

**MEGHMANI FINECHEM LTD.**

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URL: www.meghmanifinechem.com CIN: U24100GJ2007PLC051717

August 27, 2021

To,

<b>National Stock Exchange of India Limited</b> "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 <b>SYMBOL:- MFL</b>	<b>BSE Limited</b> Floor- 25, P J Tower, Dalal Street, Mumbai 400 001 <b>Scrip Code:- 543332</b>
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Dear Sir/s

**Sub:- Notice of 14<sup>th</sup> Annual General Meeting ("AGM") along with Annual Report of the Company for FY 2020-21.**

**Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We wish to inform that **14<sup>th</sup> Annual General Meeting (AGM)** of the Members of the Company is scheduled to be held on **Thursday, 23<sup>rd</sup> September, 2021 at 12:00 noon** through **Video Conferencing / Other Audio Visual Means** in terms of General Circulars dated April 08, 2020 and April 13, 2020 and May 05, 2020 issued by the Ministry of Corporate Affairs, to transact the business, as set out in the Notice of AGM.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM and Business Responsibility Report for the Financial Year 2020-21, which is being sent to the Members only through electronic mode. The same is also available on Company's website at [www.meghmanifinechem.com](http://www.meghmanifinechem.com).

Further to inform that the Company has fixed Thursday, 16th September, 2021 as the cut-off date for the purpose of remote e-voting, for ascertaining the eligibility of the Shareholders to cast their votes electronically in respect of the businesses to be transacted at the AGM.

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

<b>Commencement of remote e-Voting</b>	Monday, 20th September, 2021 at 09:00 a.m.
<b>Conclusion of remote e-Voting</b>	Wednesday, 22nd September, 2021 at 05:00 p.m.
<b>EVSN</b>	210825051

Please take the above information on record.

Thanking you.

Yours faithfully,

**For Meghmani Finechem Limited**

  
**Kamlesh Mehta**  
**Company Secretary & Compliance Officer**





Meghmani Finechem Limited  
Annual Report 2020-21

# OUR GOAL

Build one of India's most  
respected multi-product  
chemical companies.

## Forward-looking statement

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



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Maulik Patel – Chairman & Managing Director  
Mr. Kaushal Soparkar – Managing Director  
Mr. Karana Patel – Executive Director  
Mr. Ankit Patel – Executive Director  
Mr. Darshan Patel – Executive Director  
Mr. Balkrishna Thakkar – Independent Director  
Mr. Manubhai Patel – Independent Director  
Ms. Nirali Parikh – Independent Director  
Mr. Sanjay Asher – Independent Director  
(Appointed as Additional Director on 20th May, 2021)  
Mr. Kanubhai Patel – Independent Director  
(Appointed as Additional Director on 20th May, 2021)  
Mr. Raju Swamy – Independent Director  
(Appointed as Additional Director on 20th May, 2021)

## AUDIT COMMITTEE

Mr. Manubhai Patel – Chairman  
Mr. Kanubhai Patel – Member  
Ms. Nirali Parikh – Member  
Mr. Maulik Patel – Member  
Mr. Kaushal Soparkar – Member  
(Reconstituted on 20th May, 2021)

## NOMINATION & REMUNERATION COMMITTEE

Mr. Manubhai Patel – Chairman  
Mr. Sanjay Asher – Member  
Ms. Nirali Parikh – Member  
(Reconstituted on 20th May, 2021)

## SHAREHOLDERS' / INVESTORS' GRIEVANCE, SHARE ALLOTMENT AND SHARE TRANSFER COMMITTEE

Mr. Manubhai Patel – Chairman  
Ms. Nirali Parikh – Member  
Mr. Kaushal Soparkar – Member  
(Constituted on 20th May, 2021)

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Manubhai Patel – Chairman  
Mr. Maulik Patel – Member  
Mr. Kaushal Soparkar – Member  
Mr. Ankit Patel – Member

## COMPANY SECRETARY

Mr. Kamlesh Mehta

## CHIEF FINANCIAL OFFICER

Mr. Sanjay Jain

## REGISTERED OFFICE & PLANT LOCATION

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

## REGISTRAR & SHARE TRANSFER AGENT

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

## INVESTOR SERVICES E-MAIL ID

ir@meghmanifinechem.com

## CORPORATE OFFICE

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

## PRINCIPAL BANKERS

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

### ICICI Bank Limited

JMC House, Opp. Parimal Garden,  
Ambawadi, Ahmedabad 380 009.

### Federal Bank Limited

11, Zodiac Square, Opp. Gurudwara, SG Highway,  
Ahmedabad 380 054

### HDFC Bank Limited

Ground Floor, Astral Towers.  
Nr. Mithakahali Six Road, Navrangpura,  
Ahmedabad- 380 009

### Standard Chartered Bank

Abhijeet- II, Ground Floor,  
Near Mithakhali Six Road, Ahmedabad 380006

## STATUTORY AUDITOR

### S R B C & CO LLP

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

## INTERNAL AUDITOR

### C N K Khandwala & Associates

Chartered Accountants,  
2nd Floor, "HRISHIKESH",  
Vasantbaug Society,  
Opposite Water Tank,  
Gulbai Tekra,  
Ahmedabad – 380006





## At Meghmani Finechem, we are driven by three imperatives.

**One,** grow our scale and reinforce our position among the most diversified value-added Chlor Alkali Derivative players in India.

**Two,** evolve our product mix towards a basket of value-added Derivative products, enhancing our portfolio profitability.

**Three,** grow our business around the highest standards of safety and compliances, protecting our business continuity.



**Meghmani Finechem Limited.**  
**One of the most dynamic Chlor-Alkali and related Derivative players in India today.**  
**Focused on synergic product extension.**  
**Focused on the manufacture of value-added Derivatives.**  
**Focused on margins-driven growth.**  
**With the objective to outperform the growth of its sector across market cycles.**

**The  
Company's  
vision**

To emerge as a  
₹2,000 Cr revenues  
Company by 2024

**Pedigree**

Meghmani Finechem Limited was demerged from Meghmani Organics in FY 2020-21 to empower the Company grow its Chlor-Alkali business. The demerged Company is now being driven by the second generation of the promoter family that came on the Board of the Company in 2016.

The Company's Chlor-Alkali business was commissioned in 2009, growing from an installed capacity of 1,88,000 TPA in 2015 to 3,15,000 TPA at the close of FY 2020-21. The Company is now among the leading players in India's chlor alkali industry.

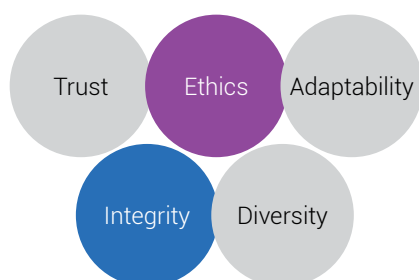
## Vision

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

## Mission

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

## Values



## Group background

Meghmani Group is among India's premier corporate houses. The Company's journey commenced in 1977 with the vision to emerge as a trusted global name in the business of pigments and crop protection. The formation of Gujarat Industries Limited in 1986 became Meghmani Organics Limited (MOL) in 1995.

In 2007, Meghmani Finechem Limited (MFL) was incorporated as a subsidiary of MOL. MOL is one of India's largest manufacturers and exporters of phthalocyanine pigment and crop protection products, exported to more than 75 countries.

## Products

The Company manufactures a range of products: Caustic Soda, Caustic Potash, Chlorine, Hydrogen, Chloromethanes and Hydrogen Peroxide.

The Company's products are utilised in the alumina, textile, crop protection, refineries, pharmaceutical, paper & pulp, soaps & detergent and other industries.

## Capacities

The Company possessed the following capacities as on March 31, 2021:

Caustic Soda: 2,94,000 TPA

Caustic Potash: 21,000 TPA

Chloromethanes: 50,000 TPA

Hydrogen Peroxide: 60,000 TPA



## Certifications

The plant is ISO 9001 and ISO 14001-certified and equipped with fully automated technologies.

It operates in a systematic and organised approach in consistency with Quality Management System, Good Manufacturing Practices and Standard Operating Procedures.

MFL has been awarded the highly respected 'Responsible Care' certification from ICC and is committed to the highest standards of health, safety and environment integrity.

## Market shares

**4th** largest capacity of Caustic Soda at 2,94,000 TPA

**2nd** largest capacity of Caustic Potash at 21,000 TPA

**3rd** largest capacity of Chloromethanes at 50,000 TPA

**3rd** largest capacity of Hydrogen Peroxide at 60,000 TPA

### After on going expansion

Largest capacity of Epichlorohydrin based on 100% renewable resources of 50,000 TPA

Largest capacity of CPVC Resin of 30,000 TPA

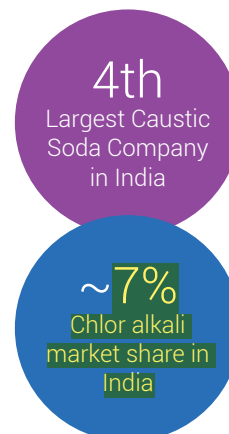
The capacity of Caustic Soda will reach to 4,00,000 TPA

## Location

The Company's manufacturing complex is located in a 60 hectare facility in Dahej (Gujarat). The facility comprises production facilities, technical competence centre for quality testing, large water reserve, water treatment facility and a Captive Power Plant.

The plant is located in a region classified as Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) by Government of Gujarat. The site is proximate to raw material sources and product application downstream companies, helping moderate logistics costs.

The location is also connected through road, rail and seaports (Hazira, Nhava Sheva, Mundra, Dahej and Ankleshwar ICD).





## Milestones

### FY 2007

Incorporated Meghmani Finechem Ltd. as a subsidiary of Meghmani Organics Limited

### FY 2008

International Finance Corporation (World Bank) joined as an equity partner with a 24.97% stake

### FY 2010

Started operations from July 2009 as a greenfield project of 119 KTPA of Caustic Soda and Captive Power Plant of 40 MW.

### FY 2015

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

### FY 2017

Commissioned KOH plant of 21 KTPA and converted all membranes to zero gap.

### FY 2018

Planned Caustic Soda expansion and Chlor-Alkali Derivatives (Chloromethanes, (CMS) and Hydrogen Peroxide projects.

### FY 2020

Commissioned CMS plant of 50 KTPA in July 2019; announced the setting up of a Epichlorohydrin plant (capacity 50 KTPA)

### FY 2021

Expanded Caustic Soda capacity to 294 KTPA and the Captive Power Plant capacity to 96 MW in June 2020. Commissioned a Hydrogen Peroxide plant in July 2020.

### FY 2021

Announced the setting up of a new CPVC plant (capacity 30 KTPA). Awarded 'Responsible Care' certification.

# If you assume that Meghmani Finechem is about Chlor-Alkali and Derivatives, you might have missed the big picture

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THE COMPANY IS ABOUT A PASSION OF  
SUSTAINED IMPROVEMENT

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**Where** the first question asked is, 'Is it safe, responsible and sustainable?'

**Where** every business is focused on margins than revenue growth.

**Where** the base line is 'Is it the best standard in the country?'

**Where** the focus is on making products for the first time in India than merely producing more of the same.

**Where** the operative mantra across every shopfloor is 'Can we make more from less?'

**Where** the word 'transaction' is being increasingly replaced with 'ongoing engagement'.



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SPIRIT OF MEGHMANI FINECHEM LIMITED

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# How Team Meghmani Finechem Limited responded with speed in a lockdown crisis

During the COVID-19 lockdown, the Company was faced with a challenging reality.

Even as its manufacturing facilities (by the virtue of being classified as 'essential') were in operations, the Company's downstream consuming sectors were not.

The result was a gradual inventory accumulation at the Company's manufacturing facilities.

Even as Team Meghmani resolved to find a solution, the options appeared limited.

Finally, Team Meghmani responded with a lateral approach. It procured an order from the Company in Odisha and arranged railway rakes to deliver the material to Eastern India.

The result is that more than 3000 MT of Caustic Soda lye was dispatched at a time of virtually no cross-country movement.

Following a maiden entry into Eastern India, the Company was pleasantly surprised to receive a second order: from one of the largest aluminum companies in India in March 2021.

The spirit of Meghmani prevailed.







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SPIRIT OF MEGHMANI FINECHEM LIMITED

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# How Team Meghmani Finechem Limited swiftly evolved its legacy personality into a future-facing multi-chemical organisation

Until a few years ago, Meghmani Finechem was classified as a focused Chlor-Alkali Company.

The Company recognised that it possessed two options: grow in a linear manner and focus completely on base chloralkalis with a high exposure to the movements of a volatile market; the second alternative was to utilise chloralkalis being manufactured in the manufacture of value-added Derivative products and emerge with a broadbased de-risked business model.

The Company focused on the latter approach, which was reflected in evolved investment and sales profiles. Since FY 2018-19, 28.50% of the Company's investments were made in value-added Derivative products; in FY 2020-21, 26% of the Company's sales were generated from value-added Derivative products.

This transformation has influenced the Company's EBITDA: from ₹194 Cr in FY 2019-20 to ₹261 Cr in FY 2020-21.

At Meghmani Finechem, we believe that the higher profits will translate into larger accruals going into the Company's asset building cross the coming years, moderating debt and enhancing business sustainability.

Besides, the Company will extend from its legacy recognition of a chlor alkali Company into a multi-product chemicals organisation, enhancing a pride of association for all its stakeholders.



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SPIRIT OF MEGHMANI FINECHEM LIMITED

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# How Team Meghmani Finechem Limited has future-proofed itself through its multi-product manufacturing complex

At Meghmani Finechem, we made a decisive investment when we commissioned a 60-hectare manufacturing facility at Dahej in 2007.

The Company made a forward-looking investment in a facility where manufacturing operations accounted for only 30% of the space area when commissioned.

The Company's foresight was based on the following realities:

**One**, the location was in the midst of a chemical eco-system that comprised a proximate access to material, knowledge and logistic resources.

**Two**, the management recognised that any addition to the product portfolio, capacity or supporting utilities could be made within the facility without moving out.

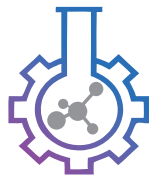
**Three**, the intra-complex transfer of resources and products would enhance logistical savings, strengthening competitiveness.

**Four**, the sharing of managerial personnel and utilities was directed to generate a superior cost amortisation, strengthening margins.

**Five**, the proactive investment in land and environmental clearances resulted in the ability to scale operations with minimal gestation, empowering the Company to capitalise on market opportunities.

