced during testing / trail phase, clarification added that revenue generated out of the same shall not be recognised in the profit or loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets – Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 41 Agriculture – This aligns the fair value measurement therein with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.
- 'Ind AS 101 – First time Adoption of Ind AS – Measurement of Foreign Currency Translation Difference in case of subsidiary / associate / JV's date of transition to Ind AS is subsequent to that of Parent – FCTR in the books of subsidiary / associate / JV can be measured based Consolidated Financial Statements.
- Ind AS 103 – Business Combination – Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- 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.

The Group has evaluated the effect of the above on the financial statements and the impact is not material.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

FINANCIAL STATEMENTS STATUTORY REPORTS CORPORATE OVERVIEW

4A. Property, plant and equipment

See accounting policies in note 3(d) and 3(f) (ii)

Reconciliation of carrying amount

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Gross carrying amount									
Balance at 1 April 2020	4,226.01	123.53	13,053.60	175,707.28	1,030.23	1,728.37	2,173.67	391.45	198,434.14
Additions during the year	-	-	41.04	3,013.88	14.20	76.98	82.09	-	3,228.19
Discard/ disposals during the year	-	-	-	-	-	(44.51)	(1.63)	-	(46.14)
Exchange differences on translation of foreign operations	-	-	204.61	262.55	2.71	4.11	5.29	-	479.27
Balance at 31 March 2021	4,226.01	123.53	13,299.25	178,983.71	1,047.14	1,764.95	2,259.42	391.45	202,095.46
Balance at 1 April 2021	**4,226.01**	**123.53**	**13,299.25**	**178,983.71**	**1,047.14**	**1,764.95**	**2,259.42**	**391.45**	**202,095.46**
Additions during the year	**1,400.60**	**-**	**1,792.96**	**10,309.22**	**183.85**	**284.81**	**645.42**	**-**	**14,616.86**
Discard/ disposals during the year	**-**	**-**	**-**	**-**	**-**	**(70.82)**	**-**	**-**	**(70.82)**
Exchange differences on translation of foreign operations	**-**	**-**	**335.76**	**296.34**	**2.22**	**6.39**	**9.43**	**-**	**650.14**
Balance at 31 March 2022	**5,626.61**	**123.53**	**15,427.97**	**189,589.27**	**1,233.21**	**1,985.33**	**2,914.27**	**391.45**	**217,291.64**
Accumulated depreciation and amortisation									
Balance at 1 April 2020	-	6.20	3,550.95	47,391.75	721.00	964.21	1,827.33	84.59	54,546.03
Depreciation/ amortisation for the year	-	1.55	291.99	3,607.62	73.35	123.31	101.01	78.24	4,277.07
Discard/ disposals during the year	-	-	-	-	-	(41.59)	(0.67)	-	(42.26)
Exchange differences on translation of foreign operations	-	-	43.37	66.48	2.22	3.88	4.86	-	120.81
Balance at 31 March 2021	-	7.75	3,886.31	51,065.85	796.57	1,049.81	1,932.53	162.83	58,901.65
Balance at 1 April 2021	**-**	**7.75**	**3,886.31**	**51,065.85**	**796.57**	**1,049.81**	**1,932.53**	**162.83**	**58,901.65**
Depreciation/ amortisation for the year (refer note f)	**-**	**1.55**	**1,596.25**	**4,890.57**	**50.87**	**139.51**	**115.96**	**75.92**	**6,870.63**
Discard/ disposals during the year	**-**	**-**	**-**	**-**	**-**	**(56.00)**	**-**	**-**	**(56.00)**
Exchange differences on translation of foreign operations	**-**	**-**	**76.54**	**77.63**	**1.92**	**6.05**	**8.75**	**-**	**170.89**
Balance at 31 March 2022	**-**	**9.30**	**5,559.10**	**56,034.05**	**849.36**	**1,139.37**	**2,057.24**	**238.75**	**65,887.17**
Net carrying amount									
At 31 March 2021	4,226.01	115.78	9,412.94	127,917.86	250.57	715.14	326.89	228.62	143,193.81
At 31 March 2022	**5,626.61**	**114.23**	**9,868.87**	**133,555.22**	**383.85**	**845.96**	**857.03**	**152.70**	**151,404.47**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Notes:

(a) Title deeds of immovable properties not held in the name of the Holding Company:

Amount in ₹ Lakhs

Particulars	Description of the item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter or director	Property held since which date	Reason for not being held in the name of the Holding Company
As at 31 March 2022						
Property, plant and equipment	Freehold Land	518.86	Equal Commodeal Private Limited	No	2017-2019	Refer note below

The title deeds of leasehold Land are duly registered with appropriate authorities and title deeds of Freehold land amounting to ₹ **518.86 lakhs**, which were transferred to the Holding Company pursuant to the Scheme of Amalgamation, are in the process of transfer in the name of the Holding Company.

(b) As at 31 March 2022, Property, plant and equipment with net carrying amount of ₹ **140,176.22 lakhs** (31 March 2021: ₹ 130,179.83 lakhs) are subject to first charge to secure borrowings (refer note 19).

(c) Gross carrying amount includes Research and development assets (Building, Plant and equipment, Furniture and fixtures and Office equipment) of ₹ **1,874.31 lakhs** (31 March 2021: ₹ 1,847.41 lakhs) and net carrying amount of ₹ **1,033.96 lakhs** (31 March 2021: ₹ 1,075.07 lakhs). Additions to the Research and development assets during the year 2021-2022 is ₹ **26.90 lakhs** (2020-2021: ₹ 82.72 lakhs).

(d) Net foreign exchange loss/ (gain) amounting to ₹ **Nil lakhs** capitalised during the year (2020-2021: ₹ 5.38 lakhs).

(e) For contractual commitment with respect to Property, plant and equipment, refer note 35(b)(I)(i).

(f) It includes impairment of ₹ **2,465.06 lakhs** of Property, plant and equipment of step down subsidiary in China.

(g) The carbon black expansion project, which had started commercial production in the 4th quarter of 2019-20, was set up under an EPC contract executed by a related party, as approved by the Board of Directors and the shareholders of the Holding Company. The Holding Company, during the year ended 31 March 2021 had received final additional claim of ₹ 53.02 Crores from the EPC contractor for enhancements/additional work which had not been considered in the books of account for the year then ended. Further, the Holding Company had issued final purchase/job orders amounting to ₹ 22.32 Crores to various third-party contractors for certain works. The Holding Company's Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of these additional claims and purchase/ job orders, on which some of the directors of the Holding Company had raised concerns. Subsequently, the Holding Company had received the final technical report of the independent engineering firm, dated 20 May 2021 as per which there were some overlap in the scope of the original EPC contract, additional work (not covered under the original scope of work) executed by EPC contractor. The findings of this report were discussed and taken on record by the Audit Committee of the Holding Company in its meeting held on 10 June 2021 and the Board of Directors of the Holding Company in its meetings held on 10 June and 22 June 2021. Post receipt and consideration of the technical report, pursuant to its earlier decision of 22 October 2020, the Holding Company's Board of Directors, in its meeting held on 22 June 2021, had approved the appointment of an independent financial firm to carry out the financial reconciliation.

The Holding Company has received multiple emails from National Stock Exchange of India Ltd (NSE) and Securities and Exchange Board of India (SEBI) seeking clarification from the Holding Company regarding a complaint filed by one of the Independent Director of the Holding Company alleging certain irregularities relating to inter-alia the above stated EPC contract, insider trading provisions, compliance with laws and

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

regulations relating to related party transactions, etc. The Holding Company has submitted its response to NSE and SEBI. There is no regulatory action from NSE and SEBI yet in this regard. The management is of the view that, as detailed response has been submitted to NSE and SEBI, this will not have any significant impact on the financial statements of the current or previous years of the Holding Company.

Subsequent to the year ended 31 March 2022, the Holding Company has received the financial reconciliation report from the financial consultant. The Holding Company's Board of Directors and Audit committee has considered both the technical and the financial report in tandem and has approved a net additional claim of ₹ 39.85 Crores, subject to shareholders approval. Necessary accounting adjustments (including depreciation impact of ₹ 1.00 crore) have been made in the financial statements for the current year as adjusting events post balance sheet date. Further, the Holding Company's Directors (including the Independent Director) who had earlier raised concerns relating to the above mentioned EPC contract, have written back to the Holding Company and other relevant authorities (including NSE, SEBI etc.), that they have satisfactorily received necessary responses to all the queries / concerns raised over the past period and therefore have withdrawn their complaints and they do not wish to pursue the same any further. The management believes that with the withdrawal of complaint as well as providing adequate responses to the authorities, no further action is currently needed and is of the view that the above matters will not have any additional significant impact on the financial statements of the Holding Company. The Holding Company had also received a notice from an adjudicating authority of a dispute between the promoter shareholders/ promoter directors which has been subsequently withdrawn by the petitioner. The promoters shareholders / promoter directors have also entered into family settlement agreement to settle their disputes.

4B. Right of use assets

See accounting policies in note 3(f)(ii) and 3(m)

Amount in ₹ Lakhs

	Land	Buildings	Total
Gross carrying amount			
Balance at 1 April 2020	3,664.08	155.27	3,819.35
Additions during the year	-	337.14	337.14
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	43.84	-	43.84
Balance at 31 March 2021	3,707.92	492.41	4,200.33
Balance at 1 April 2021	**3,707.92**	**492.41**	**4,200.33**
Additions during the year	**-**	**63.42**	**63.42**
Discard/ disposals during the year	**-**	**(30.05)**	**(30.05)**
Exchange differences on translation of foreign operations	**75.88**	**-**	**75.88**
Balance at 31 March 2022	**3,783.80**	**525.78**	**4,309.58**
Accumulated amortisation			
Balance at 1 April 2020	372.44	15.81	388.25
Amortisation during the year	274.54	78.88	353.42
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	7.97	-	7.97
Balance at 1 April 2021	654.95	94.69	749.64

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for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	Land	Buildings	Total
Balance at 1 April 2021	654.95	94.69	749.64
Amortisation during the year	279.73	205.65	485.38
Discard/ disposals during the year	-	(30.05)	(30.05)
Exchange differences on translation of foreign operations	22.58	-	22.58
Balance at 31 March 2022	**957.26**	**270.29**	**1,227.55**
Net carrying amount			
At 31 March 2021	3,052.97	397.72	3,450.69
At 31 March 2022	**2,826.54**	**255.49**	**3,082.03**

5. Capital work-in-progress

See accounting policy in note 3(d)(iii)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Balance at the beginning of the year	**15,961.03**	15,837.73
Additions during the year	**5,660.38**	2,974.99
Capitalised during the year	**(13,966.17)**	(2,851.69)
Balance at the end of the year	**7,655.24**	15,961.03