**Six**, the scale arising out of a single facility would generate downstream benefits of economies and procurement, enhancing competitiveness.

The result is that the Company's multi-product complex – 25% yet to be utilised as on March 31, 2021 – represents a decisive long-term competitive advantage directed to provide a margins-plus advantage even before a new project has been commissioned.



## How we have reinvented our personality in the last few years

We have been driven by the second generation of the promoter family, enriching our personality and catalysing our growth ambition.

We have invested extensively in infrastructure - manufacturing complex and digital technologies - strengthening business ease, responsiveness and cost management.

We have increased our aggregate capacity 128% (by tonnage) in the three years ending FY 2020-21, validating our growth appetite.

We have invested a greater proportion (46%) in value-added Derivative capacities, endorsing our commitment to enhance value to base products.

We are investing in upstream manufacturing capacities that will broaden our base capacity, moderate costs and ensure that a majority of the output is consumed within.

We have increased the number of products on offer, strengthening our positioning as a multi-product solutions provider.

We have moderated our overall break-end point, strengthening our any-market competitiveness.

We have virtually reinvented our Company.

# The outcomes of the reinvention are already showing

## Outperformance

831

₹ Cr, MFL's revenue generated, FY 2020-21

36

%, MFL's YoY revenue growth, FY 2020-21

## Value-addition

223

₹ Cr, MFL's revenue generated from value added Derivative products

157

%, MFL's YoY growth in value added Derivative products

## Profit growth

443

₹ Cr, MFL's gross profit, FY 2020-21

32

%, MFL's YoY growth in gross profit, FY 2020-21





# At Meghmani Finechem, our transforming personality was increasingly visible across every successive quarter of a challenging FY 2020-21

## The financial health of our business, FY 2020-21

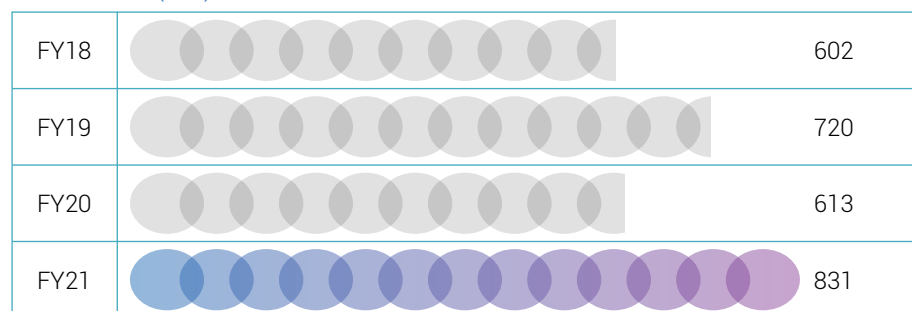
<b>Revenue from operations</b> (₹ Cr)	137.6 Quarter one	210.9 Quarter two	221.5 Quarter three	258.6 Quarter four
<b>EBITDA</b> (₹ Cr)	41.2 Quarter one	71.4 Quarter two	68.4 Quarter three	80.3 Quarter four
<b>Profit after tax</b> (₹ Cr)	17.9 Quarter one	25.6 Quarter two	24.6 Quarter three	32.8 Quarter four
<b>Cash profit</b> (₹ Cr)	28.8 Quarter one	45.9 Quarter two	45.8 Quarter three	53.9 Quarter four

## The financial hygiene of our business, FY 2020-21

<b>EBITDA margin</b> (%)	29.9 Quarter one	33.9 Quarter two	30.9 Quarter three	31.1 Quarter four
<b>Interest outflow</b> (₹ Cr)	4.1 Quarter one	9.8 Quarter two	11.1 Quarter three	4.2 Quarter four

# How we transformed in the last few years

## Revenues (₹ Cr)



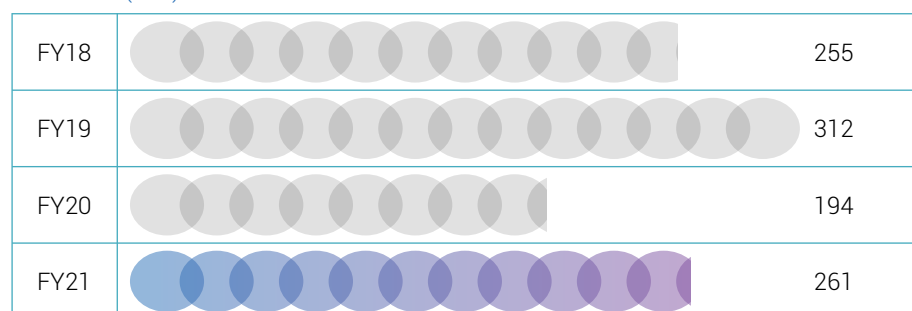
36%  
in FY21



### Value impact

The Company recorded a growth of 36% in its revenues from ₹613 Cr to ₹831 Cr in FY 2020-21.

## EBITDA (₹ Cr)



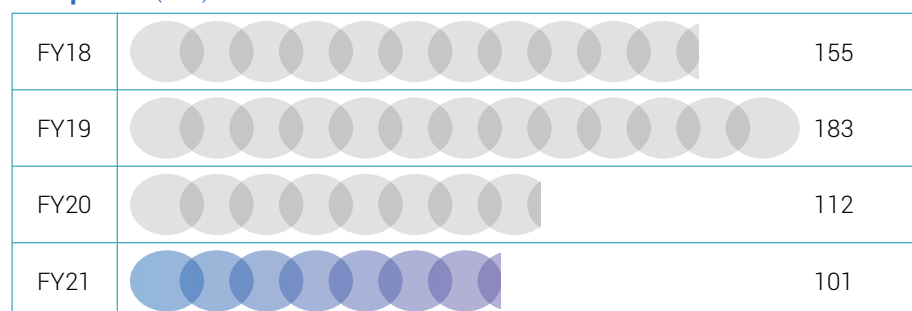
35%  
in FY21



### Value impact

The Company revived its EBITDA from 38% decline in FY 2019-20 to 35% growth in FY 2020-21.

## Net profit (₹ Cr)



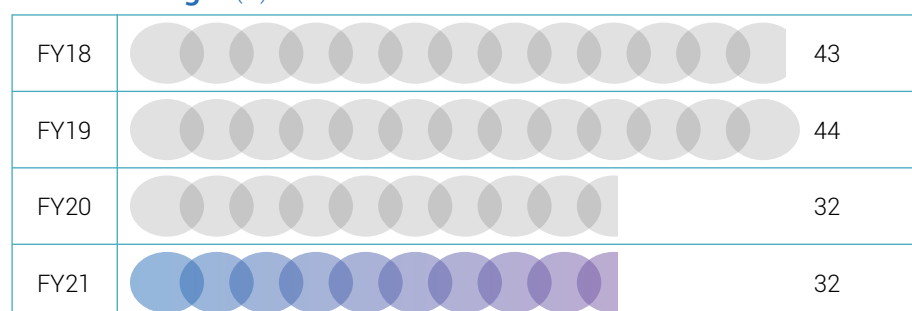
10%  
in FY21



### Value impact

The Company's net profit declined 10% in FY21 on account of an increase in depreciation and finance costs.

## EBITDA margin (%)







0%  
in FY21



### Value impact

The Company maintained EBITDA margin at 32% on account of higher production volume and cost control measures.

**RoCE (%)**





FY18		38
FY19		36
FY20		15
FY21		16

1%  
in FY21

**Value impact**

The Company's RoCE increased from 15% in FY 2019-20 to 16% in FY 2020-21 on account of higher profitability.

**Debt/EBITDA (x)**





FY18		0.3
FY19		1.3
FY20		2.7
FY21		2.1

0.6x  
in FY21

**Value impact**

The Company's Debt/ EBITDA ratio improved from 2.7x in FY 2019-20 to 2.1x in FY 2020-21 on account of improvement in earnings


**Net worth (₹ Cr)**

FY18		517
FY19		493
FY20		583
FY21		684

17%  
in FY21

**Value impact**

The Company's net worth increased by more than ₹100 Cr in FY 2020-21.



# Our focus is on emerging as a progressively RoCE-driven Derivatives Company in an otherwise generic sector

## Overview

I am pleased to present the first report of the Company Meghmani Finechem Limited following its de-merger from Meghmani Organics Limited that was concluded with effect from April 1, 2020.

The demerger was carried out with the objective to empower both companies to focus on their respective businesses, providing investors with companies possessing distinctive personalities,

encouraging both companies to announce their standalone vision and goals while empowering each of the companies to mobilise its own growth resources.

We believe that this demerger represents the start of an exciting journey for Meghmani Finechem Limited, which is expected to translate into enhanced value for all stakeholders associated with it across the foreseeable future.



## Starts and ends with sustainability

The one word that has become increasingly defining in the formulation of business strategy is the word 'sustainable.'

Every initiative, spending or business is now being appraised by the question: 'Is it sustainable for the long-term?'

In generic businesses, this question acquires an even deeper significance. A number of such businesses are, by the nature of their engagement, cyclical, where some bountiful years are followed by challenging years. Following the 2008 meltdown and now even more so after the COVID-19 pandemic of 2020, capital providers (debt and equity) are becoming increasingly concerned about the sharpness of swings that either makes generic companies unprecedented amounts of profits during compressed periods or drives a number of them to liquidation in the space of a few quarters.

What has emerged as a result is a different priority: the need for business models that deliver sustainable and predictable growth for commodity-based companies across market cycles.

At Meghmani Finechem, the need to demerge and build a relatively broadbased (and hence de-risked) business model was driven by precisely this priority to create a business that would endure and outperform across products, geographies and market cycles. This is our principal priority and I wish to assure our stakeholders that whatever we have done, or will do, will be driven by this overarching strategic priority.

## Structural shift

At Meghmani Finechem, we stand at an inflection point.

Within Asia there have been decisive shifts in manufacturing capacities. Over the last couple of decades, Chlor-Alkali capacities tended to be aggregated in China and India, two countries with extensive chemical engineering bandwidth, access to feedstock, large regional clusters that provide centralised cost-effective effluents treatment and a proximate

access to ports that made it possible to emerge as global material providers.

In the last few years, yet another structural shift has begun to emerge: the manufacturing cost structure in China has begun to trend upwards, neutralising much of the advantage they once held over developed and developing economies; a number of unorganised Chlor-Alkali manufacturers in that country are being shut down on account of tightening pollution management standards.

These realities provide an unprecedented opportunity window to nimble Chlor-Alkali companies in India, one of whom is Meghmani Finechem Limited. We believe that such an opportunity comes rarely and we are the right place at the right time with the corporate structure to capitalise.

## The India story

What makes the Meghmani Finechem story compelling is that there is a convergence of various positive realities – all happening around the same time.

**One**, the world is looking at an alternative Chlor-Alkali provider beyond China and India is emerging at the top of that alternative list.

**Two**, the maturing of the Indian Chlor-Alkali sector in terms of capabilities and the government's tightening environment standards are sending out a positive message of the industry to the world.

**Three**, the most potential driver of the sector's long-term potential is the Indian growth story. India's USD 2.9 Trn economy is expected to grow to USD 5 Trn across this decade, catalysed by a number of realities transpiring at the same time – sustained population growth, increased incomes, sustained consumption pipeline, increased infrastructure investment and reforms leading to increased foreign direct investment, among other factors.

**Four**, the Indian growth story is likely to be broadbased across a number of large sectors (textiles, pharmaceuticals, crop protection, paper/pulp, soaps, detergents and automobiles). The consumption of Chlor-Alkali within each of these

spaces graduates this commodity space into a national growth proxy – if India grows, the Chlor-Alkali sector grows.

By the admission of various global Chlor-Alkali industry observers, the coming decades are expected to belong to India – by the virtue of a sectorial maturing that has happened, a large and growing consumption market available within, lower logistical costs, growing capacities, better economies of scale and the opportunity to provide western countries with quicker material delivery – and all this around a declining carbon footprint.

I am pleased to communicate that the newly listed Meghmani Finechem is the fourth largest Chlor-Alkali and Derivatives Company and determined to rise in the ranks through faster growth across the foreseeable future.

**At Meghmani Finechem, the need to demerge and build a relatively broadbased (and hence de-risked) business model was driven by precisely this priority to create a business that would endure and outperform across products, geographies and market cycles.**

## Scale, scope, specialise and sustainability

At Meghmani Finechem, we are cognizant of the fact that a structured strategic approach is the only way to make this outperformance a sustainable reality. We believe that if we are to grow faster than rest of our sector and emerge as one of the exciting companies in India's Chlor-Alkali sector, then that reality will warrant the responsible interplay of the four S's critical in our business.



**Specialise:** In a world where capital providers are increasingly wary of providing growth resources to companies smaller than the five largest in large commodity spaces, there is a growing premium on specialisation. Companies that focus on a number of businesses or a number of unconnected products within the same business are drawing attention for low focus and weak governance. On the other hand, companies that live the 'inch wide and mile deep' positioning are inevitably respected for their specialisation and competitiveness.

At Meghmani Finechem, we have selected to focus on the value-added Chlor-Alkali family eco-system. This specialisation is likely to translate into the ability to attract the right talent, deepen our knowledge capital and emerge as the most competitive in our space. We believe that this singular focus will empower us to outperform the growth the country's broad Chlor-Alkali market, capture additional market share and grow into among the top three of the country's value-added chlor-alkali Derivatives manufacturers.

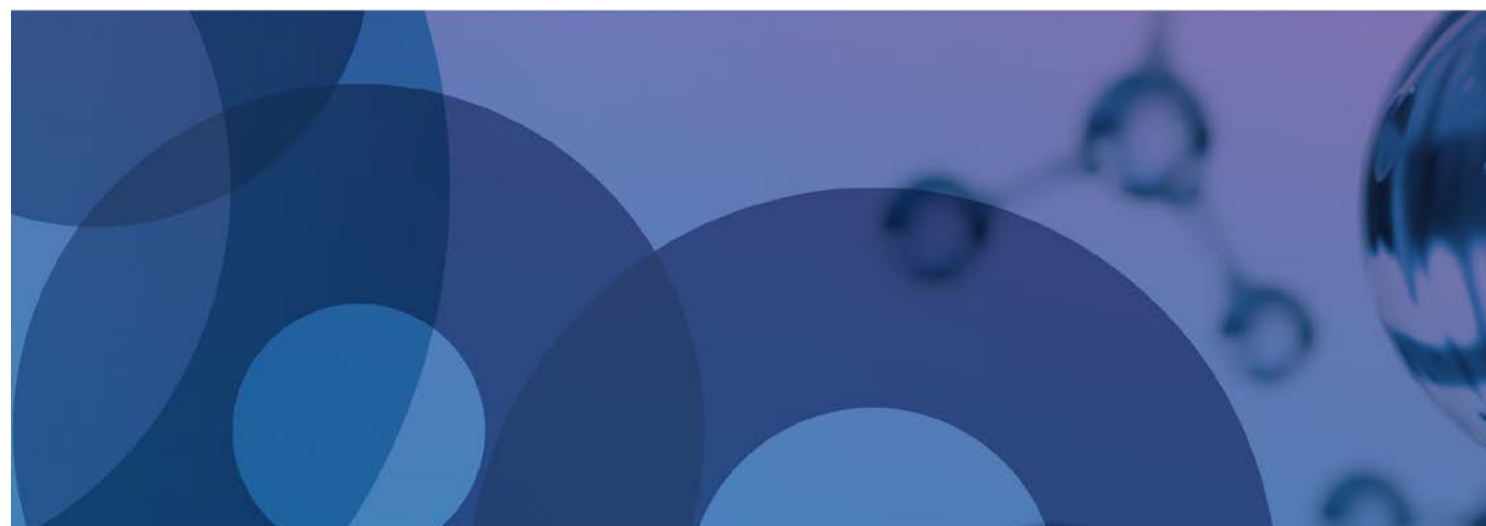
**Scale:** In a commodity business, the word 'boutique' has been swiftly replaced by 'scale.' The ability to build business size translates into various economies, starting with talent engagement, asset or material procurement, capital access and even how we are valued on the stock markets.

At Meghmani Finechem, we possess an aggregate 3,15,000 TPA Chlor-Alkali and 1,10,000 TPA (50,000 TPA Chloromethanes and 60,000 TPA Hydrogen Peroxide) value-added Derivatives capacity that we intend to enhance to 4,21,000 TPA Chlor-Alkali and 1,90,000 TPA (50,000 TPA Chloromethanes, 60,000 TPA Hydrogen Peroxide, 50,000 TPA Epichlorohydrin and 30,000 TPA CPVC) value-added Derivatives by FY 2023-24.

We possess debottlenecking opportunities that can scale our business beyond a revenue size of ₹2,000 Cr without significant capital expenditure. We are optimistic that the larger we grow, the more profitable we will become; the reinvestment of our surpluses into our operating system will accelerate our virtuous cycle that makes our Company larger and more profitable in the long-term.

**Scope:** In a generic space, the priority of the day is to create shock absorbers that make it possible to remain among the last persons standing during the worst end of the market cycle and among the first to be off the blocks following sectorial recovery.

At Meghmani Finechem, our biggest shock absorber is likely to be the Chlor-Alkali eco-system of products and resources we intend to create. Our objective will be to maximise value from a given unit of Caustic Soda, Caustic Potash, Hydrogen and



Chlorine. This eco-system has already taken root through value-added products like Chloromethanes and Hydrogen Peroxide linked to our core Chlor-Alkali thread. By extending into adjacent product spaces across the foreseeable future, we will attempt to utilise a large part of a usual process tweaked towards the end to create a completely different product. Besides, a number of these products will be value-added and presently being imported in to India (Epichlorohydrin, CPVC and proposed specialty chemicals). The proportion of revenues generated from Derivative products will progressively increase, strengthening our overall profitability. Besides, ~50% of the resources (power and raw materials) that go into the manufacture of our end products are likely to be sourced from within the Company, strengthening our integration and cost management.

This integration and adaptability will make us lower in cost and provide us with the opportunity to extend into niche value-added product spaces. This Chlor-Alkali Derivatives eco-system will empower the Company to shift across products with ease during temporary periods of oversupply or shortage, making us a progressively RoCE-driven Derivatives company in an otherwise generic sector.

By the close of the year under review, the Company possessed a basket of inter-related and synergic products

and this is likely to widen in the foreseeable future. We believe that the addition of every single product will not only enhance our margins but also broaden our Chlor-Alkali derived portfolio, reducing our overall risk profile. More important, by the virtue of being able to provide not just a product but an entire family of products, we are likely to deepen our positioning as a single-stop solutions provider.

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

At Meghmani Finechem, we state in no uncertain and unambiguous terms: ESG lies at the heart of our existence. We will continue to invest in state-of-the-art manufacturing equipment that is automated and can be controlled remotely; we are driven by information technology that provides us with data

for informed decision-making; we are systems oriented and process-driven that moderates our dependence on individuals; our biggest insurance is a culture of passionate outperformance.

This priority was validated through the Responsible Care certification of the Company, indicating the Company's commitment to increase investments, strengthen processes and place responsibility as an organisational priority, reinforcing our respect as a forward-looking chemicals company.

**Conclusion:** If there is a central message that I must leave with you, then it is this: there is a structural shift in the world of Chlor-Alkali and Derivatives sector with India likely to emerge as a principal beneficiary. Within India, we believe that much of the growth will translate to chemical hubs, of which Gujarat is one. Within our space, we believe that Meghmani Finechem is attractively placed to capitalise. The result is that across the foreseeable future, the Company – now demerged – will, grow faster than in the past, enhancing value for all those associated with it.

**Maulik Patel**

*Chairman & Managing Director*



## 01

### Specialisation

Focus on the value-added Chlor-Alkali Derivatives business

Will help attract the right talent

Will enhance the Company's brand

Will enhance cost competitiveness

## 02

### Scale

Fourth largest in our sector

Leverage economies of scale, procurement and other factors



## THE FOUR S's OF MEGHMANI FINECHEM

## 03

### Scope

Focus on building a Chlor-Alkali eco-system

Extensive integration; low cost

Synergic products; part of the large Chlor-Alkali 'family'

Focus on value-added products presently imported

Manufacture of products and their raw material/resources

Emerge as a Single-stop solutions provider

## 04

### Sustainability

Allocate the highest priority for sustainable practices

Invest in state-of-the-art manufacturing technologies

Driven by supporting information technology

Focus on data-based decision-making

Systems and process-driven orientation



OUR OPERATING REVIEW FOR FY 2020-21

# At Meghmani Finechem, we are attractively placed to capitalise through a complement of products and a competitive cost architecture

## The Company's performance, FY 2020-21

The Company encountered challenging operating conditions during the year under review starting with the lockdown in the first quarter. Being an essential commodity manufacturer, the Company took government permissions to operate its plants. However, the Company encountered challenges related to the procurement of raw materials, material transportation to its plants and shortage of laborers affecting the timely completion of the Hydrogen

Peroxide project. The Company made arrangements to retain migrant labourers engaged on its construction sites and ensured uninterrupted materials access that sustained construction.

Demand was muted during the first two quarters following the imposition of the lockdown, downstream demand being affected and restrictions on the inter-state movement of products. The Company commenced production

at its manufacturing facilities within three days of the lockdown, gradually increasing capacity utilisation. Capacity utilisation peaked at 80% in the fourth quarter. The Company finished the year with 68% growth in volumes that corresponded to 36% growth in revenues. EBITDA increased 35% over the previous year and the Company finished with a 12% increase in cash profit. The EBITDA margin was maintained at 32% in FY 2020-21.

## The challenges faced

The imposition of the lockdown resulted in demand destruction during the first two quarters of the last financial year. During the first half of the last financial year, the Company

reported a 4% rise in revenues when compared with the corresponding period of the previous financial year. The increase in offtake was coupled with a higher volume of Caustic Soda

and Hydrogen Peroxide. However average realisations decreased, which put a premium on the need to control overheads and stay viable.



## The recovery

There was a marked recovery in the performance of the Company from the second quarter onwards. As capacity utilisation increased from 54% in the first quarter to 68% in the

second quarter to 70% in the third quarter to 80% in the fourth quarter, there was a corresponding decline in manufacturing costs on account of better amortisation. The result is

that the Company's profit after tax strengthened from ₹17.87 Cr in the first quarter to ₹32.76 Cr by the fourth quarter, strengthening business viability.

## Business growth

The Company grew its business following the commissioning of new plants (Caustic Soda, Hydrogen Peroxide and the 36 MW Captive Power Plant). The timely commissioning of the plants represented the faith of the management in the long-term potential of the sector and country.

The Caustic Soda capacity was expanded by 1,27,000 TPA to 2,94,000 TPA and commissioned in June 2020. The Captive Power Plant capacity was increased by 36 MW

to 96 MW, commissioned in June 2020. The Company commissioned a 60,000 TPA Hydrogen Peroxide plant in July 2020. The complement of these manufacturing capacities will broadbase the Company's manufacturing foundation, strengthen integration, moderate the cost structure and provide a platform for value-addition. The payback from these investments is likely to be recovered in 4-5 years, validating the Company's commitment to profitable growth.

Besides, the Company capitalised on low raw material prices in the first half that provided the Company with a base on which to build the business during the second half. The Company's ability to run the chloromethenes plant for the full year translated into a higher output, strengthening the amortisation of fixed costs. The proportion of revenues derived from the commissioning of new plants accounted for ~22% of the Company's revenues in FY 2020-21.

## Financial hygiene

At Meghmani Finechem, we focused on growing our business without stretching our Balance Sheet in any way that could potentially affect our long-term competitiveness. The Company focused on superior working capital management, moderated

borrowing costs and lower gearing, which translated into superior profitability. The Company reported improved EBITDA from ₹194 Cr in the previous financial year to ₹261 Cr in FY 2020-21. The Company reported a better Debt/EBITDA at 2.1x for the full

year when compared with 2.7x in the previous year, indicating better liquidity. The Company believes that a gearing of 0.8 at the year-end represents a robust foundation for the Company to build its business for the future.

## Building the business

During the year under review, the Company announced the implementation of a manufacturing facility for Epichlorohydrin (ECH) and Chlorinated Polyvinyl Chloride (CPVC) which are expected to add attractively to the Company's volumes and profitability across the future.

The ECH project will be the first time that the product will be manufactured in India. The 50,000 TPA facility will be based on glycerin feedstock that is obtained from 100% renewable resources, addressing the need for cost-effectiveness and moderated carbon footprint. The project is likely

to be commissioned during the first quarter of the next financial year.

The CPVC Resin project of 30,000 TPA at a cost of ₹190 Cr is likely to be commissioned in the second quarter of FY 2022-23.

## Competitiveness

At Meghmani Finechem, we are optimistic of our prospects for various reasons.

The Company has attained critical size in terms of aggregate Chlor-Alkali capacity of 3,15,000 TPA, emerging among the fourth largest players in this space in India. We believe that this scale reinforces our customer relationships, making us a trusted and preferred go-to vendor.

Besides, the Company's progressive investments at a relatively low capital

cost per tonne has enhanced the Company's competitiveness across market cycles.

In addition to size, the Company evolved its product basket with the singular objective of extending beyond generic realisations and emerging as a value-added solutions provider. Following an increase in Derivative products in the portfolio, there will be an increase in realisations on the one hand coupled with portfolio diversification cum de-risking on the

other, strengthening our business sustainability. The result is that the value-added Derivatives proportion of the business increased from 14% in FY 2019-20 to 26% in FY 2020-21, a trend that is likely to sustain.

We believe that this approach – scale, cost competitiveness and movement towards Derivatives – will make it possible for the Company to enhance capital efficiency and competitiveness across market cycles.

## Positive outlook

At Meghmani Finechem, our optimism is derived from the robust Indian story. We see India at the bottom end of a long and sustainable J-curve of growth across virtually every product of consumption. As increased incomes and aspirations translate into higher product consumption, there could be a sizable increase in the demand for various chemicals.

At Meghmani Finechem, we can respond to this projected reality in two ways – grow after the market has enlarged, minimising mismatches of time and return on investment, or invest slightly ahead of the curve by capitalising on the relatively low cost of investments and enhancing the confidence of our long-term customers around the assuredness of their supplies.

We have consciously selected to invest slightly ahead of the curve. We believe that the advantages arising out of proactive investment will position us distinctively and liberate us from a me-too presence in what could become a crowded market.

In view of this, we had drawn out a sustained expansion plan across the foreseeable future: Phase Three of our Caustic Soda expansion of 106,000 TPA is expected to increase our aggregate Caustic Soda manufacturing capacity to 400,000 TPA across the foreseeable future and Power Plant expansion of 36 MW is likely to strengthen our overall power capacity to 132 MW.

In the Chlor-Alkali sector, these investments will translate into enhanced scale, the basis of our

long-term competitiveness. By the time the third phase of our Caustic Soda expansion will commission, our Company should be the fourth largest within the space, the second largest in the manufacture of Caustic Potash, the third largest manufacturer of Chloromethanes and the third largest producer of Hydrogen Peroxide in India.

What we wish to assure shareholders is that the Company will not compromise the integrity of its Balance Sheet in pursuing these expansions. The aggregate investment outlay for all these expansion programmes is likely to around ₹695 Cr; the Company expects to generate 44% of this outlay from accruals, moderating its cost structure from the outset and strengthening multi-year sustainability.

## Indian economic outlook

The Indian economy is expected to resume its growth momentum from FY 2021-22 on the back of waning pandemic impact, government reforms, increased incomes, higher lifestyle aspirations and millennial spending. India's chemical sector is expected to capitalise on these realities, reflected in larger offtake.

At Meghmani Finechem, we are

attractively placed to capitalise through a complement of products and a competitive cost architecture expected to enhance viability across market cycles.

In FY 2021-22, the capacities commissioned during the previous financial year will be available across the complete year, resulting in a higher capacity utilisation, growth in revenues

and stronger profitability.

In view of these realities, we are optimistic that the Company has entered a profitable phase in its existence with the possibility that each round of growth will translate into enhance value in the hands of our stakeholders.

# How we intend to enhance shareholder value

## Overview

At Meghmani Finechem, we recognise that we are in business to enhance value for our stakeholders.

During the last few years, we transformed our Company and demerged operations from our parent with the objective to unleash value.

The Company expects to accelerate investments across the foreseeable future in specific buckets with the objective to enhance growth from segments that maximise value for the Company.