(a) CWIP completion schedule for capital work in progress ,whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	To be completed in:				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2021:					
(i) Carbon Black Expansion Project	11,132.86	-	-	-	11,132.86
(ii) Carbon Black Other Capex	1,080.43	-	-	-	1,080.43
(iii) Pitch Plant normal Capex items	991.45	-	-	-	991.45
(iv) SNF Plant normal Capex items	559.90	-	-	-	559.90
(v) Advance Carbon Black Project	1,999.48	-	-	-	1,999.48
Total	15,764.12	-	-	-	15,764.12
As at 31 March 2022:*					
(i) Carbon Black Expansion Project	**2,825.69**	**-**	**-**	**-**	**2,825.69**
(ii) Carbon Black Other Capex	**327.80**	**-**	**-**	**-**	**327.80**
(iii) Pitch Plant normal Capex items	**764.52**	**-**		**-**	**764.52**
(iv) SNF Plant normal Capex items	**576.40**	**-**	**-**	**-**	**576.40**
(v) Advance Carbon Black Project	**2,217.88**	**-**	**-**	**-**	**2,217.88**
Total	**6,712.29**	**-**	**-**	**-**	**6,712.29**

* Based on revised completion date

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

(b) Details of projects where activity has been suspended - Not applicable

6. Intangible assets

See accounting policies in note 3(e) and 3(f) (ii)

Reconciliation of carrying amount of Computer software

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Gross carrying amount		
Balance at the beginning of the year	311.33	298.12
Additions during the year	-	13.21
Balance at the end of the year	311.33	311.33
Accumulated amortisation		
Balance at the beginning of the year	180.80	113.87
Amortisation during the year	63.81	66.93
Balance at the end of the year	244.61	180.80
Net carrying amount	66.72	130.53

Intangible assets under development - Nil

No indicator of impairment were identified during the current year, hence intangible assets were not tested for impairment.

7. Investments

See accounting policies in note 3(c)(i) - (iv) and 3(f)(i)

A. Non-current investments

(All the investments are fully paid, unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Investments carried at fair value through other comprehensive income (FVOCI)		
Equity instruments		
Quoted		
334,900 (31 March 2021: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	576.03	509.05
8,000 (31 March 2021: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	1.76	1.34
	577.79	510.39
Unquoted		
17,000 (31 March 2021: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	2.14	2.15
2 (31 March 2021: 2) equity shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)	3.43	1.93
1 (31 March 2021: 1) equity share of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	0.03	0.02
	5.60	4.10

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Preference shares (unquoted)		
1,248,774 (31 March 2021: 1,248,774) 1% Non-cumulative optionally convertible preference shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each) (refer note a)	**10,701.99**	6,044.07
	10,701.99	6,044.07
Investments carried at fair value through profit or loss (FVTPL)		
Preference shares (unquoted)		
463,702 (31 March 2021: 463,702) 1% Non-cumulative redeemable preference shares of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	**46.37**	46.37
	46.37	46.37
Government securities (unquoted) carried at amortised cost		
Kisan Vikas Patra (deposited with sales tax authorities)	**0.07**	0.07
	11,331.82	6,605.00
Aggregate book value of quoted investments	**577.79**	510.39
Aggregate market value of quoted investments	**577.79**	510.39
Aggregate value of unquoted investments (net)	**10,754.03**	6,094.61
Investment carried at amortised cost	**0.07**	0.07
Investment carried at fair value through profit or loss (FVTPL)	**46.37**	46.37
Investment carried at fair value through other comprehensive income (FVOCI)	**11,285.38**	6,558.56

(a) OCPS are convertible/ redeemable at any time before the expiry of 20 years from the date of allotment (i.e March 2019) at the option of the Issuer. Each OCPS, if not opted for conversion shall be redeemable at value equal to fair market value (post considering the market value of underlying assets) of the proportionate equity shares of the Issuer (if it were converted) as on 1 June 2018 (i.e. amalgamation appointed dated). The outstanding OCPS, if not redeemed, would be converted into equity shares at any time at the option of the Issuer, but not later than 20 years from the date of allotment at the option of the Issuer in a manner that the Holding Company would obtain same proportion of equity shareholding (ownership) of the Issuer as on 1 June 2018 i.e. 7.7% of the total outstanding as on 1 June 2018 and would be subject to any dilution thereof pursuant to fresh allotment by MHPL.

Information about the Group's fair value measurement and exposure to credit and market risks are disclosed in note 42 and 43.

B. Investments designated at fair value

	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
Fair value through other comprehensive income	**31 March 2022**	**2021-22**	31 March 2021	2020-21	1 April 2020
Equity shares					
Investment in Himadri Credit & Finance Limited	**576.03**	-	509.05	-	381.79
Investment in Transchem Limited	**1.76**	-	1.34	-	1.30
Investment in Modern Hi-Rise Private Limited	**3.43**	-	1.93	-	1.35

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
Fair value through other comprehensive income	**31 March 2022**	**2021-22**	31 March 2021	2020-21	1 April 2020
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	**0.03**	-	0.02	-	0.02
Investment in Himadri e-Carbon Limited	**2.14**	-	2.15	-	1.45
Preference shares					
Investment in Modern Hi-Rise Private Limited	**10,701.99**	-	6,044.07	-	4,233.59
Fair value through profit or loss (FVTPL)					
Preference shares					
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	**46.37**	-	46.37	-	46.37
	11,331.75	-	6,604.93	-	4,665.87

8. Trade receivables

See accounting policy in note 3(c) (i)-(iv) and (f) (i)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Trade receivable considered good - secured	**1,783.37**	1,990.37
Trade receivable considered good - unsecured	**50,440.96**	45,875.58
	52,224.33	47,865.95
Less: Loss allowance	**(717.01)**	(717.01)
	51,507.32	47,148.94
Non-current	**1,003.87**	1,004.25
Current	**50,503.45**	46,144.69
	51,507.32	47,148.94
(a) Movement in loss allowance		
Balance as at beginning of the year	**717.01**	417.01
Change in loss for allowance during the year	**-**	300.00
Trade receivables written off during the year	**-**	-
Balance as at the end of the year	**717.01**	717.01

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

(b) Trade receivables ageing schedule is as follows:

Particulars	Outstanding for following periods from due date of payment						
	Not Due	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
As at 31 March 2022							
(i) Undisputed Trade receivables:							
- considered good	**41,865.41**	**8,452.03**	**298.12**	**210.39**	**68.25**	**43.28**	**50,937.48**
(ii) Disputed Trade receivables:							
- considered good	**-**	**-**	**-**	**-**	**-**	**1,003.87**	**1,003.87**
- credit impaired	**-**	**-**	**-**	**9.31**	**14.00**	**259.67**	**282.98**
Total	**41,865.41**	**8,452.03**	**298.12**	**219.70**	**82.25**	**1,306.82**	**52,224.33**

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2021							
(i) Undisputed Trade receivables:							
- considered good	38,506.53	7,590.72	99.26	107.15	66.16	209.30	46,579.12
(ii) Disputed Trade receivables:							
- considered good	-	-	-	-	-	1,004.25	1,004.25
- credit impaired	-	9.29	-	14.00	197.41	61.88	282.58
Total	38,506.53	7,600.01	99.26	121.15	263.57	1,275.43	47,865.95

(c) For trade receivables, secured against borrowings, refer note 19.

(d) Non-current trade receivables represent an amount of ₹ **1,003.87 lakhs** (31 March 2021: ₹ 1,004.25 lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Holding Company, the Holding Company continues to believe that the outcome of the said proceedings would be in favour of the Holding Company.

(e) No trade receivables are due from directors of the Group either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(f) Information about the Group's exposure to credit, market and currency risks, and loss allowances related to trade receivables are disclosed in note 43.

9. Cash and cash equivalents

See accounting policy in note 3(r)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Cash on hand	**65.59**	64.41
Balances with banks		
- On current accounts	**14,155.82**	4,127.46
- On EEFC accounts	**112.58**	263.04
- On deposit account (with original maturities less than 3 months)	**3,004.40**	816.75
	17,338.39	5,271.66

Bank deposits of ₹ **4.40 lakhs** (31 March 2021: ₹ 4.25 lakhs) have been pledged with the banks against various credit facilities availed by the Group.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

10. Bank balances other than cash and cash equivalents

See accounting policy in note 3(r)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date [refer note (a) below]	9,132.78	8,470.82
Earmarked balances with banks		
- Earmarked balances with banks for unpaid dividend accounts	29.70	27.90
- Others deposits [refer note (b) below]	0.27	0.27
	9,162.75	8,498.99

(a) Bank deposits of ₹ **120.38 lakhs** (31 March 2021: ₹ 108.82 lakhs) have been pledged with various banks against various credit facilities availed by the Holding Company.

(b) Earmarked balances with banks of ₹ **0.27 lakhs** (31 March 2021: ₹ 0.27 lakhs) is held as security against various credit facilities availed by the Holding Company.

11. Loans

See accounting policy in note 3(c) (i) - (iv) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Loan to employees	100.00	100.00
	100.00	100.00
Current		
Loan to employees	133.82	160.01
To related party -		
Loan to employees (including interest receivable) (refer note 40)*	91.23	85.25
	225.05	245.26
	325.05	345.26
Loan receivables considered good - secured	-	-
Loan receivables considered good - unsecured	325.05	345.26
	325.05	345.26

Information about the Group's exposure to credit and market risks are disclosed in note 43.

*Loan to employees include ₹ **91.23 lakhs** (31 March 2021: ₹ 85.25 lakhs) due from a Key Management Personnel (KMP) of the Holding Company. Maximum balance outstanding during the year is ₹ **91.23 lakhs** (31 March 2021: 85.25 Lakhs)

12. Other financial assets

See accounting policy in note 3(c) (i) - (v) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Security and other deposits	1,912.89	1,709.46
Bank deposits due to mature after 12 months of the reporting date	8.97	9.67
Interest accrued on bank deposits	0.29	0.58

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
	1,922.15	1,719.71
Current		
Receivable from parties other than related parties		
Security and other deposits	**535.16**	547.57
Interest accrued on bank deposits	**75.58**	96.23
Insurance claim receivable	**-**	8.30
Export incentive receivable	**19.64**	0.63
Derivatives	**-**	48.69
Government grants receivable	**557.06**	557.06
Other receivable	**69.85**	-
	1,257.29	1,258.48
	3,179.44	2,978.19

Bank deposits of ₹ **8.97 lakhs** (31 March 2021: ₹ 9.67 lakhs) have been pledged with various banks against various credit facilities availed by the Group.

Information about the Group's exposure to credit and market risks are disclosed in note 43.