### Specialisation

Leverage 12 year Chlor-Alkali specialisation  
Long-term platform for related growth  
Capitalising comprehensively on the Chlor-Alkali platform  
Focus on building a family of related products  
Result: Fourth largest Chlor-Alkali Derivatives company in India

### Manufacturing excellence

Aggregate capacity utilisation 80% in FY 2020-21  
Gearing of 0.8x (based on long-term debt) as on March 31, 2021  
High operational safety and asset uptime

### Centralised infrastructure

Large 60-hectare Dahej facility  
All manufacturing facilities in one location enhanced logistics efficiency  
Prospective expansions can be conducted in ~25% of the facility  
Facility acquired at historic costs; sustainable cost advantage

### Integration

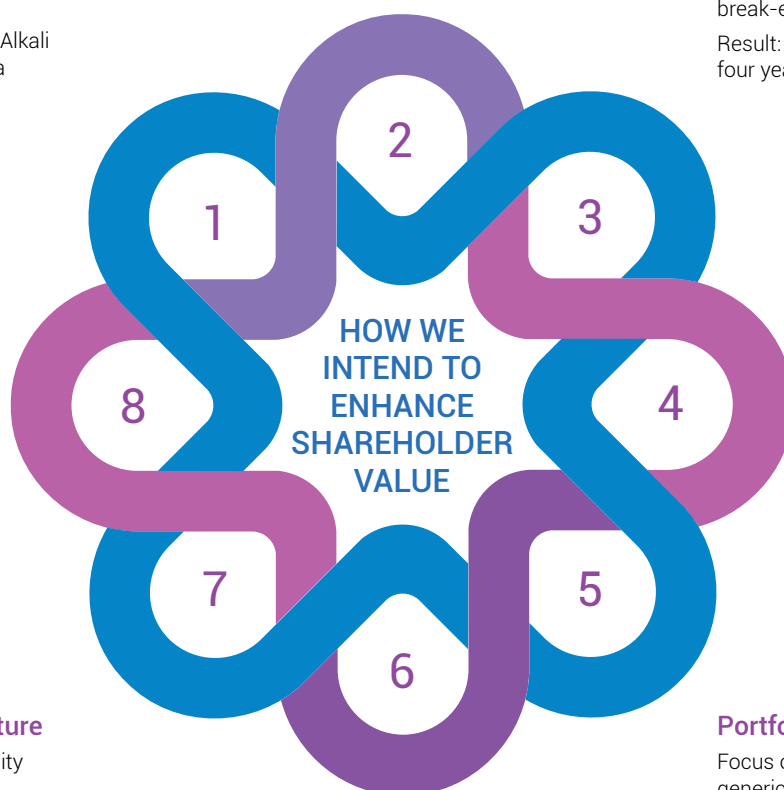
Forward and backward integration across most products  
Integration directed to reduce costs and enhance quality  
Integration to enhance portfolio responsiveness to dynamic market realities  
Integration to reinforce cost and brand leadership – solutions provider  
Result: ~50% of the raw materials needed provided from within

### Project execution

Deep capabilities in commissioning new projects with speed  
Projects commissioned at a cost lower than the prevailing sectorial average  
Projects moving into revenue earning quicker than usual  
Projects kick-started around a lower break-even point  
Result: Projects with a payback of four years or lower

### Responsibility

Strong ESG compliance and investments  
Investment in cutting-edge technologies and processes  
Committed to enhance stakeholder value and disclosures  
Credit rating of A+ (with positive outlook)



### Financial structure

Gearing of 0.8 (based on long-term debt) as on March 31, 2021  
38% of capex in three years ending FY 2020-21 funded through accruals  
Moderate debt / EBITDA of 2.1x; average debt cost 7%  
Result: Adequate accrual-generating and borrowing room within to sustain growth

### Portfolio value-addition

Focus on extending beyond the generic segment trap (declining Chlor-Alkali sales)  
Focus on the manufacture of value-added chlor alkali-derived products  
Higher portfolio resistance to sharp price swings  
Steadier realisations, offtake and margins compared to the generic segment  
Result: Revenue from value-added Derivatives likely to increase from 14% in FY 2019-20 to more than 50% by FY 2023-24





**What our people have to  
say about the distinctive  
Meghmani culture**



"The 2020 lockdown was a challenging period, marked by difficult raw material access due to logistics disruption. The second pandemic wave was more severe, with project activities affected due to low availability of manpower. Meghmani protected its supply chain by broadbasing vendors, as a result of which its units continued to operate at around optimised capacity utilisation. Even as delivery schedules were delayed, the Company nursed sufficient raw material. SAP made planning easier."

**Pritesh Shah**, Deputy General Manager-Purchase

"Meghmani's growth from 340 TPD of Chlor alkali capacity to 740 TPD has been achieved in the phase of challenges. During the 2020 lockdown when most plants were shut and facing logistic challenges, we arranged for 180 containers of Caustic Soda Lye to be transported from Ankleshwar to Odisha via rail rakes - the largest volume transported at any single consignment in Meghmani's history. The commitment to service made it happen."

**Naresh Kumar Agarwal**, Senior General Manager, Marketing

"Meghmani Finechem treats employees like family, which explains why most employees have been with the Company for decades. This family culture was validated during the pandemic; we provided an extra 14 days of paid leave for employees who were affected by COVID-19. We also arranged oxygen concentrators, life-saving medicines and organised vaccination camps for our employees and their family members."

**Vikram Bhatt**, Senior General Manager, Corporate Human Relations

"The principal reason behind Meghmani Finechem's sustained growth has been meticulous planning. At Meghmani, we leave nothing to chance. We invested in the latest technology with zero tolerance for non-compliance. When the lockdown was announced, we educated employees on the pandemic and precautions. Measures like these allowed us to run our plants at full capacity without major infections or casualties."

**Magan Hania**, Senior Vice President

"Meghmani Finechem implemented Responsible Care Management System (RCMS) and drew learnings from mishaps within the industry. The result is that during the last 18 months, the Company has transformed into one of the safest workplaces. Waste generation has been minimised (replacing legacy solid waste generation) and a culture of compliances strengthened, extending beyond warranted requirements."

**Hamid Sayyad**, General Manager, Corporate Safety



ENVIRONMENT-SOCIAL-GOVERNANCE (ESG)

# ESG represents the cornerstone of our existence at Meghmani Finechem

## Overview

At Meghmani Finechem, a commitment to Environment-Social-Governance (ESG) represents the core of our business. This commitment is critical considering that we manufacture a product that consumes a vast quantum of electricity and chemicals through processes that can be considered hazardous, putting a premium on safety and responsibility in every part of our operations.

The need to be completely responsible (and hence sustainable) has empowered us to treat the subject of ESG by focusing on three buckets for enhanced attention.

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

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

**Our governance component** indicates how we will do business, indicating

strategic clarity, priority to integrity, alignment with generally accepted good manufacturing practices and prudent de-risking.

This platform – environment, social and governance – will make it possible for Meghmani Finechem to generate long-term growth across market cycles, enhancing stability and value for all our stakeholders.

## Environment

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

The result of these realities is a greater emphasis on sustainable manufacture. This comprises the manufacture of products through economically sound processes that moderate the

consumption of energy and natural resources, while reducing negative environmental impact, in addition to enhancing employee, community and product safety.

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

There is a growing commitment to reduce energy intensity, moderate

greenhouse gas emission intensity and graduate to cleaner processes and fuels. The Company intends to minimise waste to landfill and minimise effluents discharge while moderating water consumption intensity.

In addressing these priorities, the Company will continue to faithfully deliver value to People, Product, Process, Profit and Planet, reconciling production growth with a moderated carbon footprint.

## Social

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

**Employees:** At Meghmani Finechem, we invested in a culture of excellence, marked by resource productivity, continuous cost competitiveness, timely talent investments (recruitment,

retention and training) and extensive safety provisions.

**Customers and vendors:** The Company grew its stable eco-system of vendors (provided capital equipment and spares) and primary customers (trade partners). The Company derived a large proportion of revenues from primary customers of seven years or more.

**Community:** The Company engaged with the community around its manufacturing locations, widening its circle of prosperity in line with the United Nations' Sustainable Development Goals.

## Governance

At Meghmani Finechem, our governance platform comprises clarity on the way we will grow our business. This enhances organisational predictability and stability. Our

governance architecture has been influenced by the priorities of complete integrity, Board composition, focus on chloralkali Derivatives, multi-product basket, cutting-edge technologies,

credible quality and process certifications as well as controlled growth.



EXCELLENCE DRIVER

# Manufacturing excellence at Meghmani Finechem

## Overview

In the capital-intensive business of chloralkali manufacture, there is a premium on manufacturing efficiency. The more efficient the management of

various variables affecting production, the higher the output, equipment uptime, quality consistency and manufacturing efficiency. At Meghmani

Finechem, we are respected within our sector for our ability to enhance manufacturing value, resulting in business sustainability.

## The power of integration

At Meghmani Finechem, one of our principal strengths is that of integration. The Company manufactures four products within its manufacturing complex in Dahej. The basket of products is inter-linked, one end product serving as the raw

material for the other. As a result, ~50% of our production is consumed within, indicating the extent of our integration. We believe that the larger we grow, the more integrated we are likely to remain, strengthening our margins and inter-dependence. At our Company, we have

not just widened our product basket; we have built on our base production material of Chlor-Alkali with a range of products that are value-added or being manufactured for the first time in India.

## Investment in technologies

At Meghmani Finechem, we believe that the best insurance in a generic sector is an investment in cutting-edge technologies that protects the Company from technology

obsolescence and period technology investments. Besides, an investment in cutting-edge technologies makes it possible for the Company's manufacturing facilities to be utilised

at the highest levels, delivering the highest process efficiency and product quality.

## Positive technology investment outcomes

The Company's committed investments in manufacturing technologies translated into visible improvements.

**Chlor alkali :** The Company moderated manufacturing costs 5% to 8% in three years, which is critical in a business where the Company has no control on product realisations. In a product segment that accounted for 74% of the Company's revenues in 2020-21, the reduction in cost enhanced

the Company's competitiveness with pass-through benefits for each downstream product in the value chain.

**Chloromethanes:** The costs of Chlorine, methanol and power generation declined since this plant was commissioned in July 2019. Chlorine consumption declined 20% in March 2021 compared to July 2019; methanol consumption declined 25% in March 2021 compared to July 2019;

power consumption declined 32% in March 2021 compared to July 2019.

**Captive power cost:** In a mature business segment, the Company reported an attractive cost decline of 70 paise / unit compared to the previous year (13%), strengthening competitiveness. The gross power cost of the Captive Power Plant is cheaper by ~ ₹3.00 - 3.25 / unit compared grid power.

## Challenges and counter-initiatives, 2020-21

Despite a setback in the early part of the financial year, the Company successfully achieved its production and sales targets for FY 2020-21 on account of proactive preparedness. While most competitors went in for a full shutdown, the Company restarted its plant within three days of the lockdown declaration on the grounds that its services could be classified as essential.

During the lockdown, the Company commenced operations of its

Hydrogen Peroxide plant, which consumed co-products (Hydrogen) manufactured by the Company, minimising the need for external dispatches. The Company developed new customers for Hydrogen Peroxide.

The Company expanded its Caustic Soda capacity by 300 TPD, and ran its Chloromethanes plant at full capacity (commissioned in 2019).

Chlorine gas was consumed as raw material for the Chloromethanes plant,

making it possible for the Caustic Soda plant to run at full capacity. The consistent supply of Hydrogen gas, key raw material for the Hydrogen Peroxide plant, was supplied from the chlor alkalis plant, maximising utilisation. The full utilisation of the base products made it possible for the Company's downstream units to be fully provided for their growing needs.



# Meghmani Finechem and environment responsibility

## Overview on sustainability

Sustainable manufacture comprises the manufacture of products through economically sound processes that moderate the consumption of energy and natural resources while reducing negative environmental impact, in

addition to enhancing employee, community and product safety.

Besides, there is a growing emphasis on aligning business existence with United Nations' 10 principles for

manufacturing responsibility and environmental sustainability covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

## The management's approach

The subject of HSE responsibility is underlined in a business like Meghmani Finechem for some good reasons.

Meghmani Finechem focuses on consuming less and manufacturing more. The Company's conviction is that the most successful, profitable and sustainable companies are ones benchmarked with the most stringent environmental standards. This priority inspired the Company to invest in the best technologies like and use Best Available Technology Membrane Sulphate Removal System.

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

**Recycling:** The Company reused treated wastewater, resulting in zero waste discharge from our factories. The Company maximised the utilisation of waste like Hydrochloric Acid, Dilute Sulphuric Acid, Fly Ash

and Brine Sludge (used in construction by mixing with Cement, Fly Ash for levelling and Diluted Sulphuric Acid sale to a government agency-approved customer list as per Rule 9)

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

**Reduction:** The Company reused waste-water generation from condensate and cooling tower blow down. The Company utilised the zero gap membrane process for manufacturing Caustic Soda Lye, reducing electricity and natural resources.

**Renewables:** The Company's new product development is based on sustainable chemistry; its greenfield

Epichlorohydrin plant will be based on 100% renewable resources, which will reduce more than 60% of global warming potential arising out of the project compared to the conventional petrochemical route, underlining the Company's responsibility.

**Restoration:** The Company invested in a green plantation belt inside and outside the plant premises. The Company adopted rainwater harvesting at its power plant. Rainwater from the rooftop of the power plant building was collected into a dedicated covered pit and after analysis is used for cooling tower make up. The total roof area of power plant building was 1,944 m<sup>2</sup> (108 m length x 18 m width). Considering an annual rainfall of 0.912 m and a run-off coefficient of 0.95, total rainwater collected from roof the top of the power plant building is expected to be ~1,685 m<sup>3</sup>/annum.

## Investments

The Company made timely investments in enhancing safety.

The Company installed an online monitoring system to continuously monitor air and water quality (data uploaded to a Central Pollution Control Board site). In the last couple of years, the organisation invested in the improvement of systems, infrastructure and implementation of integrated management systems like Responsible Care. The Company invested in plant automation as well as fire and safety management standards.

The Company invested in a fire

hydrant system, training facility, fire tender and dedicated crew emergency responsiveness. The Company invested in leak detectors, fire extinguishers, SCBA sets and leak-arresting kits. The Company trained employees in best practices of responsible care management, systems, SOPs and emergency preparedness. A dedicated HSE team was recruited.

The outcome of these commitment was the Company being awarded with Responsible Care certificate by Indian Chemical Council. The institutionalised

safety, conducted risk-based training across units and undertook workplace initiatives to eliminate fatal plant accidents. As a responsible Company, it integrated process safety from the design to operational stage, resulting in a comprehensive coverage.

The Company engaged in HAZOP and QRA studies; the recommendations were implemented. Other risk assessment tools (prescribed in process safety codes) were implemented. Advanced technologies were adopted in waste reduction and the minimisation of gaseous releases.

## Technologies

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

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

The Company installed a Sulphate

Removal System for the reduction of waste generation in the brine purification system in manufacturing Caustic Soda Lye.