13. Non-current tax assets (net)

See accounting policy in note 3(n)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Advance income tax	**737.48**	399.70
[net of provision for income tax ₹ **25,997.06 lakhs** (31 March 2021: ₹ 24,591.00 lakhs)]		
	737.48	399.70

14. Other non-current assets

(Unsecured, considered good)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Capital advances		
To a related party (refer note 40)	**-**	327.70
Other than related party	**287.19**	510.00
Deposits with government authorities (Custom, excise etc.)	**860.30**	849.77
Prepaid expenses	**119.69**	123.07
	1,267.18	1,810.54

15. Inventories

See accounting policy in note 3(i)

(Valued at the lower of cost and net realisable value)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Raw materials [including goods-in-transit ₹ **1,688.84 lakhs** (31 March 2021: ₹ 573.55 lakhs)]	**48,148.77**	18,166.27

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Work-in-progress	**9,125.22**	3,336.02
Finished goods	**16,075.11**	7,889.37
Packing materials	**713.69**	679.43
Stores and spares	**3,087.86**	3,869.12
	77,150.65	33,940.21

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

16. Other current assets

(Unsecured considered good unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Parties other than related parties		
Advances to suppliers		
Unsecured, considered good [refer note (b) below]	**10,097.36**	7,744.82
Unsecured, considered doubtful	**216.75**	216.75
	10,314.11	7,961.57
Less: Allowances for unsecured advances [refer note (a) below]	**(216.75)**	(216.75)
	10,097.36	7,744.82
Others		
Balance with government authorities	**783.61**	1,344.01
Others (prepaid expenses and other receivables)	**293.82**	293.97
	11,174.79	9,382.80
(a) Movement in allowances for unsecured advances		
Balance as at beginning of the year	**216.75**	216.75
Changes in allowances for advances during the year	**-**	-
Advances written off during the year	**-**	-
Balance as at the end of the year	**216.75**	216.75

(b) Advances to suppliers includes ₹ **833.93 lakhs** (31 March 2021: ₹ 833.93 lakhs) as advance given in earlier years to a supplier against supply of raw materials which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Holding Company, the Holding Company continues to believe that the outcome of the said proceedings would be in favour of the Holding Company.

Other receivables includes prepaid expenses and advance for expenses.

17. Equity share capital

See accounting policy in note 3(p)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Authorised*		
700,100,000 (31 March 2021: 700,100,000) equity shares of ₹ 1 each	**7,001.00**	7,001.00
Issued, subscribed and fully paid-up		
418,965,278 (31 March 2021: 418,965,278) equity shares of ₹ 1 each	**4,189.65**	4,189.65

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

	4,189.65	4,189.65

* Pursuant to the merger of Equal Commodeal Private Limited with the Holding Company, vide National Company Law Tribunal order dated 14 October 2019 with effect from appointed date of 1 April 2018, authorised share capital amounting to ₹ 1 lakh of Equal Commodeal Private Limited stands transfer to authorised equity share capital of the Holding Company.

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	**Amount**	Number	Amount
At the beginning of the year	**418,965,278**	**4,189.65**	418,807,782	4,188.08
Add: Equity shares issued during the year (refer note 39)	**-**	**-**	157,496	1.57
At the end of the year	**418,965,278**	**4,189.65**	418,965,278	4,189.65

B. Rights, preferences and restrictions attached to equity shares

The Holding Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Holding Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Holding Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Holding Company.

On winding up of the Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Equity shares held by upstream associates (shareholders of the Holding Company) having significant influence over the Holding Company

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	**Amount**	Number	Amount
Modern Hi-Rise Private Limited	**182,599,607**	**1,826.00**	182,599,607	1,826.00

D. Details of equity shareholders holding more than 5% shares of fully paid up equity shares of the aggregate equity shares of the Holding Company

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	**% of total shares in the class**	Number	% of total shares in the class
Equity shares of ₹ 1 each fully paid up held by:				
Modern Hi-Rise Private Limited	**182,599,607**	**43.58%**	182,599,607	43.58%
BC India Investments	**-**	**0.00%**	48,178,860	11.50%

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

E. Shareholding of promoters are as follows:

	Number of shares at the beginning of the year	Change during the year	Number of shares at the end of the year	% of total shares in the class	% change during the year
As at 31 March 2022					
Equity shares of ₹ 1 each fully paid up held by:					
Modern Hi-Rise Private Limited	**182,599,607**	**-**	**182,599,607**	**43.58%**	**-**
Himadri Credit & Finance Limited	**1,484,067**	**-**	**1,484,067**	**0.36%**	**-**
Vijay Kumar Choudhary	**3,266,640**	**-**	**3,266,640**	**0.79%**	**-**
Bankey Lal Choudhary	**1,484,280**	**-**	**1,484,280**	**0.35%**	**-**
Tushar Choudhary	**1,484,280**	**-**	**1,484,280**	**0.35%**	**-**
	190,318,874	**-**	**190,318,874**	**45.43%**	**-**

	Number of shares at the beginning of the year	Change during the year	Number of shares at the end of the year	% of total shares in the class	% change during the year
As at 31 March 2021					
Equity shares of ₹ 1 each fully paid up held by:					
Modern Hi-Rise Private Limited	182,599,607	-	182,599,607	43.58%	-
Himadri Credit & Finance Limited	9,487,000	(8,002,933)	1,484,067	2.27%	(1.91%)
Mr. Vijay Kumar Choudhary	3,266,640	-	3,266,640	0.79%	-
Mr. Shyam Sundar Choudhary	3,234,280	(3,234,280)	-	0.77%	(0.77%)
Mr. Damodar Prasad Choudhary	1,484,280	(1,484,280)	-	0.35%	(0.35%)
Mr. Bankey Lal Choudhary	1,484,280	-	1,484,280	0.35%	-
Mr. Tushar Choudhary	-	1,484,280	1,484,280	0.00%	0.35%
Ms. Sushila Devi Choudhary	850,000	(850,000)	-	0.20%	(0.20%)
Ms. Saroj Devi Choudhary	822,850	(822,850)	-	0.20%	(0.20%)
Ms. Kanta Devi Choudhary	822,850	(822,850)	-	0.20%	(0.20%)
Ms. Sheela Devi Choudhary	763,420	(763,420)	-	0.18%	(0.18%)
	204,815,207	(14,496,333)	190,318,874	48.89%	(3.46%)

F. Shares reserved for issue under options

See accounting policies in note 3(g)(ii)

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Number	**Amount**	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): **1,571,812** (31 March 2021: 1,658,343) equity shares of ₹ 1 each (refer note 39)	**1,571,812**	**15.72**	1,658,343	16.58

Information of stock options granted to employees are disclosed in note 39 regarding share based payments.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

G. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

No equity shares have been allotted as fully paid up pursuant to contracts for consideration other than cash during the period of five years immediately preceeding the reporting date.

18. Other equity

Refer Consolidated statement of changes in equity for detailed movement in other equity balance.

A. Movement in other equity balance

Amount in ₹ Lakhs

Components	1 April 2020	Movement during the year	31 March 2021	Movement during the year	31 March 2022
Capital reserve	1,280.50	-	1,280.50	-	1,280.50
Securities premium	45,532.25	67.85	45,600.10	-	45,600.10
Debenture redemption reserve	3,535.67	(3,535.67)	-	-	-
General reserve	15,419.94	3,535.67	18,955.61	-	18,955.61
Share option outstanding reserve	340.27	11.36	351.63	30.23	381.86
Retained earnings	104,486.82	4,155.71	108,642.53	3,466.71	112,109.24
Items of other comprehensive income:					
- Currency translation reserve	(2,230.49)	117.71	(2,112.78)	334.58	(1,778.20)
- Equity instruments through Other Comprehensive income	862.36	1,521.26	2,383.62	3,641.36	6,024.98
	169,227.32	5,873.89	175,101.21	7,472.88	182,574.09

B. Other comprehensive income accumulated in other equity (net of income-tax)

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Currency translation reserve	Equity instruments through other comprehensive income	Total other comprehensive income
As at 1 April 2020	(2,230.49)	862.36	(1,368.13)
Equity instruments through other comprehensive income - net change in fair value	-	1,939.06	1,939.06
Exchange differences in translating financial statements of foreign operations	117.71	-	117.71
Tax on above items	-	(417.80)	(417.80)
As at 31 March 2021	(2,112.78)	2,383.62	270.84
As at 1 April 2021	**(2,112.78)**	**2,383.62**	**270.84**
Equity instruments through other comprehensive income - net change in fair value	**-**	**4,726.82**	**4,726.82**
Exchange differences in translating financial statements of foreign operations	**334.58**	**-**	**334.58**
Tax on above items	**-**	**(1,085.46)**	**(1,085.46)**
As at 31 March 2022	**(1,778.20)**	**6,024.98**	**4,246.78**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (iv)

Amount in ₹ Lakhs

	Interest	Maturity	31 March 2022	31 March 2021
Non-current borrowings				
Secured				
Term loans				
Rupee term loan (secured)	refer note [A(i)] below			
From banks			**13,064.04**	12,309.12
Loan against vehicles and equipments (secured)	7%-8.3%	2022-25	**188.70**	207.24
			13,252.74	12,516.36
Less: Current maturities of non-current borrowings			**(3,935.82)**	(4,077.04)
			9,316.92	8,439.32

	31 March 2022	31 March 2021
Current borrowings		
Secured		
From banks (repayable on demand)		
Rupee loans	**31,180.11**	21,466.39
Foreign currency loans	**1,904.98**	24,926.54
	33,085.09	46,392.93
Current maturities of non-current borrowings	**3,935.82**	4,077.04
Unsecured		
From banks (repayable on demand)		
Rupee loans	**11,500.00**	13,000.00
	48,520.91	63,469.97

Information about the Group's exposure to fair value measurement, interest rate, currency and liquidity risks related to borrowings are disclosed in note 42 and 43.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

A. Terms of repayment/ conversion/ redemption

Term loans

Amount in ₹ Lakhs

Name of the lender	Interest	Repayment schedule	31 March 2022	31 March 2021
(i) Rupee term loans				
Axis Bank Limited [₹ **Nil** (31 March 2021: ₹ 1,002.00 lakhs)]	6M MCLR + 0.20%		**-**	1,005.69
HDFC Bank Limited [₹ **8,125.00 lakhs** (31 March 2021: ₹ 11,375.00)]	3 Month Repo Rate + 2.75%	Repayable at quarterly rest: 10 of ₹ 812.50	**8,085.93**	11,303.43
Kotak Mahindra Bank Limited [₹ **5,000.00 lakhs** (31 March 2021: ₹ Nil)]	3 Month REPO Rate+ 1.75%	Repayable at quarterly rest: 16 of ₹ 312.50	**4,978.11**	-
(ii) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.				

B. Details of security

(i) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable Property, plant and equipment on pari passu basis with other lenders.

Rupee term loans from HDFC Bank Limited is secured by way of pari passu first charge on the movable fixed assets of the Holding Company and equitable mortgage on the Mahistikry Unit of the Holding Company situated in West Bengal.

Rupee term loans from Kotak Mahindra Bank Limited is secured by way of pari passu first charge on the movable fixed assets of the Holding Company and equitable mortgage on the Mahistikry Unit of the Holding Company situated in West Bengal.

(ii) Loans against vehicles and equipments are secured by way of hypothecation of the underlying asset financed.

(iii) Current borrowings from banks aggregating to ₹ **33,085.09 lakhs** (31 March 2021: ₹ 46,392.93 lakhs) are secured by hypothecation of currents assets of the Holding Company both present and future on pari passu basis. Further, working capital loan from banks aggregating to ₹ **758.66 lakhs** (31 March 2021: ₹ 13,002.83 lakhs) is also secured by subservient charge on moveable Property, plant and equipment of the Holding Company.

20. Trade payables

See accounting policy in note 3(c) (i) - (iv)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Trade payable for goods and services		
- total outstanding dues of micro enterprises and small enterprises (refer note 47)	**89.20**	183.54
- total outstanding dues of creditors other than micro enterprises and small enterprises	**34,816.10**	14,667.15
(b) Acceptances	**42,954.85**	440.21
	77,860.15	15,290.90

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current	-	-
Current	77,860.15	15,290.90
	77,860.15	15,290.90

(c) Trade payables ageing:

Particulars	Outstanding for following periods from the transaction date				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022					
(i) MSME	89.20	-	-	-	89.20
(ii) Others	27,673.57	1,306.92	39.37	178.19	29,198.05
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-
Total	27,762.77	1,306.92	39.37	178.19	29,287.25
Add: Accrued Liabilities	-	-	-	-	5,618.05
					34,905.30

Particulars	Outstanding for following periods from the transaction date				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2021					
(i) MSME	183.54	-	-	-	183.54
(ii) Others	9,174.76	101.25	43.34	422.71	9,742.06
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-
Total	9,358.30	101.25	43.34	422.71	9,925.60
Add: Accrued Liabilities	-	-	-	-	4,925.09
					14,850.69

Information about the Group's exposure to currency and liquidity risks related to trade payables are disclosed in note 43.

21. Derivatives

See accounting policy in note 3(c)(v)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Mark to market on commodity hedging	1,130.00	-
	1,130.00	-
Non-current	-	-
Current	1,130.00	-
	1,130.00	-

Information about the Group's exposure to interest rate and currency risks related to derivatives are disclosed in note 43.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

22. Other financial liabilities

See accounting policy in note 3(c) (i) - (iv)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Security deposits	**25.77**	25.77
	25.77	25.77
Current		
Interest accrued but not due on borrowings	**338.78**	178.02
Unclaimed dividend	**29.70**	27.90
Liability for capital goods	**4,043.68**	603.63
Others (including Employee benefits expense and Security deposits)	**1,897.24**	1,680.46
	6,309.40	2,490.01

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

(b) Information about the Group's exposure to currency and liquidity risks related to the above financial liabilities are disclosed in note 43.

23. Other current liabilities

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Statutory dues (including provident fund, tax deducted at source, goods and services tax and others)	**2,903.52**	1,509.27
Advance from customers	**4,070.63**	899.06
	6,974.15	2,408.33

24. Provisions

See accounting policies in note 3(g) and (h)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Non-current		
Net defined benefit liability - Gratuity (refer note 38)	**354.18**	339.87
Provision for litigation [refer note (a) below]	**78.42**	78.42
	432.60	418.29
Current		
Liability for compensated absences [refer note (a) below]	**160.90**	161.76
	160.90	161.76

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

(a) Movement of provisions (Non-current and current)

Amount in ₹ Lakhs

	Liability for compensated absences	Provision for litigation
Balance as at 1 April 2020	76.97	78.42
Add: Provisions made during the year 2020-2021	99.54	-
Less: Amount utilised/ reversed during the year 2020-21	(14.75)	-
Balance as at 31 March 2021	**161.76**	**78.42**
Add: Provisions made during the year 2021-2022	**88.80**	**-**
Less: Amount utilised/ reversed during the year 2021-22	**(89.66)**	**-**
Balance as at 31 March 2022	**160.90**	**78.42**

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Group as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities.

25. Current tax liabilities (net)

See accounting policy in note 3(n)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Income-tax liabilities	**0.74**	-
[net of advance tax ₹ **Nil** (31 March 2021: ₹ Nil)]		
	0.74	-

26. Revenue from operations

See accounting policies in note 3(j) and (k)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products	**279,072.72**	167,931.12
Other operating revenue		
- Export incentive	**59.05**	14.68
Total revenue from operations	**279,131.77**	167,945.80

(i) Sales are net of price adjustments settled during the year by the Group, discounts and Goods and Services tax (GST) etc.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

(ii) Revenue disaggregation is as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
(a) Disaggregation of goods		
- Carbon materials and chemicals	**277,329.86**	166,849.44
- Power	**1,742.86**	1,081.68
	279,072.72	167,931.12
(b) Disaggregation based on geography		
India	**239,301.20**	148,488.12
Outside India	**39,771.52**	19,443.00
	279,072.72	167,931.12
Geographical location is based on the location of customers excluding export incentives		
(c) Reconciliation of Revenue from sale of products with the contracted price		
Contracted price	**278,202.58**	171,513.21
Add/(less): Adjustment for variable consideration	**870.14**	(3,582.09)
	279,072.72	167,931.12
(d) Information about major customers (refer note 43)		
(e) Contract balances		
Trade receivables (refer note 8)	**51,507.32**	47,148.94
	51,507.32	47,148.94

27. Other income

See accounting policies in note 3(l) and 3(b)(i) - (ii)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income under the effective interest method on:		
- Interest on bank deposits	**126.48**	286.92
- Income from a related party (refer note 40):		
- Others	**5.98**	5.99
- Unwinding of discount on security deposits and others	**142.51**	171.54
Gain on sale proceeds of current investments measured at fair value through profit or loss	**-**	9.33
Insurance claims	**100.29**	129.29
Net foreign exchange gain	**-**	521.20
Rental income (refer note 40)	**90.00**	86.75
Miscellaneous income	**256.90**	193.64
	722.16	1,404.66

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

28. Cost of materials consumed

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Inventory of raw materials at the beginning of the year	18,166.27	9,547.24
Add: Purchases during the year	268,436.00	117,071.78
	286,602.27	126,619.02
Less: Inventory of raw materials at the end of the year	(48,148.77)	(18,166.27)
Less: Material captively consumed in capital projects	-	(248.09)
Add/(Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	0.32	4.15
Cost of materials consumed	238,453.82	108,208.81

* includes ₹ **1,123.64 lakhs** (31 March 2021: ₹ Nil) pertaining to mark to market loss on commodity options

29. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Opening inventories		
Finished goods	7,889.37	16,348.78
Work-in-progress	3,336.02	10,153.11
	11,225.39	26,501.89
Closing inventories		
Finished goods	16,075.11	7,889.37
Work-in-progress	9,125.22	3,336.02
	25,200.33	11,225.39
Add/(Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	7.29	(93.59)
Change in inventories of finished goods and work-in-progress	(13,967.65)	15,182.91

30. Employee benefits expense

See accounting policy in note 3(g)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	6,916.43	6,639.45
Contribution to provident and other funds	347.38	312.25
Defined benefit plan expenses - Gratuity (refer note 38)	74.80	79.75
Share based payments to employees - Equity settled (refer note 39)	30.23	50.86
Staff welfare expenses	707.82	528.83
	8,076.66	7,611.14

Salaries, wages and bonus includes ₹ **504.77 lakhs** (31 March 2021: ₹ 395.88 lakhs) relating to outsource manpower cost.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

31. Finance costs

See accounting policy in note 3(o)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense on financial liabilities measured at amortised cost	**2,880.22**	3,071.77
Exchange difference regarded as an adjustment to borrowing costs	**224.25**	48.13
Other borrowing costs (including interest on income-tax)	**411.96**	185.85
Interest cost on lease liability [refer note 35(c)]	**45.43**	37.68
	3,561.86	3,343.43

32. Other expenses

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spares	**1,013.77**	522.20
Power and fuel	**1,686.05**	1,260.04
Rent	**342.46**	408.36
Rates and taxes	**129.48**	99.99
Repairs to:		
- Building	**71.72**	33.39
- Plant and equipment	**2,914.51**	1,795.28
- Others	**542.47**	407.45
Payment to auditors'	**89.47**	81.48
Insurance	**467.56**	428.70
Loss allowance for doubtful trade receivables	**-**	300.00
Packing expenses	**2,542.15**	1,645.07
Freight and forwarding expenses	**14,056.07**	10,850.33
Commission on sales	**1,258.94**	1,105.78
Net foreign exchange loss	**681.08**	-
Expenditure on corporate social responsibility [refer note (a) below]	**386.82**	1,309.28
Miscellaneous expenses	**4,780.34**	3,603.27
	30,962.89	23,850.62

(a) Expenditure on corporate social responsibility (CSR)

As per Section 135 of the Act, a Holding Company meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediate preceeding three financial years on CSR activities. The area of CSR activities are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Holding Company under the Act.

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. Gross amount required to be spent by the Company	**386.82**	583.57
B. Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purpose other than (i) above	**55.61**	417.01

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
C. Related party transactions in relation to corporate social responsibility	**261.34**	315.00
D. Provision movement during the year		
Opening provision	**892.27**	-
Addition during the year	**331.21**	892.27
Utilised during the year	**(188.34)**	-
Closing provision	**1,035.14**	892.27
E. Details of ongoing projects		
(a) Opening unspent amount brought forward	**-**	725.71
(b) Amount required to be spent by the Company for the year	**386.82**	583.57
(c) Amount spent during the year from Company's bank account	**(55.61)**	(417.01)
(d) Amount transferred to CSR unspent account #	**(331.21)**	(892.27)
Closing balance	**-**	-
Closing balance:		
(a) With Company	**-**	-
(b) In CSR unspent account#	**1,035.14**	892.27

#Transferred to CSR unspent account on **29 April 2022** (31 March 2021: transferred on 30 April 2021)

33. Income tax

See accounting policy in note 3(n)

A. Reconciliation of effective tax rate

Amount in ₹ Lakhs

	Year ended 31 March 2022		Year ended 31 March 2021	
	Percentage	**Amount**	Percentage	Amount
Profit before tax		**5,346.53**		6,456.13
Statutory income-tax rate	**34.94%**	**1,868.29**	34.94%	2,256.03
Tax Effects of:				
Reversal of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind AS 12 "Income Taxes"	**0.00%**	**-**	(12.39%)	(800.00)
Non - deductible expenses for tax purposes	**6.31%**	**337.10**	8.18%	528.01
Tax exempt income/ additional deduction as per income-tax	**(31.30%)**	**(1,673.60)**	(3.62%)	(233.76)
Impact of tax on loss components	**17.01%**	**909.26**	(0.32%)	(20.77)
	26.95%	**1,441.05**	26.79%	1,729.51
Amount recognised in profit or loss				
- Current tax		**1,389.29**		1,184.06
- Deferred tax		**51.76**		545.45
Total tax expenses		**1,441.05**		1,729.51