The Sulphate Removal System is used in the Caustic Soda production in which Barium Carbonate is used as a raw material to remove sulphate from the brine circuit. The Sulphate

Removal System resulted in the reduction of waste in brine purification / clarification for better efficiency of RVDF. Barium Carbonate dosing was done in the brine circuit to remove sulphate from the brine system. The new system will eliminate the use of Barium Carbonate dosing, which is harmful for living organisms.

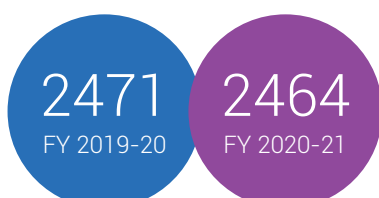
## Outlook

The Company intends to integrate EHS consideration across all business

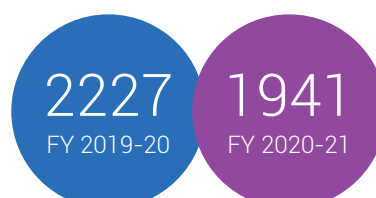
processes. The Company intends to re-appear for its Responsible Care

audit to obtain the certificate for three years.

**Specific energy consumption  
(KW/MT) for Chlor-Alkali  
production, including utilities**



**Specific energy  
consumption (KW/MT)**



CORPORATE SOCIAL RESPONSIBILITY

# Meghmani Finechem. The responsible corporate citizen

## **Meghmani Finechem is a responsible and sensitive corporate.**

The Company is not only driven by the need to make the world a better place through the manufacture of relevant chemical products but also through a widening prosperity circle.

Our corporate citizenship is defined by a number of priorities.

We believe that we are engaged in business to make the world a better place. Our engagement in corporate social responsibility projects are

aligned with national and regional priorities. We have extended beyond mere 'cheque-writing' to a deeper engagement with the objective to make a lasting positive difference. We focus on responsible engagement where we empower beneficiaries to assume control of their lives.

The Company is focused on various areas (health care, education, rural and semi-urban infrastructure and environment conservation) with the objective of mitigating poverty, unemployment and environment imbalance.

## The vision

In alignment with vision of the Company, the Company, through its CSR initiatives, will continue to enhance value creation in the society

and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and

community, in fulfilment of its role as a socially responsible corporate

## Our CSR activities

Carrying out medical check camps for salt workers at Dahej

Hostel facility for 1500 girls at Umiyadham Campus

Constructed the entrance gate of Dahej village

Provided hostel facilities at M.S. University campus to enable financially weaker students pursue higher education

Organised blood donation camps in association with Red Cross Society

Supported children with special needs

Distributed food/ration kits in Bharuch; distributed medical and PPE kit / safety kits in the Viramgam region

Donated to CM Relief Fund of Gujarat for the benefit of COVID-19 patients

## Highlights, 2020-21

Grocery distribution in villages proximate to the Company's manufacturing facility

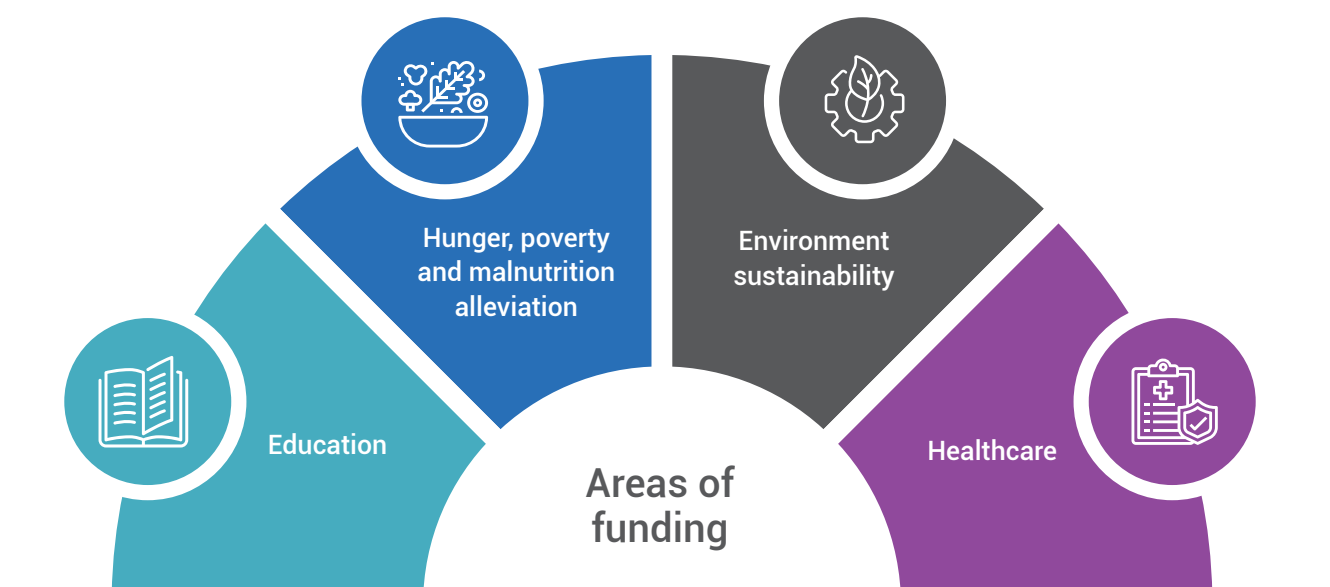
Distribution of *kadha* and Vitamin C tablets

Tree plantation near the Dahej village entrance gate

Donation of a ventilator (life supporting system) at Jayaben Modi Hospital & Sevashram Hospital, Bharuch

Arrangement of a mega blood donation camp by Meghmani *parivaar*

Vaccination camp for employees and their family members



# Management discussion and analysis

## Global economic overview

The global economy reported de-growth of 3.5% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II. This steep decline in global economic growth was largely due to the outbreak of the novel coronavirus and the consequent suspension of economic activities across the world. This led

to global supply chain disruptions, resulting in a de-growth in some of the largest global economies.

The global economy is projected to grow by 5.5% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with policy support in large economies. (Source: IMF)

Regional growth %	2020	2019
World output	(3.5)	2.9
Advanced economies	(4.9)	1.7
Emerging and developing economies	(2.4)	3.7

(Source: IMF)

## Indian economic review

The Indian economy passed through one of the volatile periods in living memory in FY 2020-21.

The Indian government announced a complete lockdown in public movement and economic activity from the fourth week of March 2020. As economic activity came to a grinding halt, the lockdown had a devastating impact on an already-slumping economy as 1.38 Bn Indians were required to stay indoors - one of the most stringent lockdowns enforced in the world.

The outbreak of the novel coronavirus and the consequent suspension of economic activities due to the pandemic-induced lockdown, coupled with muted consumer sentiment and investments, had a severe impact on the Indian economy during the first quarter of the year under review.

The Indian and state governments selectively lifted controls on movement, public gatherings and

events from June 2020 onwards, each stage of lockdown relaxation linked to corresponding economic recovery.

The result is that India's relief consumption, following the lifting of social distancing controls, translated into a full-blown economic recovery. A number of sectors in India - real estate, steel, cement, home building products and consumer durables, among others - reported unprecedented growth. India de-grew at a relatively improved 7.5% in the

July-September quarter and reported 0.4% growth in the October-December quarter and a 1.6% growth in the last quarter of the year under review.

The result is that India's GDP contracted 7.3% during FY 2020-21, largely on account of the sharp depreciation of the first two quarters. This sharp Indian recovery - one of the most decisive among major economies - validated India's robust long-term consumption potential.

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

Regional growth %	FY18	FY19	FY20	FY21
Real GDP growth (%)	7	6.1	4.2	(7.3)

### Growth of the Indian economy, FY 2020-21

Regional growth %	Q1, FY21	Q2, FY21	Q3, FY21	Q4, FY21
Real GDP growth (%)	(23.9)	(7.5)	0.4	1.6

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)



## Indian economic reforms and recovery

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

India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of FY 2020-21 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy.

The per capita income was estimated to have declined by 5% from ₹1.35 Lakh in FY 2019-20 to ₹1.27 Lakh in FY 2020-21, which was considered moderate in view of the extensive demand destruction of the first two quarters of FY 2020-21.

India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking and was the only country in the emerging market basket that received positive FPIs of USD 23.6 Bn in 2020; the country ranked eighth among the world's top stock markets with a market capitalisation of USD 2.5 trillion in 2020.

The Indian government initiated structural reforms in agriculture, labour laws and medium-small enterprise segments. The labour reforms were intended to empower MSMEs increase employment, enhance labour productivity and wages.

India extended the Partial Credit Guarantee Scheme by relaxing the criteria and allowing state-owned lenders more time to purchase liabilities of shadow banks. Under the ₹45,000 Cr partial credit guarantee scheme, announced as a part of the Atmanirbhar Bharat package, three additional months were given to banks to purchase the portfolio of non-banking financial companies.

The Government relaxed Foreign Direct Investment (FDI) norms for sectors like defence, coal mining, contract manufacturing and single-brand retail trading.

The Union Cabinet approved the Production-Linked Incentive (PLI) scheme for 10 sectors: pharmaceuticals, automobiles and auto components, telecom and networking products, advanced chemistry cell batteries, textile, food products, solar modules, white goods and specialty steel. These incentives could attract outsized investments, catalysing India's growth journey.

### Outlook

The outlook for the country appears to be positive in the medium term in view of the possibility that three down cycles – long-term, medium-term and short-term – could well

be reversing at the same time. The long-term downtrend, as a result of non-performing assets, scams and overcapacity could be over; the medium-term downtrend that was caused by the ILFS crisis, select banks collapse and weakening NBFCs could well be over; the short-term downtrend on account of the pandemic has weakened following the introduction of the vaccine.

There is a possibility of each of these downtrends having played out, which could well lead to a multi-year revival in capital investments. Besides, a change in the US leadership could result in a revival in global, trade, benefiting Indian exporters.

The Indian government kept the inflation target of, the monetary policy framework unchanged at 2-6% for the next five years, until the fiscal year 2025-26, measured in terms of consumer price index (CPI)-based inflation.

The Indian economy is projected to grow in the single digits in FY 2021-22 as per various institutional estimates on account of the second pandemic wave.

## Indian chemicals industry

The Indian chemicals industry ranks the sixth largest in the world and third largest in Asia. It is diversified with over 80,000 commercial products classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers and fertilisers. These chemicals are used in end-user segments, including textiles, automotive, agriculture, packaging, pharmaceuticals, healthcare, construction, electrical and electronics.

The Indian chemicals industry market was valued at USD 178 Bn in FY 2019-20 and is anticipated to reach a market value of USD 300 Bn by FY25, based on a CAGR of 9.2%. The COVID-19 pandemic brought upon an adverse effect on the Indian chemicals industry

and caused a disruption in the supply chain and demand for chemicals. On the overall, the industry experienced a decline as the economy slowed. With the IIP of chemicals and chemical products manufacturing on the verge of attaining the pre-Covid index, the chemicals industry is expected to witness a V-shaped recovery by FY22, catalysed by government initiatives, growth in consumers, improved lifestyle, increase in disposable incomes and focus on healthcare and hygiene. (Source: IBEF, PWC)

### COVID-19 impact on the chemicals industry

The chemicals industry in India, being vital for other industries, has been a major driver of the country's economy.

Around 20% of the production was impacted following disruptions in the supply chain of significant raw materials, intermediates and chemicals, which were imported from China, resulting in a rise in raw material costs. On the other hand, demand for chemicals in downstream sectors (textiles, automobiles, construction etc.) contracted.

The severity of the COVID-19 pandemic varied between the end-user segments as the automotive and construction industries faced a decline, while the food packaging, pharma, sanitary and medical applications witnessed a demand surge, mainly due to stockpiling, increase in delivery services and increased focus on healthcare.

Moreover, global supply chains faced major disruptions, labour scarcity, declining demand and the cascading effect on constraints in inputs and raw material supplies.

On the other hand, the fear and uncertainty around the coronavirus resulted in a considerable rise in the

demand for pharmaceuticals, over-the-counter health supplements and disinfectants, providing chemical companies with additional demand.

This presented opportunities to accelerate innovative and digital-enabled business models that addressed customer needs and

leverage automation, data analytics, and use of new technologies such as artificial intelligence and internet of things for improving the efficiency and quality while reducing manufacturing and distribution costs.

(Source: Economic Times, Chemindigest)

## Caustic Soda industry and Indian scenario

The current global consumption of Caustic Soda is estimated at 80 Mn Tonnes per annum. Asia is the largest consumer of Caustic Soda and expected to remain so. The majority of Caustic Soda is exported from North America, the Middle East and Asia. Australia and Latin America are the leading importers. China accounts for 40% of the world's Caustic Soda capacity. China and Middle East are fast emerging as key production hubs for Caustic Soda.

The Indian Chlor-Alkali industry possessed an installed capacity of 4.5

Mn Tonnes (Caustic Soda) at the close of FY 2020-21 compared to 4.28 Mn Tonnes at the close of FY 2019-20. The market size is expected to reach ₹91 Bn in FY 2020-21, growing at a CAGR of ~4% in the foreseeable future.