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

B. Movement in deferred tax assets and liabilities

Amount in ₹ Lakhs

Movement during the year ended 31 March 2021	Balance as on 1 April 2020	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2021
Deferred tax (assets)/liabilities:				
Property, plant and equipment	19,247.78	1,705.79	-	20,953.57
Trade receivables	(148.93)	(106.57)	-	(255.50)
Right of use assets	926.39	117.81		1,044.20
Loans	(969.78)	54.32	-	(915.46)
Other financial assets	(1.83)	1.83		-
Other assets	(18.31)	(13.24)	-	(31.55)
Borrowings	0.67	21.73	-	22.40
Other liabilities	(80.17)	(88.07)		(168.24)
Other financial liabilities	(61.46)	61.46	-	-
Share based payments- Equity-settled	(118.90)	(17.78)	-	(136.68)
Provisions	(157.80)	(7.78)	19.53	(146.05)
MAT credit entitlement	(14,316.57)	(1,184.05)	-	(15,500.62)
Gain/ loss on fair valuation of Investments in equity instruments	894.91	-	417.80	1,312.71
Net deferred tax liabilities	5,196.00	545.45	437.33	6,178.78

Amount in ₹ Lakhs

Movement during the year ended 31 March 2022	**Balance as on 1 April 2021**	**Charge / (credit) to profit or loss**	**Charge / (credit) to OCI**	**Balance as on 31 March 2022**
Deferred tax (assets)/liabilities:				
Property, plant and equipment	**20,953.57**	**1,737.99**	**-**	**22,691.56**
Trade receivables	**(255.50)**	**(0.13)**	**-**	**(255.63)**
Right of use assets	**1,044.20**	**22.16**	**-**	**1,066.36**
Loans	**(915.46)**	**47.60**	**-**	**(867.86)**
Other financial assets	**-**	**-**	**-**	**-**
Other assets	**(31.55)**	**(1.19)**	**-**	**(32.74)**
Borrowings	**22.40**	**(3.83)**	**-**	**18.57**
Other liabilities	**(168.24)**	**46.24**	**-**	**(122.00)**
Other financial liabilities	**-**	**(392.64)**	**-**	**(392.64)**
Share based payments- Equity-settled	**(136.68)**	**(10.56)**	**-**	**(147.24)**
Provisions	**(146.05)**	**(5.31)**	**0.38**	**(150.98)**
MAT credit entitlement	**(15,500.62)**	**(1,388.57)**	**-**	**(16,889.19)**
Gain/ loss on fair valuation of Investments in equity instruments	**1,312.71**	**-**	**1,085.45**	**2,398.16**
Net deferred tax liabilities	**6,178.78**	**51.76**	**1,085.83**	**7,316.37**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

a) Deferred tax assets is not recognised on certain items [such as investment impairment, loss allowances on advances and capital loss] due to lack of reasonable certainty.

b) MAT credit entitlement is the amount which is available for set off in subsequent years against income tax liabilities as per the provisions of the Income-tax Act, 1961.

c) Section 115 BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Holding Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ('MAT'). However, the Holding Company has re-measured the deferred tax assets / liability that is expected to reverse on exercising the option on the future date as per Ind AS 12 "Income Taxes" and thus, reversal of net deferred tax liability of ₹ **Nil** (31 March 2021: ₹ 800.00 lakhs) has been recognised during the year.

34. Earnings per equity share (EPS)

See accounting policy in note 3(t)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
A. Basic earnings per equity share		
(i) Profit attributable to equity shareholders (basic)		
(i) Profit for the year, attributable to the equity share holders of the Group (before exceptional items)	**6,559.71**	4,747.76
(ii) Profit for the year, attributable to the equity share holders of the Group (after exceptional items)	**4,094.65**	4,747.76
(iii) Weighted average number of equity shares (basic) (number)	**418,965,278**	418,812,097
Basic earnings per equity share (before exceptional items) [(i)/ (iii)]	**1.57**	1.13
Basic earnings per equity share (after exceptional items) [(ii)/ (iii)]	**0.98**	1.13
B. Diluted earnings per equity share		
(i) Weighted average number of equity shares (basic) (number)	**418,965,278**	418,812,097
(ii) Effect of dilutive potential equity shares on account of employee stock options (number)	**-**	-
(iii) Weighted average number of equity shares (diluted) for the year (i+ii)	**418,965,278**	418,812,097
Diluted earnings per equity share (before exceptional items) [(A) (i)/ (B) (iii)]	**1.57**	1.13
Diluted earnings per equity share (after exceptional items) [(A) (ii)/ (B) (iii)]	**0.98**	1.13

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

35. Contingent liability and commitments

See accounting policy in note 3(v)

(to the extent not provided for)

(a) Contingent liabilities

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Claim against the Group not acknowledged as debts		
Sales tax/VAT matters in dispute/ under appeal	**4,726.72**	4,732.33
Excise/ Service Tax matters in dispute/under appeal	**2,112.22**	2,087.33
Custom duty matter in dispute/ under appeal	**28.83**	28.83
Entry tax in dispute/ under appeal - West Bengal	**5,028.82**	5,028.82
Entry tax in dispute/ under appeal - Chhattisgarh	**500.08**	479.00
Income tax in dispute/ under appeal	**2,489.16**	2,489.16
Others [refer note (iii) below]	**266.71**	266.71

Note:

(i) Cash outflows for the above are determinable only on receipt of final judgments pending at various forums/ authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

(ii) The Holding Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the Holding Company, there is a strong merit of the case. Hence, the Holding Company has not made provision for entry tax liability in the books for the current year and for the earlier years.

(iii) Others represents dispute with a lessor in respect of arrear dues. The Holding Company based on independent legal opinion, does not foresee any significant financial liability on this accounts.

(b) Commitments

(I) Capital and other commitments

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(i) Estimated amount of contracts in capital account remaining to be executed and not provided for (net of capital advance)	**5,699.10**	1,325.69

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

(c) Leases (Ind AS 116)

See accounting policy in note 3(m)

Carrying value of right of use assets at the end of the reporting period by class: Refer note 4B.

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022			Year ended 31 March 2021		
	Land	Buildings	Amount	Land	Buildings	Amount
Balance at the beginning of the year	3,052.97	397.72	3,450.69	3,291.64	139.46	3,431.10
Addition during the year	-	63.42	63.42	-	337.14	337.14
Amortisation during the year	(279.73)	(205.65)	(485.38)	(274.54)	(78.88)	(353.42)
Exchange differences on translation of foreign operations	53.30	-	53.30	35.87	-	35.87
Balance at the end of the year	2,826.54	255.49	3,082.03	3,052.97	397.72	3,450.69

Movement in lease liabilities

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning of the year	1,012.05	803.17
Additions during the year	62.55	327.86
Finance cost accrued during the year (refer note 31)	45.43	37.68
Payment of lease liabilities during the year (including interest)	(314.54)	(181.40)
Exchange differences on translation of foreign operations	35.54	24.74
Balance at the end of the year	841.03	1,012.05
Lease liabilities - Non-current	558.92	706.39
Lease liabilities - Current	282.11	305.66

Maturity analysis of lease liabilities

Amount in ₹ Lakhs

Maturity analysis – contractual undiscounted cash flows	31 March 2022	31 March 2021
Less than one year	282.11	305.66
One to five years	531.61	617.34
More than five years	151.26	244.67
Total undiscounted lease liabilities at the end of the year	964.98	1,167.67

Amount recognised in Consolidated Statement of Profit and Loss

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	45.43	37.68
Amortisation during the year	485.38	353.42
Expenses relating to short-term leases and low value assets	342.46	408.36

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount recognised in the Consolidated Statement of Cash Flows

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest expenses recognised during the year (refer note 31)	**45.43**	37.68
Lease payments reflected in Consolidated Statement of Cash Flows	**269.11**	143.72

36. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these Consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2022.

37. Research and development expenses

See accounting policy in note 3(d) and 3(e)

Research and development expenses aggregating to ₹ **585.03 lakhs** (31 March 2021: ₹ 494.93 lakhs) in the nature of revenue expenditure and addition of ₹ **26.90 lakhs** (31 March 2021: ₹ 82.72 lakhs) in the nature of capital expenditure during the year have been included under the relevant account heads.

38. Employee benefits

See accounting policy in note 3(g)

Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund and Employee State Insurance ('ESI') which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are recognised in the Consolidated Statement of Profit and Loss as they accrue.

The expense for defined contribution plans amounts to ₹ **289.36 lakhs** (31 March 2021: ₹ 260.77 lakhs). Out of these, ₹ **264.81 lakhs** (31 March 2021: ₹ 237.04 lakhs) pertains to provident fund plan and ₹ **24.55 lakhs** (31 March 2021: ₹ 23.73 lakhs) pertains to ESI.

Defined benefits - Gratuity

The Holding Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Holding Company makes contributions to recognised funds in India.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Holding Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Holding Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. These defined benefit plans expose the Holding Company to actuarial risks, such as interest rate risk, salary inflation risk, demographic risk and market (investment) risk.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

The following tables analyse present value of defined benefit obligations, expense recognised in Consolidated Statement of Profit and Loss, actuarial assumptions and other information.

Reconciliation of the net defined benefit (asset)/ liability:

(i) Reconciliation of present value of defined benefit obligation

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Balance at the beginning of the year	614.04	619.72
(b) Current service cost	74.80	79.75
(c) Interest cost	40.64	39.63
(d) Actuarial (gains)/ losses recognised in other comprehensive income	(6.72)	(59.87)
(e) Benefits paid	(32.74)	(65.19)
Balance at the end of the year	690.02	614.04

(ii) Reconciliation of fair value of plan assets

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Balance at the beginning of the year	274.17	246.41
(b) Interest income	20.25	17.13
(c) Actual return on plan asset less interest on plan asset	(5.84)	(4.18)
(d) Contributions by the employer	80.00	80.00
(e) Benefits paid	(32.74)	(65.19)
Balance at the end of the year	335.84	274.17

(iii) Net liability recognised in the Consolidated Balance Sheet

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) Present value of defined benefit obligation	(690.02)	(614.04)
(b) Fair value of plan assets	335.84	274.17
Net liability recognised in the Consolidated Balance Sheet	(354.18)	(339.87)

(iv) Expense recognised in Consolidated Statement of Profit or Loss

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
(a) Current service cost	74.80	79.75
(b) Interest cost	40.64	39.63
(c) Expected return on plan assets	(20.25)	(17.13)
Amount charged to Consolidated Statement of Profit or Loss	95.19	102.25

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

(v) Remeasurements recognised in Consolidated Other Comprehensive Income

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	**(31.04)**	(3.44)
- experience adjustment	**24.32**	(56.43)
(b) Actual return on plan asset less interest on plan asset	**5.84**	4.18
Amount recognised in Consolidated Other Comprehensive Income	**(0.88)**	(55.69)

(vi) The sensitivity of the overall plan obligation to changes in the weighted key assumptions are:

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Impact on defined benefit obligation on discount rate plus **100 basis points**	**(68.77)**	(62.83)
Impact on defined benefit obligation on salary growth rate plus **100 basis points**	**73.23**	67.46
Impact on defined benefit obligation on discount rate minus **100 basis points**	**81.96**	75.23
Impact on defined benefit obligation on salary growth rate minus **100 basis points**	**(63.56)**	(57.46)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Consolidated Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(vii) Actuarial assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Consolidated Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Financial assumption

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Discount rate	**7.20%**	6.80%
Expected rate of salary increase	**7.00%**	7.00%
Retirement age (years)	**60**	60
Attrition rate based on different age group of employees:		
ages from 20-25	**5%**	5%
ages from 25-30	**3%**	3%

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
ages from 30-35	**2%**	2%
ages from 35-50	**1%**	1%
ages from 50-55	**2%**	2%
ages from 55-58	**3%**	3%

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

Demographic assumptions

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-2008).

(viii) Maturity profile of defined benefit obligation (undiscounted)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Within next 12 months	**75.61**	77.76
1-2 year	**30.16**	19.29
2-3 year	**34.89**	28.66
3-4 year	**47.04**	33.33
4-5 year	**41.85**	43.24
Thereafter	**387.10**	295.08

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(ix) Weighted average duration of defined benefit obligation	**11 years**	12 years

(x) The Holding Company expects to pay ₹ **354.18 lakhs** in contribution to its defined benefit plans during the year 2022-2023.

(xi) Asset liability matching strategy:

The defined benefit plans are funded with insurance companies of India. The Holding Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

There is no compulsion on the part of the Holding Company to fully prefund the liability of the plan. The Holding Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

39. Share based payments

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

Himadri Employees Stock Option Plan 2016 (equity-settled)

The Holding Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options

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to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("the Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act. 2013 for the time being in force. The option granted to certain eligible employees including certain key management personnel on vesting condition of Time basis, Company performance and individual performance as specified in the grant letter issued to each employee.

Scheme	Vesting Period	Exercise Period	Year	Date of grant	Number of options granted	Exercise price ₹ per equity share
ESOP 2016 Plan (Tranche I)	Vested after 1 year but not later than 5 years from the date of grant of options.	Any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.	2016-2017	5 January 2017	1,304,600	19
ESOP 2016 Plan (Tranche II)			2018-2019	8 May 2018	2,695,000	140

B. Measurement of fair values

Equity-settled share based payment arrangements

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (Tranche I)		ESOP 2016 (Tranche II)	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Fair value at grant date	**₹ 24.94**	₹ 24.94	**₹ 23.01**	₹ 23.01
Share price at grant date	**₹ 36.70**	₹ 36.70	**₹ 121.15**	₹ 121.15
Exercise price	**₹ 19.00**	₹ 19.00	**₹ 140.00**	₹ 140.00
Expected volatility* (weighted average volatility)	**57.57%**	57.57%	**23.77%**	23.77%
Expected life (expected weighted average life)	**4.39 years**	4.39 years	**3.07 years**	3.07 years
Expected dividends**	**0.27%**	0.27%	**0.41%**	0.41%
Risk-free interest rate (based on government bonds)	**6.48%**	6.48%	**7.35%**	7.35%

Expected volatility has been based on an evaluation of the historical volatility of the Holding Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expected life of the options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

* Expected volatility on the Holding Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

Particulars	Weighted average exercise price per option 31 March 2022	Number of options 31 March 2022	Weighted average exercise price per option 31 March 2021	Number of options 31 March 2021
Outstanding at 1 April	**96.04**	**1,658,343**	91.02	1,997,855
Granted during the year	**-**	**-**	-	-
Forfeited during the year	**114.93**	**86,531**	107.61	182,016
Exercised during the year	**-**	**-**	19.00	157,496
Outstanding at 31 March	**95.00**	**1,571,812**	96.04	1,658,343
Exercisable at 31 March	**86.61**	**1,325,031**	101.10	778,083

A weighted average remaining contractual life of **3.91 years** (31 March 2021: 4.91 years).

The weighted average share price at the date of exercise for share options exercised during the year 2021-2022 was ₹ **Nil** (2020-2021: ₹ 43.20).

Weighted average fair value of the options granted during the year 2021-2022 was ₹ **Nil** (2020-2021: ₹ Nil).

D. Expense recognised in Consolidated Statement of Profit and Loss

During the year ended 31 March 2022, the Holding Company has charged ₹ **30.23 lakhs** (31 March 2021: ₹ 50.86 lakhs) as share based payment equity-settled expenses, refer note 30.

E. Details of the liabilities arising the share based payments to employees - Equity settled were as follows:

Amount in ₹ Lakhs

Particulars	31 March 2022	31 March 2021
Total carrying amount	**381.86**	351.63

40. Related party disclosure

A. Enterprises where control exists:

i) Related parties with whom transactions have taken place during the year

a) Key Management Personnel (KMP) and relatives of KMP

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Executive Director*	Key Management Personnel
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel
Mr. Anurag Choudhary, Chairman cum Managing Director & Chief Executive Officer	Key Management Personnel
Mr. Amit Choudhary, Executive Director	Key Management Personnel
Mr. Tushar Choudhary, Executive Director	Key Management Personnel
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel
Mrs. Monika Saraswat - Company Secretary	Key Management Personnel
Mrs. Bijal Malkan - Director in subsidiary (Resigned on 2 February 2021)	Key Management Personnel
Mr. Kalpaj Chandrakant Malkan - Director in subsidiary (Appointed w.e.f. 2 February 2021)	Key Management Personnel

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Name of the related parties	Relationship
Late Damodar Prasad Choudhary, Chairman Emeritus (demised on 06 October 2020)	Relative of KMPs
Mrs. Sushila Devi Choudhary	Relative of KMPs (wife of Late Damodar Prasad Choudhary)
Mrs. Sheela Devi Choudhary	Relative of KMPs (wife of Mr. Shyam Sundar Choudhary)
Mrs. Saroj Devi Choudhary	Relative of KMPs (wife of Mr. Bankey Lal Choudhary)
Mrs. Kanta Devi Choudhary	Relative of KMPs (wife of Mr. Vijay Kumar Choudhary)
Mrs. Shikha Choudhary	Relative of KMPs (wife of Mr. Anurag Choudhary)
Mrs. Rinku Choudhary	Relative of KMPs (wife of Mr. Amit Choudhary)
Mrs. Swaty Choudhary	Relative of KMPs (wife of Mr. Tushar Choudhary)

b) Non-executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Late Hanuman Mal Choraria, Non-Executive Independent Director (demised on 26 April 2021)
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mrs. Sucharita Basu De, Non-Executive Independent Director
Mr. Girish Paman Vanvari, Non-Executive Independent Director (Appointed w.e.f. 22 June 2021)
Mr. Gopal Ajay Malpani, Non-Executive Independent Director (Appointed w.e.f. 22 June 2021)

* Executive Chairman till 21 June 2021

ii) Enterprises controlled by the Key Managerial Personnel or relatives of KMP or both

Himadri Credit & Finance Limited

Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)

Sri Agro Himghar Limited

Himadri e-Carbon Limited

Nanhey Lal Mohini Devi Foundation

Bharat Seva Nidhi (New)

Himadri Foundation

Tuaman Engineering Limited

iii) Entities with significant influence over the Holding Company

BC India Investments (till 25 February 2021)

Modern Hi-Rise Private Limited

iv) Firm in which director is a partner

Aquilaw

Transaction Square LLP (w.e.f. 22 June 2021)

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

B. Disclosure of transactions between the Group and related parties other than Key Managerial Persons

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2022	Year ended 31 March 2021
Tuaman Engineering Limited	Engineering, procurement and construction of project (EPC) [excluding Goods and Services Tax amounting to ₹ **717.32** (31 March 2021: ₹ Nil]	**3,985.11**	-
	Payment for EPC	**-**	123.55
	Rental income	**90.00**	86.75
Modern Hi-Rise Private Limited	Rent paid	**0.14**	0.14
Sri Agro Himghar Limited	Rent paid	**0.06**	0.06
Aquilaw	Legal expenses	**162.15**	89.33
Transaction Square LLP	Consultancy expenses	**9.30**	-
Himadri Foundation	Donation/Expenditure on corporate social responsibility	**261.34**	315.00
BC India Investments	Dividend paid	**53.52**	147.03
Modern Hi-Rise Private Limited	Dividend paid	**273.90**	253.36
Himadri Credit & Finance Limited	Dividend paid	**2.23**	13.16

C. Disclosure of transactions with Key Management Personnel Remuneration

Key management personnels (KMP) remuneration comprised of the following:

Amount in ₹ Lakhs

Nature of transaction	Year ended 31 March 2022	Year ended 31 March 2021
Short-term employee benefits	**1,373.37**	1,355.17
Other long-term benefits	**4.73**	3.65
Total remuneration paid to key management personnel	**1,378.10**	1,358.82
Sitting fees to KMPs	**52.05**	27.26
Interest income on loan to KMPs	**5.98**	5.99
Dividend paid to KMPs	**9.36**	17.72

As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee of the Holding Company, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Holding Company, in accordance with shareholders' approval, wherever necessary.

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for the year ended 31 March 2022 (Contd.)

D. Outstanding balances

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	31 March 2022	31 March 2021
Tuaman Engineering Limited	(Trade Payable)/ Capital advances	(3,657.41)	327.70
Mr. Kamlesh Kumar Agarwal	Loan given (including interest receivable)	91.23	85.25

41. Operating segments:

A. Basis of segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group' s other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief operating decision maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which is the Group's strategic business verticals. These business verticals are managed separately because they require different technology and marketing strategies.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segment	Opeartions
Carbon materials and chemicals	Manufacturing
Power	Generation and Distribution

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Holding Company's Managing Director and Chief Executive Officer. Segment profit is used to measure performance as Group believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Amount in ₹ Lakhs

	Reportable segments			
Year ended 31 March 2022	**Carbon materials and chemicals**	**Power**	**Elimination**	**Total**
Segment revenue:				
- External revenues	277,388.91	1,742.86	-	279,131.77
- Inter-segment revenue	-	8,335.27	8,335.27	-
Total segment revenue	277,388.91	10,078.13	8,335.27	279,131.77
Segment results*	2,276.38	9,055.99	-	11,332.37
Reconciliation of segment result with profit before tax				
Other income	-	-	-	722.16
Finance costs	-	-	-	(3,561.86)
Foreign exchange gain/(loss) (net)	-	-	-	(681.08)
Exceptional items	-	-	-	(2,465.06)
Profit before tax				5,346.53

Notes to the Consolidated Financial Statements
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Amount in ₹ Lakhs