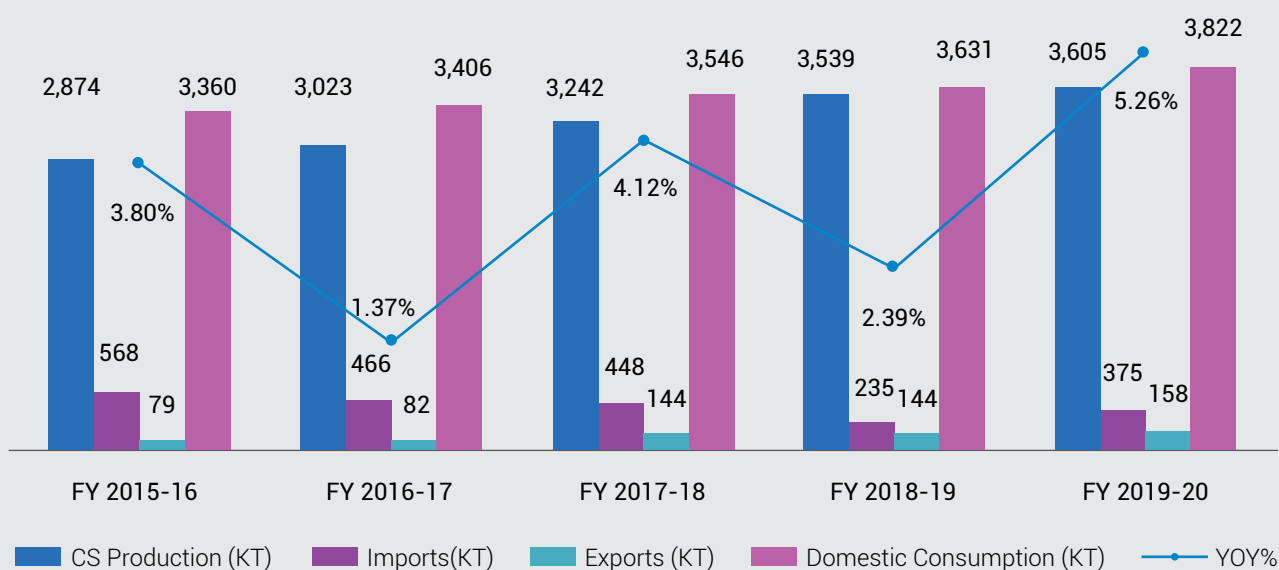
Caustic Soda is produced from the electrolysis of brine solution, which generates products (Caustic Soda, Chlorine Gas and Hydrogen). The combination of Caustic Soda, Chlorine and Hydrogen in a given proportion is termed as an electro chemical unit.

The Chloralkalis industry is recognised

as one of the most efficient, eco-friendly and progressive industries. The Indian Chloralkalis industry was amongst few of the nations to embrace energy-efficient and eco-friendly membrane cell technology. The alkali and chlor-vinyl industry is expected to see substantial growth, catalysed by a growing middle-class, higher disposable income, low product penetration and rising demand.

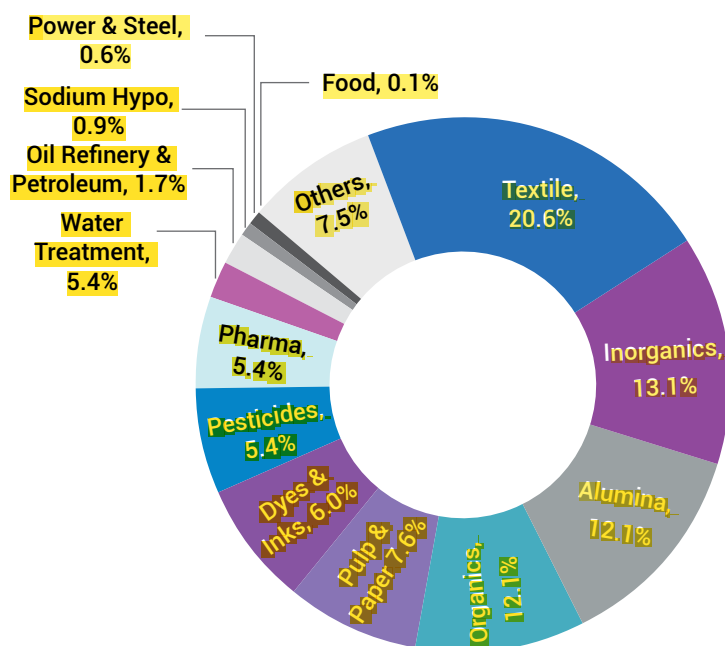
From FY 2015-16 to FY 2019-20, the domestic Caustic Soda consumption grew at a CAGR of 3.3%

### Caustic Soda consumption growth



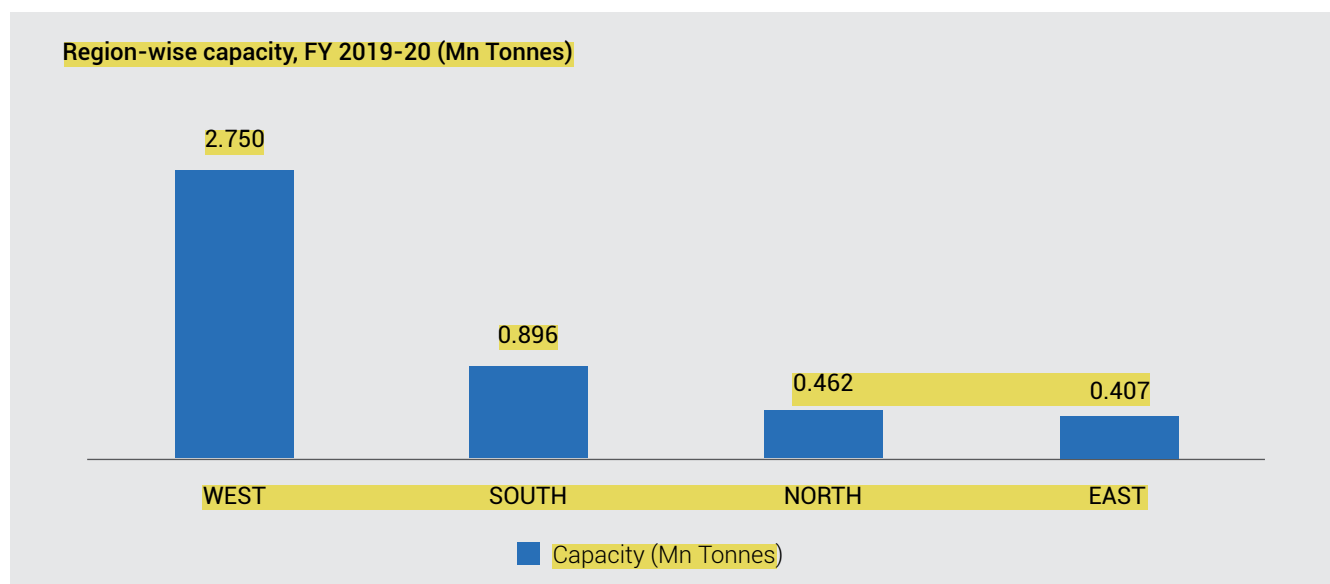
Source: AMAI Annual reports

In India, alkali products act as a building block for applications in the aluminum, paper, textile and plastic industries. Various user industries comprise pulp & paper (8%), textile (21%), soap & detergents (7.2%), alumina (12%), dyes and ink (6%), water treatment (2.1%), pesticides (5.4%), pharmaceuticals (5.5%) and organics (10%) and others.



Source: AMAI Annual reports

There are about 34 Caustic Soda units in India with an aggregate installed capacity of 4.5 Mn Tonnes per annum (FY 2019-20). Western India is the largest Caustic Soda producing zone with 2.75 Mn Tonnes per annum capacity.



India's exports increased from 79,000 Tonnes in FY 2015-16 to 158,000 Tonnes in FY 2019-20; imports decreased from 568,000 Tonnes to 375,000 Tonnes in same period. With the shift in emphasis on product innovation, brand building and environmental friendliness, the industry

is moving towards customisation and customer orientation. India possesses adequate volume of salt resource for onward manufacture. Besides, the industry is mature and 99% capacity is based on efficient, environment friendly membrane cell technology (next only to Japan). India has more

than adequate capacity to address the domestic demand of Caustic Soda and Chlorine. The trading of energy saving certificates (ESC) under National Mission for Enhanced Energy Efficiency (NMEEE) will enhance competitiveness of the Chlorine alkali sector.

## Chloromethanes and Hydrogen Peroxide – Market within India and the world

**Chloromethanes:** In FY 2020-21, the capacity of Chloromethanes in India was approximately 351 KTPA, whereas demand was 416 KTPA as on FY 2019-20 (₹1,500 Cr by value). During the period between FY 2014-15 and FY 2019-20, Chloromethanes demand grew at a CAGR of 6-6.5% in India and is expected to grow at an estimated CAGR of 7% between FY 2020-21 and FY 2024-25. Based on the current import-export data statistics and industry capacity utilisation, the demand of Chloromethanes in FY 2020-21 was estimated at 424KTA.

The Chloromethane plants produce products like Methyl Chloride, Methylene Dichloride, Chloroform and Carbon Tetrachloride. Chloromethanes has found a variety of applications, used as solvents in manufacturing pharmaceutical drugs, refrigerant gas and agrochemicals.

The pharmaceutical sector accounts for the largest demand share in MDC (91%), where it is used as a solvent. MDC has applications like foam blowing segments, aerosols, polycarbonate resins and adhesive formulations. Besides, it is a key raw material for HFC 32, increasingly used as a refrigerant in air-conditioners.

Chloroform is used in the production of tetrafluoro ethylene (55% of demand) that is used to make fluoropolymers used as non-stick coating on pans and other cookware. These are also used in containers and pipes for storing corrosive chemicals. Chloroform is widely used in making R22 and other refrigerant gases, accounting for 25% of the total demand. Carbon Tetrachloride is used as a feedstock in agrochemical intermediates.

The global Methylene Dichloride market, along with end products, witnessed stagnant growth. High demand growth for Methylene Dichloride in economies like China, Japan, and India will be the key driver, backed by new applications. Upcoming safety regulations and innovative techniques developed for Methylene Dichloride will be influencing factors in the global market with an emphasis on different applications. The Asia-Pacific is the largest market for Methylene Dichloride, with China accounting for the largest volume share followed by India.

**Hydrogen Peroxide:** In FY 2020-21, Hydrogen Peroxide demand in India was an approximate 253 KTPA (₹759 Cr by value), whereas the capacity of

Hydrogen Peroxide in the country is estimated at 384 KTA. The Hydrogen Peroxide market grew at a CAGR of 6.2% between FY 2014-15 and FY 2020-21, catalysed by a growth in the paper and pulp segment (accounting for 55% demand). The industry is expected to grow at a CAGR of 7% during FY 21-25. Hydrogen Peroxide is an environment-friendly, deodorising and bleaching agent. The range of applications include chemical processing, textile and pulp bleaching, metal treating, cosmetic applications, waste treatment and catalysis of reactions.

On the basis of geography, the global Hydrogen Peroxide market is segmented into North America, Europe, Asia-Pacific, South America, and Middle East & Africa. North America is expected to be the fastest-growing region due to environmental degradation and technological advancements. The US pulp and paper industry is at the cutting-edge of science and technology, and the second-largest producer of pulp & paper in the world.

## Key trends in the Indian chemical industry

**Shift in customers' preferences:** More customers seek products and services that are environment-friendly and socially responsible.

**Digitalisation and industry:** Digitalisation offers competitive advantages through improved horizontal and vertical integration, a new definition of operations management and innovation and new digital business models. Chemical companies are implementing

digitalisation initiatives and tools in their supply chains, pricing strategies and demand planning.

**Increasing M&A and investment related activity:** The downstream value-added opportunities, coupled with continued strength of specialty chemicals and realignment of portfolios are the major growth drivers of strong M&A and investment activities.

**Innovation and sustainability:** The expenditure on R&D in the Indian chemical industry has grown at a CAGR of 7.91% between 2009 and 2019. Chemical companies are incorporating sustainability and green-chemistry initiatives with constant improvement in their products, technology and processes, working closely with customers and suppliers across value chains. (Source: PWC)

## Growth drivers

**Rising urbanisation:** The population of India is anticipated to increase from 1.38 Bn in 2020 to 1.52 Bn in 2036. 70% of this population increase

is expected to arrive from the urban areas of the country, the population proportion of which is expected to rise from 34% in 2020 to 39% in 2036.

A rise in this population will result in higher demand for chemical products in the country.

**Demographic dividend:** The median

age of the Indian population is expected to rise from 28.4 years in 2020 to 38.1 years in 2050. This rise in age may result in increased health problems, which increases the demand for medicines, widening the market for chemicals.

**Increase in per capita consumption:**

The per capita consumption of chemical products in India is 10% of the global average per capita consumption. It is expected to reach 20% by 2025, acting as a growth driver for the chemicals industry in the country.

**Shift in supplier base:** Industry consolidation, environmental reforms and tightened financing have changed the structure of China's chemical industry, resulting in uncertainty for companies dependent on the country for their supply of raw material. This has resulted in many companies moving their supplier base to India due to its low-cost labour and favourable investment policies.

**FDI inflow:** 100% FDI is allowed under the automatic route in the chemicals sector, with a few exceptions made, including hazardous chemicals. The FDI inflow in the chemicals sector stood at a total of USD 437 Mn for the year 2020.

**Production-linked incentives:**

The Government of India plans to implement the production-linked incentive system with 10-20% output incentives for the agrochemical sector to create an end-to-end manufacturing ecosystem through the growth of clusters.

**Duty on imports:** The present customs duty levels of 7.5% imposed on Caustic Soda has restricted imports into the country. This has resulted in a rise in the production levels of Caustic Soda in India, resulting in growth of the Chlor-Alkali sector in the country. (Source: The wire, Trading economics, PWC, IBEF, Amai India)

**Increasing use in pharmaceutical sector:**

Methylene Dichloride is expected to record high demand growth due to increasing use in the pharmaceutical sector.

**Rise in demand of HFCs:** The rise in demand for Hydrofluorocarbons is expected to catalyse the growth of the MDC segment.

**Increasing demand of Carbon Tetrachloride (CTC):**

CTC is used in the manufacture of Cypermethrin, which could boost CTC demand and catalyse the Chlor-Alkali market.

**Paper and pulp industry:**

The Hydrogen Peroxide segment could witness growth on account of a rise in demand for the paper and pulp industry.

The COVID-19 effect: Increasing demand for disinfectants like sanitisers is expected to continue to drive the chlor alkali market.

## Company overview

Meghmani Finechem Limited (MFL) is an ISO 9001 and ISO 14001-certified company founded in 2007 and recognised as one of the leading producers of chlor alkali and its Derivatives with backward and forward integration facilities. The Company is meets the global essential chemicals demand with responsible care and with large-scale growth, while committing to quality and environment integrity.

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

### Products

**Chloralkalis:** The Company is a leading producer of Chloralkalis in the country with a diversified related portfolio.

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

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

**Chloromethanes:**

- Methyl Chloride
- Methylene Dichloride
- Chloroform
- Carbon Tetrachloride

**Hydrogen Peroxide**

### Proposed products

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

**Chlorinated polyvinyl chloride (CPVC):**

The Company announced the setting up of Chlorinated Polyvinyl Chloride (CPVC Resin) project with a capacity of 30,000 TPA. The commencement of the project will take place in Q2 FY 2022-23 and will be set up in Dahej.



## Operational review

• The overall production of the Company increased from 179 KTA in FY 2019-20 to 302 KTA in FY 2020-21, recording 70% growth.

• The Company, in the second year of operations of the Chloromethanes plant, achieved 100% capacity utilisation (FY 2020-21).