Year ended 31 March 2022	Reportable segments			Total
	Carbon materials and chemicals	Power	Elimination	
Depreciation and amortisation expense	4,777.98	176.78	-	4,954.76
Segment assets	292,993.90	11,714.61	-	304,708.51
Unallocable corporate assets	-	-	-	40,674.82
Total segment assets	292,993.90	11,714.61	-	345,383.33
Segment liabilities	91,912.86	322.66	-	92,235.52
Unallocable corporate liabilities	-	-	-	66,653.42
Total segment liabilities	91,912.86	322.66	-	158,888.94

* Segment results represents earnings before other income, finance cost, foreign exchange gain/(loss) (net) and tax

Amount in ₹ Lakhs

Year ended 31 March 2021	Reportable segments			Total
	Carbon materials and chemicals	Power	Elimination	
Segment revenue:				
- External revenues	166,864.12	1,081.68	-	167,945.80
- Inter-segment revenue	-	6,483.78	6,483.78	-
Total segment revenue	166,864.12	7,565.46	6,483.78	167,945.80
Segment results*	1,582.55	6,812.35	-	8,394.90
Reconciliation of segment result with profit before tax				
Other income	-	-	-	883.46
Finance costs	-	-	-	(3,343.43)
Foreign exchange gain/(loss) (net)	-	-	-	521.20
Profit before tax				6,456.13
Depreciation and amortisation expense	4,545.76	151.66	-	4,697.42
Segment assets	251,133.39	4,949.49	-	256,082.88
Unallocable corporate assets	-	-	-	23,034.47
Total segment assets	251,133.39	4,949.49	-	279,117.35
Segment liabilities	21,443.71	157.48	-	21,601.19
Unallocable corporate liabilities	-	-	-	78,293.99
Total segment liabilities	21,443.71	157.48	-	99,895.18

* Segment results represents earnings before other income, finance cost, foreign exchange gain/(loss) (net) and tax

Secondary segment information (geographical segment)

Particulars	Within India		Outside India		Total	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
External revenue by location of customers	239,722.18	148,502.80	39,409.59	19,443.00	279,131.77	167,945.80
Carrying amount of segment assets by location of assets	332,871.46	265,553.46	12,511.87	13,563.89	345,383.33	279,117.35
Cost incurred on acquisition of property, plant and equipment and other intangible assets	5,760.56	3,643.14	-	-	5,760.56	3,643.14

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Major customer

Revenue from one customer of the Group's Carbon material and chemical segment is ₹ **41,423.14 lakhs** (31 March 2021: ₹ 29,566.31 lakhs) which is more than 15 percent of the Group's total revenue.

42. Fair value measurement

See accounting policy in note 3(y)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Amount in ₹ Lakhs

		Carrying value				Fair value measurement using		
As on 31 March 2022	Note	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	10,701.99	10,748.36	-	10,701.99	46.37
Investment in equity instruments (unquoted)	7	-	-	5.60	5.60	-	3.43	2.17
Investment in equity instruments (quoted)	7	-	-	577.79	577.79	1.76	-	576.03
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	51,507.32	-	-	51,507.32	-	-	-
Cash and cash equivalents	9	17,338.39	-	-	17,338.39	-	-	-
Bank balances other than cash and cash equivalents	10	9,162.75	-	-	9,162.75	-	-	-
Loans	11	325.05	-	-	325.05	-	-	-
Other financial assets	12	3,179.44	-	-	3,179.44	-	-	-
Financial liabilities:								
Borrowings	19	57,837.83	-	-	57,837.83	-	-	-
Trade payables	20	77,860.15	-	-	77,860.15	-	-	-
Derivatives	21	-	1,130.00	-	1,130.00	-	1,130.00	-
Lease liabilities	22	841.03	-	-	841.03	-	-	-
Other financial liabilities	22	6,335.17	-	-	6,335.17	-	-	-

Notes to the Consolidated Financial Statements
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Amount in ₹ Lakhs

As on 31 March 2021	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	6,044.07	6,090.44	-	6,044.07	46.37
Investment in equity instruments (unquoted)	7	-	-	4.10	4.10	-	1.93	2.17
Investment in equity instruments (quoted)	7	-	-	510.39	510.39	1.34	-	509.05
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	47,148.94	-	-	47,148.94	-	-	-
Cash and cash equivalents	9	5,271.66	-	-	5,271.66	-	-	-
Bank balances other than cash and cash equivalents	10	8,498.99	-	-	8,498.99	-	-	-
Loans	11	345.26	-	-	345.26	-	-	-
Other financial assets	12	2,929.50	48.69	-	2,978.19	-	48.69	-
Financial liabilities:								
Borrowings	19	71,909.29	-	-	71,909.29	-	-	-
Trade payables	20	15,290.90	-	-	15,290.90	-	-	-
Lease liabilities	22	1,012.05	-	-	1,012.05	-	-	-
Other financial liabilities	22	2,515.78	-	-	2,515.78	-	-	-

The Group assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, loans, trade payable and other financial assets and liabilities except derivative financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments. The Group's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

B. Fair value hierarchy

The Group has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on Company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

Notes to the Consolidated Financial Statements
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The following methods and assumptions were used to estimate the fair values:

(a) The fair value of the quoted investments are based on market price at the respective reporting date.

(b) The fair value of the unquoted investments included in level 2 has been determined using valuation techniques with market observable inputs. The model incorporate various inputs including prevailing market value of investments in listed company.

(c) The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

(d) The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

(e) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.

(f) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on the Group's estimates.

(g) The fair value of the commodity hedge is determined using the commodity rates existing as at the end of the reporting period.

There were no transfer of financial assets or liabilities measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2022 and 31 March 2021.

Reconciliation of level 3 fair value measurements

The following table shows a reconciliation from opening balances to closing balances for level 3 for fair values on a recurring basis.

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Balance as at beginning of the year	**557.59**	429.63
Change in value of investment in equity instruments measured at FVTOCI (unrealised)	**66.98**	127.96
Balance as at end of the year	**624.57**	557.59

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March 2021.

Financial assets and liabilities measured at fair value as at Consolidated Balance Sheet date:

1. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Consolidated Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

2. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

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Other financial assets and liabilities

- Cash and Cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.
- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Significant unobservable inputs used in level 3 fair values

Certain investments are valued using level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

43. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Risk management framework

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group operations. The Group's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The key risks and mitigating actions are also placed before the audit committee of the Group

The sources of risks which the Group is exposed to and their management is given below:

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Credit limit and credit worthiness monitoring, credit based approval process
Liquidity risk	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities

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Risk	Exposure arising from	Measurement	Management
Market risk			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps
Interest rate	Long term borrowings at variable rates and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity price risk	Movement in prices of raw materials	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity instruments	Sensitivity analysis	Portfolio diversification

The Group has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

(i) Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally form the Group receivables from customers and loans. Credit arises when a customer or counterparty does 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) and from its financing/investing activities, including deposits with bank, investments in debt securities and foreign exchange transactions. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivable

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables indicate a low credit risk.

Exposure to credit risks

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operates. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customers.

Details of concentration percentage of revenue generated from a top customer and top five customers are stated below:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from a top customer	**15%**	18%
Revenue from top five customers	**42%**	44%

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for the year ended 31 March 2022 (Contd.)

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss:

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning of the year	717.01	417.01
Add: Provided during the year	-	300.00
Less: Utilised during the year	-	-
Balance at the end of the year	717.01	717.01

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Group's finance team is responsible for liquidity, finding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Amount in ₹ Lakhs

31 March 2022	Carrying amount	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	57,837.83	49,326.20	4,972.70	3,068.98	1,969.42	-	59,337.30
Trade payables (including acceptances)	77,860.15	77,860.15	-	-	-	-	77,860.15
Derivatives	1,130.00	1,130.00	-	-	-	-	1,130.00
Other financial liabilities	6,335.17	6,309.40	-	-	-	25.77	6,335.17
Lease liabilities including lease interest	841.03	282.11	150.65	147.65	233.31	151.26	964.98

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

31 March 2021	Carrying amount	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	71,909.29	64,229.51	4,230.89	3,497.47	1,666.17	-	73,624.04
Trade payables (including acceptances)	15,290.90	15,290.90	-	-	-	-	15,290.90
Other financial liabilities	2,515.78	2,490.01	-	-	-	25.77	2,515.78
Lease liabilities including lease interest	1,012.05	305.66	262.05	130.59	224.70	244.67	1,167.67

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated is US$. The Group manages currency exposures within prescribed limits, through use of forward exchange contracts and cross currency swap. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Group evaluates exchange rate exposure arising from foreign currency transactions. The Group follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

Exposure to currency risk

The Group's exposure to foreign currency as at the end of the reporting period are as follows:

Amount in Lakhs

31 March 2022	In original currency (US$ in lakhs)	In local currency (₹ in lakhs)
Financial Assets		
Trade receivables	59.42	4,504.46
Cash and cash equivalents	1.49	112.58
	60.91	4,617.04
Financial Liabilities		
Borrowings	25.13	1,904.98
Trade payables	356.63	27,034.77
Other financial liabilities	5.11	387.40
Less: Forward currency call options	(700.00)	(53,064.99)
	(313.13)	(23,737.84)
Net exposure in respect of recognised financial assets and financial liabilities	374.04	28,354.88

Notes to the Consolidated Financial Statements

for the year ended 31 March 2022 (Contd.)

Amount in Lakhs

31 March 2021	In original currency (US$ in lakhs)	In local currency (₹ in lakhs)
Financial Assets		
Trade receivables	46.10	3,388.30
Cash and cash equivalents	3.59	263.69
	49.69	3,651.99
Financial Liabilities		
Borrowings	339.11	24,926.54
Trade payables	106.19	7,805.61
Other financial liabilities	3.48	255.92
Less: Forward currency call options	-	-
	448.78	32,988.07
Net exposure in respect of recognised financial assets and financial liabilities	(399.09)	(29,336.08)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US$ against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Amount in ₹ Lakhs

	(Profit) or loss		Equity (net of tax)	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2022				
US$ (5% Movement)	**1,417.74**	**(1,417.74)**	**922.33**	**(922.33)**
31 March 2021				
US$ (5% Movement)	(1,466.80)	1,466.80	(954.24)	954.24

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates related primarily to the Group's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current borrowings with floating rates, the risk of variation in the interest rates in mitigated through interest rate swaps. The Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments at the end of the reporting period are as follows:

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Fixed rate instruments		
Financial assets	**12,471.20**	9,642.50
Financial liabilities	**(2,093.68)**	(25,133.78)
	10,377.52	(15,491.28)

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(55,744.15)	(46,775.51)
	(55,744.15)	(46,775.51)

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Amount in ₹ Lakhs

	(Profit) or loss		Equity(net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
Variable rate instruments	(557.44)	557.44	(362.65)	362.65
Cash flow sensitivity (net)	(557.44)	557.44	(362.65)	362.65
31 March 2021				
Variable rate instruments	(467.76)	467.76	(304.31)	304.31
Cash flow sensitivity (net)	(467.76)	467.76	(304.31)	304.31

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particulars foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

(c) Equity price risks

The Group's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis

Investment in equity instruments made by the Group are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. There is no significant investment outstanding as at 31 March 2022. Hence, sensitivity analysis is not given.