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

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

## Financial review

• During FY 2020-21, the revenue of the Company increased to ₹831 Cr, which records a growth of 36% compared to FY 2019-20.

• The EBITDA of the Company in FY 2020-21 stood at ₹261 Cr, which is at a growth of 35% compared to ₹194 Cr in FY 2019-20.

• The Company recorded a profit after tax (PAT) of ₹101 Cr in FY 2020-21 as against ₹112 Cr in FY 2019-20.

## Human resource

Meghmani Finechem Limited is human resource practices helped reinforce market leadership. The Company invested in formal and informal training as well as on-the-job

learning. It emphasised engagements with employees by providing an enriched workplace, challenging job profile and regular dialogues with the management. The Company enjoys

one of the highest employee retention rates in the industry; it creates leaders from within, strengthening prospects. As on March 31, 2021, the Company's employee base stood at 727.

## Internal control system

The Company has strong internal control procedures in place that are commensurate with its size and operations. The Board of Directors, responsible for the internal control system, sets the guidelines and

verifies its adequacy, effectiveness and application. The Company's internal control system is designed to ensure management efficiency, measurability and verifiability, reliability of accounting and management information,

compliance with all applicable laws and regulations, and the protection of the Company's assets. This will help identify and manage the Company's risks (operational, compliance-related, economic and financial).

## Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward

looking statements' within the meaning of applicable securities laws and regulations.



# Meghmani and risk management

## Overview

At Meghmani, business sustainability is derived through the identification of probable business downsides and their proactive de-risking. This is particularly critical in the chemicals industry, warranting technology intensity, hazardous materials management and process consistency.

At Meghmani, our risk management practices are founded on our guiding principles, which we consistently strive to apply across all our risk categories. The Board of Directors ensures that the executive management team has a risk management framework in place that includes policy, procedures and assessment methodologies. This approach has enhanced process stability, effort outcomes and corporate sustainability.

## Blueprint

Over the years, the Company instituted a systematic risk management approach. This comprised the creation of a Risk Management Team to periodically appraise various changes in the external and internal environment and suggest commensurate counter-measures. In line with this, the Company's Risk Management Framework is reviewed periodically and modified as and when required.

At our Company, we extended our understanding of risks from the strategic and the macro to the micro – right down to the transaction level. In so doing, the Company widened the understanding from the Board to the individual employee level, strengthening preparedness and mitigation.

## Risk management organisation, roles and responsibilities

At Meghmani, the corporate policy (and, in effect, our ability to manage organisational risk) is framed by our Board of Directors, comprising esteemed professionals with vast industry experience. Our governance principles, including overall risk tolerance, are directed by the Board of Directors. Our Board is assisted

by various committees with specific functions like Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, which also includes Board member(s) who report their findings to the Board of Directors. As a governance initiative, we ensure that members within our risk management

team is well versed with our risk strategy and processes, ensuring complete transparency as well as improved ability to manage everyday risks. Our risk governance boosts the development and maintenance of an effective risk and control culture.

### Risk identification

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

### Risk measurement

We consistently reinforce our risk measurement tools for each business function. The risks are measured at organisational and functional levels based on the risk perception of the functional teams.

### Analysis and assessment

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

### Risk reporting

At Meghmani, we periodically evaluate and report the effectiveness of our risk management to the Board of Directors and other Committees, covering category wise risk and overall risks. This will potentially generate early alerts that make it possible to engage proactively in initiatives to counter the risks.

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

# DIRECTORS' REPORT

*Dear Shareholders,*

Your Directors have pleasure in presenting Fourteenth Annual Report and Audited Financial Statement of the Company for the Financial Year ended on 31st March, 2021.

## FINANCIAL RESULTS:-

(₹ in Lakhs)

Particulars	Year ended on 31st March, 2021	Year ended on 31st March, 2020*
Revenue from Operations	82,860.03	61,050.63
Other Income	218.90	231.15
Total Revenue	83,078.93	61,281.78
Profit Before Finance Cost & Depreciation	26,132.71	19,412.68
Finance Cost	2,911.37	1,114.35
Depreciation	7,354.48	4,430.20
Profit Before Tax	16,085.76	14,099.28
Payment & Provision of Current Tax	2,816.76	2,534.16
Deferred Tax Expenses	3,185.10	365.35
Profit After Tax	10,083.90	11,199.77

\* Restated Pursuant to Scheme of Arrangement

### 1. COMPOSITE SCHEME OF ARRANGEMENT

The Hon'ble National Company Law Tribunal ("NCLT") Ahmedabad Bench vide its order dated 3 May 2021 (the "Order"), has approved the Scheme of Arrangement ("the Scheme") to demerge the Agrochemicals and Pigments Division of Meghmani Organics Limited ("MOL") along with its investment in Optionally Convertible Redeemable Preference Shares ("OCRPS") of Meghmani Finechem Limited ("MFL") and transferred to the Company as a going concern. The certified true copy of the Order issued by NCLT Ahmedabad Bench on 05th May, 2021 filed with the Ministry of Corporate Affairs (the "MCA") Registrar of Companies ("ROC") Gujarat, Dadra, Nagar and Haveli on 10th May, 2021. The Scheme is effective from 10th May, 2021.

### 2. FISCAL 2021 COMPARED TO FISCAL 2020

Pursuant to Composite Scheme of Arrangement, the Trading business operated by earlier Meghmani Organics Limited stands transferred in Meghmani Finechem Limited and the Financials as disclosed above are based

on the restated impact given to the financials on account of the Composite Scheme of Arrangement.

### 3. EFFECT OF SCHEME IN PREPARATION OF ACCOUNTS

The Company has given effect to the Scheme for the year ended March 31, 2021 considering it to be an adjusting event and has accounted the same as per the pooling of interest method since the conditions as per the requirements of Ind AS 103 – Business Combinations of entities under common control are met. The previous year numbers have been restated as per the requirements of Ind AS 103.

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

The Company continues to adopt measures to curb the impact of COVID-19 pandemic in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc. The Company has taken into account all the possible

impacts of COVID-19 in preparation of these Financial Statements, including but not limited to its assessment of liquidity and going concern assumption and recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these Financial Statements and believes that the impact of COVID-19 is not material to these Financial Statements and expects to recover the carrying amount of its assets and meet the current financial obligations. However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration. Accordingly, the Company will continue to monitor any material changes to future economic conditions.

## 5. STATE OF COMPANY'S AFFAIRS

The Company is in the business of manufacturing of Chlor Alkali and its Derivatives. This was the challenging year for the Company as the ECU (Electro Chemical Unit) prices remained volatile, production volume and sales volume decreased and raw material prices also soared up throughout the year impacting the profitability of the Company.

The operating results of the Company are given hereunder:

### i) REVENUE FROM OPERATIONS:-

The Revenue from Operations of the Company increased by ₹21,809.40 Lakhs i.e. from ₹ 61,050.63 Lakhs in FY 2020 to ₹ 82,860.03 Lakhs in FY 2021, mainly due to increase in sales quantity of Caustic Lye and Hydrogen Peroxide post commissioning of expansion project.

### ii) OTHER INCOME :-

Other Income decreased by ₹ 12.25 Lakhs i.e. from ₹ 231.15 Lakhs in FY 2020 to ₹ 218.90 Lakhs in FY 2021.

The decrease in Other Income mainly comprises of reduction in net Gain on Sale of Mutual Fund and decrease in Cess Refund Income.

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

EBITDA has increased by ₹6,720.03 Lakhs i.e. from ₹ 19,412.68 Lakhs in FY 2020 to ₹ 26,132.71 Lakhs in FY 2021.

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

Profit before Tax (PBT) has increased by ₹ 1,986.48 Lakhs i.e. from ₹ 14,099.28 Lakhs in FY 2020 to ₹ 16,085.76 Lakhs in FY 2020. The major reasons for increase in profit are:-

- Higher Sales volume
- Higher Capacity utilization of Chloromethane
- Increase in production of Hydrogen Peroxide and.
- Positive impact of Mark to Market provision.

## 6. CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statement have been prepared on the basis of the Audited Financial Statement of the Company and its Subsidiary Company, as approved by their respective Board of Directors.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements of the Company, the Consolidated Financial Statements along with all relevant documents and the Auditor's Report thereon form part of this Annual Report.

The Financial Statements as stated above are available on the website [www.meghmanifinechem.com](http://www.meghmanifinechem.com) of the Company.

## 7. DIVIDEND

The Company in view of on-going expansion plan has decided not to recommend final dividend to Equity Shareholders for FY 2020-21.

## 8. AUDITORS' REPORT

There is no qualification, reservation or adverse remarks or disclaimer made by the Auditors in their report on the financial statement of the Company for the Financial Year ended on 31st March, 2021.

## 9. SHARE CAPITAL

- 1) As an integral part of the Scheme 2,35,45,985 Equity Shares of the Company held by Meghmani Organics Limited stands cancelled.

The Authorised Equity Share Capital as on March 31, 2021 was ₹12,050 Lakhs. Pursuant to the Scheme of Arrangement the Authorised Equity Share Capital of the Company would be increased from ₹9,500 Lakhs by (₹2,550 Lakhs).

During the year under review, the Company has not issued any shares with differential rights.

The Company has neither issued Equity Shares with differential rights as to dividend, voting or otherwise, nor issued / granted Employee Stock Options or Sweat Equity Shares to the Employees or Directors of the Company under any Scheme.

The Company has not issued any convertible instrument. During the year, the Company has not issued shares to employees.



- 2) Pursuant to the approval of the Composite Scheme of Arrangement the Company has issued 2,39,03,029 Equity Shares to the Shareholders of Meghmani Organics Limited on 19th June, 2021 in the ratio of 1,000:94.
- 3) No disclosure is required under Section 67(3)(c) of the Companies Act, 2013 (Act) in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

## 10. BORROWING

To meet the finance requirement of Epichlorohydrin, the Company has availed the term loan facilities of ₹19,000 Lakhs sanctioned by State Bank of India.

## 11. CREDIT RATING

The Company has been assigned Long Term Rating CRISIL A+ (reaffirmed) to its various bank facility of ₹ 72,000 Lakhs by CRISIL Limited (Rating Agency) vide its letter no RL/GDS12080/270280/BLR/0521/08926 dated May 07, 2021.

## 12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

## 13. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company has incorporated a Subsidiary viz., Meghmani Advanced Sciences Limited on 27th January, 2021.

The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website.

## 14. ANNUAL RETURN

Annual Return Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website at [www.meghmanifinechem.com](http://www.meghmanifinechem.com)

## 15. MEETINGS OF BOARD

During the year, Four Board meetings were convened and held respectively on 08/06/2020, 04/08/2020, 02/11/2020 and 02/02/2021, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

## 16. AUDIT COMMITTEE MEETING

The Audit Committee comprises of three members. During the year four Audit Committee meetings were convened and held on 08/06/2020, 04/08/2020, 02/11/2020 and 02/02/2021.

## 17. CONSTITUTION/RE-CONSTITUTION OF COMMITTEES

To comply with the requirements of listing, the Company has constituted/re-constituted the following Committees at the meeting of the Board of Directors held on 20th May, 2021:-

1. Audit Committee
2. Nomination & Remuneration Committee
3. Shareholders/Investors Grievances, Share Transfer and Stakeholder Relationship Committee

The details with regard to the composition, terms of reference etc. of above mentioned Committees are provided in the Report on Corporate Governance which forms part of this Annual Report.

## 18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

## 19. STATUS OF EXPANSION PROJECTS

- a) The Company has set up plant of Caustic Soda Lye with Captive Power Plant of 36 MW with total cost of ₹ 50,938 Lakhs. The Capacity of Caustic Soda Lye enhanced to 2,94,000 TPA in June 2020.
- b) The Company has also set up another plant of Hydrogen Peroxide (H<sub>2</sub>O<sub>2</sub>) with capacity of 60,000 TPA with total cost of ₹222.44 Lakhs. The Company has started the commercial production in July 2020.
- c) **New Projects:** The expansion project of ECH, CPVC and Caustic III Phase Company is in process and the Company has incurred ₹ 13,400 Lakhs till 31st March, 2021

## 20. INSURANCE

The Company's Plant, Property, Equipment and Stocks are adequately insured under the Industrial All Risk (IAR) Policy. The Company has insurance coverage for Product Liability, and Public Liability Policy and Commercial General Liability (CGL). The Company has Directors' and Officers' Liability Policy (D&OL) to provide coverage against the liabilities arising on them.

## 21. RELATED PARTY TRANSACTIONS (RPT)

All related party transactions entered during the financial year was on an Arm's Length Basis and were in the

ordinary course of business. The Company has not entered in to Materially Related Party transactions i.e, exceeding 10% of the annual consolidated turnover as per the last audited financial statements with Related Parties, Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Hence, no transactions are required to be reported in Form AOC-2.

During the year, all related party transactions were placed before the Audit Committee and the Board for approval. The Company has obtained Board approval at its Meeting held on 5th May, 2021 for entering into the transactions with Related Parties for the period of 3 (Three) years. The Members approval has been obtained at the Extra Ordinary General Meeting held on 7th May, 2021..

## **22. MATERIAL CHANGES AFTER THE CLOSE OF FINANCIAL YEAR - 2021**

The Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vide its Order dated 03rd May, 2021 approved the Composite Scheme of Arrangement. The Company has received the certified copy on 5th May, 2021 and the same was filed with the office of the Registrar of Companies vide e-form INC 28 on 10th May, 2021. The Company has also passed the resolution to take NCLT Order on record and other enabling resolutions for business operations.

## **23. CORPORATE GOVERNANCE**

The Report on Corporate Governance for FY 2021, as per Regulation 34(3) read with Schedule V of the SEBI (LODR), Regulations, 2015 forms a part of this Annual Report. The Certificate from Practicing Company Secretary confirming the compliance with the conditions of Corporate Governance is Annexed to the Report on Corporate Governance.

## **24. MANAGEMENT DISCUSSION AND ANALYSIS**

As per Clause 34(2) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, appended the Management discussion and Analysis report as a separate section in the Annual Report.

## **25. DIRECTORS**

### **Directors coming up for retirement by rotation:-**

In accordance with Section 149(10) of the Companies Act, 2013, Mr. Ankit Patel and Mr. Darshan Patel, Director of the Company are retiring by rotation at this Annual General Meeting and being eligible have offered themselves for re-appointment.