(d) The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

Amount in ₹ Lakhs

Particulars	Currency pair	Position	31 March 2022 Amount in foreign currency in lakhs	31 March 2022 Amount in ₹ in lakhs	31 March 2021 Amount in foreign currency in lakhs	31 March 2021 Amount in ₹ in lakhs
Foreign Currency Option contracts [**1**, (previous year Nil)]	US$/₹	Options	700.00	53,064.99	-	-

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Consolidated Balance Sheet date:

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
Not later than one month	(6.36)	-
Later than one month and not later than three months	(1,123.64)	-
Later than three months and not later than one year	-	48.69
	(1,130.00)	48.69

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

Amount in ₹ Lakhs

	31 March 2022		31 March 2021	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset/ liability	-	(1,130.00)	48.69	-
Net amount presented in Consolidated Balance Sheet	-	(1,130.00)	48.69	-

44. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act, 2013

	Net assets (total assets minus total liabilities)		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
	As % of Consolidated net assets	Amount in Rupees lakhs	As % of Consolidated profit or loss	Amount in Rupees lakhs	As % of Consolidated other comprehensive income	Amount in Rupees lakhs	As % of Consolidated total comprehensive income	Amount in Rupees lakhs
Parent								
Himadri Speciality Chemical Limited	96.72%	180,377.92	166.58%	6,506.19	91.85%	3,641.87	128.94%	10,148.06
Subsidiaries:								
Foreign								
1. AAT Global Limited	(4.53%)	(8,441.80)	(57.77%)	(2,256.37)	0.00%	-	(28.67%)	(2,256.37)
2. Shandong Dawn Himadri Chemical Industry Limited	(2.26%)	(4,222.02)	(75.88%)	(2,963.59)	0.00%	-	(37.65%)	(2,963.59)
Non-controlling interests in all subsidiaries	(0.14%)	(269.35)	(4.84%)	(189.17)	(0.29%)	(11.49)	(2.55%)	(200.66)
Intercompany eliminations on consolidation	10.21%	19,049.64	71.91%	2,808.42	0.00%	-	35.68%	2,808.42
Exchange differences in translating financial statements of foreign operations	0.00%	-	0.00%	-	8.44%	334.58	4.25%	334.58
At 31 March 2022	**100.00%**	**186,494.39**	**100.00%**	**3,905.48**	**100.00%**	**3,964.96**	**100.00%**	**7,870.44**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

45. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Group's objective when managing capital are to: (a) maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital. The Group may take appropriate steps in order to maintain or adjust its capital structure.

The Group monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Amount in ₹ Lakhs

Particulars		31 March 2022	31 March 2021
Borrowings	A	**57,837.83**	71,909.29
Liquid investments	B	**17,338.39**	5,271.66
TOTAL	C = A-B	**40,499.44**	66,637.63
Equity	D	**186,494.39**	179,222.17
Debt to Equity	E = A / D	**0.31**	0.40
Debt to Equity (net)	F = C / D	**0.22**	0.37

For the purpose of the Group's capital management

(a) Borrowings includes as non-current borrowings, current borrowings and current maturities of non-current borrowings as described in note 19 and 22.

(b) Equity includes issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Group as described in note 17 and 18.

(c) Liquid investments include cash and cash equivalents, mutual funds (refer note 9)

46. The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Consolidated financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

47. Due to micro enterprises and medium enterprises

The disclosure pursuant to the Micro, Small and Medium enterprise development Act, 2006 (MSMED Act) for dues to Micro enterprises and Small enterprises as at 31 March 2022 and 31 March 2021 are as under

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(a) The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year:		
- Principal	**89.20**	183.54
- Interest	**-**	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	**-**	-

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

Amount in ₹ Lakhs

	31 March 2022	31 March 2021
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

48. Distribution made and proposed dividend on equity shares by the Holding Company

See accounting policy in note 3(q)

Amount in ₹ Lakhs

	Year ended 31 March 2022	Year ended 31 March 2021
Dividend on equity shares declared and paid during the year		
Final dividend for the year ended on 31 March 2021: Re 0.15 per share (31 March 2020: Re 0.15 per share)	628.45	628.21
Total dividend paid	628.45	628.21
Proposed dividend on equity shares not recognised as liability		
Final dividend for the year ended on 31 March 2022: **₹ 0.20 per share** (31 March 2021: Re 0.15 per share)	837.93	628.45
Total dividend proposed for the year	837.93	628.45

Proposed dividend on equity shares is subject to the approval of the equity shareholders of the Holding Company at the Annual General Meeting and not recognised as a liability as at Consolidated Balance Sheet date.

49. Estimation of uncertainty due to COVID-19 pandemic

The Group has considered the possible risk that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including inventories, receivables, investments and other financial and non-financial assets. As per the assessment carried out by the Group based on the internal and external information available up to the date of approval of these Consolidated financial statements, the Group does not foresee any uncertainty related to recoverability or liquidation of the aforesaid assets and also about the ability of the non-financial assets to generate future economic benefits.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these Consolidated financial statements and the Group will continue to closely monitor for any material changes to future economic conditions.

50. Other Statutory information

(i) **Details of benami property held**

No proceedings have been initiated on or are pending against the Holding Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) **Borrowing secured against current assets**

The Holding Company has taken working capital borrowings from banks and financial institutions on the

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

basis of security of current assets. The quarterly statement filed to the banks and financial institutions are in agreement with the books of accounts:

(iii) **Willful defaulter**

The Holding Company have not been declared willful defaulter by any bank or financial institution or government or any government authority.

iv) **Relationship with struck off companies**

The Holding Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956 except the following:

Name of the struck off Company	Nature of transactions with struck off Company	Relationship with the struck off Companies	Number of shares outstanding 31st March 2021	Number of shares outstanding 31st March 2022	31-03-2022	31-03-2021
Frohar Trading Private Limited	Shares held by struck off Company	NA	1,700.00	1,700.00	1.26	0.01
Chandra Merchandise Private Limited	Shares held by struck off Company	NA	-	-	-	-
Satidham Industries Private Limited	Shares held by struck off Company	NA	-	-	-	-
K.S.Consultancy Services Private Limited	Shares held by struck off Company	NA	-	-	7.58	-
Multifold Agencies Private Limited	Shares held by struck off Company	NA	1,470.00	1,470.00	-	0.01
Trishul Vintrade Private Limited	Shares held by struck off Company	NA	590.00	590.00	-	-
Zenith Logistics Private Limited	Shares held by struck off Company	NA	120,000.00	120,000.00	22.29	50.04
Abhay Carriers Private Limited	Shares held by struck off Company	NA	771.00	771.00	-	-
Gold Mine Stocks Private Limited	Shares held by struck off Company	NA	400.00	400.00	1.78	-
Arvind Securities Private Limited	Shares held by struck off Company	NA	250.00	250.00	-	-

(v) **Compliance with number of layers of companies**

The Holding Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) **Compliance with approved scheme(s) of arrangements**

The Holding Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) **Utilisation of borrowed funds and share premium**

No funds have been advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in party identified by or on behalf of the Holding Company (Ultimate Beneficiaries). The Holding Company has not received any fund from any party(s) (Funding Party) with the understanding that the Holding Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Contd.)

(viii) **Undisclosed income**

The Holding Company do not have not any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

(ix) **Details of crypto currency or virtual currency**

The Holding Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) **Valuation of PP&E, intangible asset and investment property**

The Holding Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(xi) **Registration of charges or satisfaction with Registrar of Companies**

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(xii) **Utilisation of borrowings availed from banks and financial institutions**

The borrowings obtained by the Holding company from banks and financial institutions have been applied for the purposes for which such loans were was taken.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Seema Mohnot
Partner

Membership No. 060715

Place: Kolkata
Date: 21 July 2022

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Chairman cum Managing Director & Chief Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 21 July 2022

Notes

Notes

CORPORATE INFORMATION

CHAIRMAN CUM MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. Anurag Choudhary
(DIN: 00173934)

EXECUTIVE DIRECTORS

Mr. Shyam Sundar Choudhary
(DIN: 00173732)

Mr. Amit Choudhary
(DIN: 00152358)

INDEPENDENT DIRECTORS

Mr. Girish Paman Vanvari
(DIN: 07376482)

Mr. Santosh Kumar Agrawala
(DIN: 00364962)

Mr. Sakti Kumar Banerjee
(DIN: 00631772)

Mr. Santimoy Dey
(DIN: 06875452)

Mr. Gopal Ajay Malpani
(DIN: 02043728)

Ms. Rita Bhattacharya
(DIN: 03157199)
Additional Director

SENIOR MANAGEMENT TEAM

Mr. Kamlesh Kumar Agarwal
– Chief Financial Officer

Ms. Monika Saraswat
– Company Secretary & Compliance Officer

Dr. Soumen Chakraborty
– President, Carbon Black Division

Mr. Monojit Mukherjee
– Business President, Carbon Black Division

Mr. Somesh Satnalika
– Executive Vice President, CTD and Strategy

Mr. Kunal Mukherjee
– Assistant Vice President, HR

BANKERS

Axis Bank Limited
Bank of Baroda
Citi Bank, N.A.
DBS Bank India Limited
The Federal Bank Limited
HDFC Bank Limited
The Hong Kong & Shanghai Banking
ICICI Bank Limited
IDFC First Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
RBL Bank Limited
Standard Chartered Bank
State Bank of India
Yes Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

M/s. S.K. Infosolutions Pvt. Ltd
D/42, Katju Nagar Colony,
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Kolkata - 700 032
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Website: www.skcinfo.com

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CIN: L27106WB1987PLC042756

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Chartered Accountants
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Tower –I Godrej Waterside
Sector- V
Salt Lake City
Kolkata- 700 091

SOLICITORS & ADVOCATES

M/s Aquilaw
9 Old Post Office Street
8th Floor
Kolkata - 700 001

WORKS

Unit number 1
58 N.S. Road, Liluah, Howrah (W.B.)

Unit number 2
27B Gadadhar Bhatt Road, Liluah, Howrah (W.B.)

Mahistikry Plant
Mahistikry, P.S. – Haripal District Hooghly (W.B.)

Visakhapatnam Unit
Ancillary Industrial Estate
Visakhapatnam (A.P.)

Korba Unit
Jhagrah, Rajgamar Colliery Korba (Chhattisgarh)

Sambalpur Unit
Kenghati, P.O. Jayantpur, Sambalpur 768112

Falta (SEZ unit)
Falta Special Economic Zone
Sector - II, Vill - Simulberia, Falta,
Dist - 24 Pgs (South), West Bengal

Windmills
1. Village Amkhel, Taluka-Sakri, District Dhule, Maharashtra
2. Village Titane, Taluka-Sakri, District Dhule, Maharashtra

China Unit
Longkou, Shandong China

Himadri

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Website: www.himadri.com