### **Independent Directors:-**

In accordance with Section 149 (7) of the Companies

Act, 2013, all Independent Director has given written declarations to the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

To comply with SEBI (LODR) Regulations, 2015, the Company has appointed the following 3 (Three) Independent Directors, to have 50% of the total strength of Independent Directors on the Board.

- 1) Mr. Sanjay Asher
- 2) Mr. Kanubhai Patel
- 3) Mr. Raju Swamy

## **26. KEY MANAGERIAL PERSONNEL (KMP)**

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

1. Mr. Kaushal Soparkar – CEO
2. Mr. Kamlesh Mehta – Company Secretary
3. Mr. Sanjay Jain – CFO

## **27. INTERNAL FINANCE CONTROL SYSTEM AND THEIR ADEQUACY**

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

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

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

M/s. C N K Khandwala & Associates, Chartered Accountants has been appointed as Internal Auditor for the Financial Year 2021-22.

## **28. ENVIRONMENT**

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

## 29. INDUSTRIAL RELATIONS

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

## 30. PARTICULARS OF EMPLOYEES

The applicable information required pursuant to Section 197 of the Companies Act, 2013 read with Rule (5) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 in respect of the employees are not presented as the accounts are restated due to approval of Composite Scheme of Arrangement.

## 31. FIXED DEPOSITS

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

## 32. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has formed a Corporate Social Responsibility (CSR), Committee and has identified projects in the areas of Poverty Eradication, Women Welfare, Support and Empowerment, Kanya Kelwani Nidhi, Livelihood, Health, Agaria Kalyan Yojana and Vanvasi Kalyan Yojana. These projects are in accordance with Schedule VII of the Companies Act, 2013.

## 33. BOARD EVALUATION

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

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

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

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

## 34. REMUNERATION POLICY

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

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

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

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

- The remuneration is divided as fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus.

## 35. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a WHISTLE BLOWER POLICY to deal with instance of unethical behaviour, actual or suspected fraud or violation of Company's code of conduct, if any. The detail of the WHISTLE BLOWER POLICY is posted on the website of the Company.

## 36. AUDITORS

### (A) STATUTORY AUDITORS:-

M/s. SRBC & Co LLP, Chartered Accountants, Ahmedabad (Firm Regn. No. 324982E / E 300003) was appointed as Statutory Auditors at the Annual General Meeting held on 27th July, 2017 to hold office from the conclusion of 10th Annual General Meeting (AGM) till the conclusion of 15th AGM i.e. for a period of five years.

### (B) SECRETARIAL AUDITOR:-

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Shahs & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report

for the financial year 2021-22 is appended to this report.

**(C) COST-AUDITOR: -**

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

Your Directors on the recommendation of Audit Committee, appointed M/s. K Melwani - Cost Accountants (Registration number 100497) for the financial year 2021-22. As per the Companies Act, 2013, the Resolution seeking ratification of remuneration payable to the Cost Auditor is placed before the Members in Annual General Meeting.

**37. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the Annual Accounts for the year ended on 31st March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2021 and of the profit of the Company for the period ended on 31st March, 2021.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis;
- e) The Directors had laid down Internal Financial Controls and that such Internal Financial Controls ("IFC") are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**38. OTHER DISCLOSURE AND INFORMATION: -**

**(A) PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:**

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

**(B) SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE AUTHORITY:**

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

**(C) ANNUAL LISTING FEE:-**

The Company is in the process of listing with National Stock Exchange of India Limited and BSE Limited and paid initial listing fees to both the Stock exchanges.

**(D) COMPLIANCE WITH SECRETARIAL STANDARD**

The Board affirms that the Company has complied with the applicable Standards issued by the Institute of Company Secretaries of India (ICSI) in relation to Board & Committee and Shareholders meeting.

**39. ACKNOWLEDGMENT-**

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them.

The Directors also gratefully acknowledge all stakeholders of the Company viz. Customers, Members, Dealers, Vendors, Banks and other business partners for the excellent support received from them during the year.

The Directors place on record unstinted commitment and continued contribution of the Employee to the Company.

**For and on behalf of the Board**

**(Maulik Patel)**

*Chairman & Managing Director*  
(DIN-02006947)

Place: Ahmedabad  
Date: May 20, 2021

## ANNEXURE-A

### 1. CONSERVATION OF ENERGY:

A	Energy Conservation measure taken	Installation of <ol style="list-style-type: none"> <li>1. High Carbon Ash Recycling System</li> <li>2. CPU and Make up Water Pre Heating</li> <li>3. GIDC Water Pump</li> </ol>
B	Additional Investment implemented for reduction in consumption of energy.	Rs 126.50 Lakhs
C	Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production.	Saving of 1125 Kwh and cost of production reduced by Rs 150 Per MT
D	Total energy consumption and energy consumption per unit of production.	As per Form A

## FORM A

### Form for disclosure of particulars with respect to conservation of Energy

#### CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars		2020-21	2019-20
<b>A. Power Consumption</b>			
<b>1 Electricity Consumption</b>			
<b>(a) Purchased</b>			
Unit	KWH	26,07,282	1,19,17,116
Total Amount	₹ In Lakh	452.82	1,109.77
Rate	₹/Unit	17.37	9.31
<b>(b) Own Generation</b>			
Through Diesel Generator			
Unit	KWH	12,513	16,640
Unit per Liter of Diesel	KWH/Ltr	3.37	3.98
Cost	₹/Unit	22.46	15.21
<b>(c) Through Coal</b>			
Unit	KWH	65,90,10,187	43,97,33,185
Unit per Kg of Coal	KWH/ Kg of Coal	1.11	1.07
Coal Cost	₹/Unit	3.37	3.84
<b>2 Coal</b>			
Steam Generated	MT	30,87,106	21,16,674
Consumption of Coal	MT	5,90,061	4,09,846
Coal Cost of Steam per unit (kg)	₹/Kg	0.72	0.80
Steam Purchase		-	-
<b>3 Others/Internal Generations</b>		-	-
<b>B. Consumption per unit of Production</b>			
Production in MT		3,02,213	1,79,202
Consumption Per MT		1,935	2,227
Electricity ( ₹/ MT)		9,211	12,250



## FORM B

### 2. Technology Absorption:

#### A. Form for disclosure of particulars with respect to technology absorption

##### Research & Development

1	Specific areas in which R & D is carried out by the Company.	N.A
2	Benefits derived as a result of the above R & D.	N.A
3	Future Plan of Action	N.A
4	Expenditure on R & D	N.A

#### B. Technology Absorption, Adoption and Innovation:

1	Efforts, in brief, made towards technology absorption, adoption and innovation.	N.A
2	Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.	N.A

### 3. Foreign Exchange Earnings and Outgo: as on 31st March 2021.

#### The particulars with regards to: -

Foreign exchange earnings	₹ 2,578 Lakhs
Foreign exchange outgo	₹ 12,020 Lakhs

Place: Ahmedabad  
Date: May 20, 2021

For and on behalf of the Board  
(Maulik Patel)  
Chairman & Managing Director  
(DIN-02006947)

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31.03.2021

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

To,  
The Members,  
**Meghmani Finechem Limited**  
Plot No.CH/1/CH2,  
GIDC Industrial Estate, Dahej,  
Ta-Vagra, Dist-Bharuch- 392 130

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Meghmani Finechem Limited** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon. **It is further stated that in view of COVID-19 pandemic situation and the government guidelines issued in respect thereof, we have also relied up on the scanned documents and other papers in digital/ electronic mode submitted to us by the official of the Company.**

### We report that -

- a. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of the Financial Statement of the Company.
- d. The compliance of the provisions of the Corporate and other applicable laws, Rules, Regulation, Standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records

maintained by the Company and also the information provided in digital/ electronic mode by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering **the financial year ended on 31st March, 2021 ("Audit Period")**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; **(Not Applicable to the Company during the Audit Period);**
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time; **(Not Applicable to the Company during the Audit Period) ;**
  - b) The Securities and Exchange Board of India

(Prohibition of Insider Trading) Regulations, 2015, as amended from time to time; 2009 **(Not Applicable to the Company during the Audit Period)** ;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)** ;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not Applicable to the Company during the Audit Period)**;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period)** ;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client 2009 **(Not Applicable to the Company during the Audit Period)** ;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)** ; and
  - h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**
  - i) Composite Scheme of Arrangement
6. Other laws specifically applicable to the Company (As per Annexure-1)

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

- i. The Listing Agreements entered into by the Company with Stock Exchanges (Not Applicable to the Company during the Audit Period) ;
- ii. Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (with effect from December, 2015) (Not Applicable to the Company during the Audit Period) ;
- iii. Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India.

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

#### **We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

1. Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
2. Redemption/Buy Back of Securities.
3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
4. Foreign Technical Collaborations.
5. Merger / Amalgamation / Reconstruction etc. **(As noted below)**

A Composite Scheme of Arrangement amongst Meghmani Organics Limited - "MOL 1" and Meghmani Organochem Limited - "MOL 2" and Meghmani Finechem Limited - "MFL" and their respective Shareholders and Creditors -the 'Scheme' under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and the Rules made there under were approved by National Company Law Tribunal, Ahmedabad Bench, vide its order dated 3rd May, 2021. Accordingly, MFL has issued and allotted 2,39,03,029 Equity Shares to the eligible shareholders of Meghmani Organics Limited (MOL 1).

**For, SHAHS & ASSOCIATES**  
Company Secretaries

**(Kaushik Shah)**  
Partner

Place: Ahmedabad  
Date: July 20, 2021

FCS No 2420 CP No-1414  
UDIN: F002420C000662519

## ANNEXURE – 1

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

For, SHAHS & ASSOCIATES  
Company Secretaries

(Kaushik Shah)  
Partner

FCS No 2420 CP No-1414  
UDIN: F002420C000662519

Place: Ahmedabad  
Date: July 20, 2021

## ANNEXURE I

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

[Pursuant to Section 134(3)(o) of the Companies Act, 2013 and  
Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs:

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

been uploaded to the website of the Company at [http://www.meghmanifinechem.com/inv\\_rel/misc/CSR-Policy](http://www.meghmanifinechem.com/inv_rel/misc/CSR-Policy)

2. Composition of the CSR Committee:

Sr. No.	Name	Designation
1.	Mr. Manubhai Patel	Chairman
2.	Mr. Maulik Patel	Member
3.	Mr. Kaushal Soparkar	Member
4.	Mr. Ankit Patel	Member

3. Average net profit of the Company for last three financial years: ₹ 19,175.25 Lakhs

4. Prescribed CSR Expenditure 2% of the amount as in item 3 above): ₹ 383.37 Lakhs.

5. Details of CSR spend during the financial year:

- (a) Total amount to be spent for the financial years:- ₹ 962.66 Lakhs  
(b) Amount unspent, if any :- Nil  
(c) Amount expended ₹ 966.93 Lakhs.

- (d) Manner in which the amount spent during the financial year is detailed below:-

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is Covered	Projects or Programs, Local Area or other specify the State and District where Program of Project was undertaken	Amount spent on Projects	Amount spent on the projects or Programs Sub Heads (1) Direct expenditure on projects or programs (DE) (2) Overheads (OH)	Cumulative Expenditure up to the reporting period	Amount Spent: Direct or through Implementing Agency
1.	Achala Education Foundation Trust & Other	1) To Promote: (i) Education (ii) Other	Gujarat	1.93		1.93	Through Agency
2.	Margraksha	1) To Promote: (i) Education (ii) Employment enhancing Skills especially in Women, Children, Elderly. (iii) Eradicating Hunger (iv) Health Care Activities	Gujarat	200.00		201.93	Through Agency
3.	Sardardham	1) To Promote (i) Education. (ii) Giving assistant for Education (iii) Providing Hostel facility to needy Students. (iv) Women empowerment. (v) Civil services for Development of Society.	Gujarat	715.00		916.93	Through Agency
4.	Manah Jinanam Trust	1) To Promote (i) Education (ii) Eradicating Hunger (iii) Health Care Activities	Gujarat	50.00		966.93	Through Agency

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

The Company has spent 2% of the average net profit of the last three financial years.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

This is to confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**Maulik Patel**  
Chairman & Managing Director

**Manubhai Patel**  
Chairman- CSR Committee



# CORPORATE GOVERNANCE

## 1. COMPLIANCE OF CORPORATE GOVERNANCE REPORT

Pursuant to the approval of the Composite Scheme of Arrangement, the Company has to apply for the listing of Equity Shares on Stock Exchanges Viz., National Stock Exchange (India) Limited (NSE) and BSE Limited (BSE). On receipt of the approval the Company is required to comply with the requirements stipulated under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations"), as applicable to listed Company, with regard to Corporate Governance. Accordingly, the Corporate Governance report is submitted for the information of Shareholders.

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

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

As prescribed in Regulation 17 to 27 of Securities and Exchange Board of India ("SEBI") and the requirements of the Corporate Governance in terms of Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") the Corporate Governance report as on 31st March, 2021 which sets out systems and processes of the Company, is submitted hereunder.

## 3. BOARD OF DIRECTORS

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

The Board of Directors have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business.

The Skills, Expertise and Competence of the Directors are as given below:

Name of the Director	Skill / Expertise/ Competence
Mr. Maulik Patel	Technical, Production, Corporate Affairs and Policy decision making
Mr. Kaushal Soparkar	Information Technology, Technical and Marketing
Mr. Ankit Patel	Finance and Corporate Affairs
Mr. Karana Patel	Purchases & Negotiations
Mr. Darshan Patel	Human Resource & Administration
Mr. Manubhai Patel	Finance, Taxation, Forex, Treasury and Credit Management
Ms. Nirali Parikh	Specialization in Finance and Marketing
Mr. Balkrishna Thakkar	Audit & Taxation
Mr. Sanjay Asher	Legal and specialization in Mergers & Acquisition, Cross border M&A, Joint Ventures and Capital markets.
Mr. Kanubhai Patel	Finance, Marketing, General Management of the Company, including strategic Planning.
Mr. Raju Swamy	Management of Manufacturing Sector Succession Planning

### (a) BOARD COMPOSITION :-

The Board consists of Directors comprising of One Chairman and Managing Director, One Managing Director, Three Executive Directors and Six Independent Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities. The Board presently does not have any Nominee Director.

Category	No. of Directors	%
Non Executive & Independent Directors	6	54.5%
Executive Directors	5	44.5%
<b>Total</b>	<b>11</b>	<b>100.0%</b>

The Composition of Board is in compliance with the SEBI (LODR) Regulations, 2015.

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

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

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

The Board meetings are normally held at Corporate Office of the Company situated at Meghmani House, B/h Safal Profitaire, Corporate Road, Prahlad Nagar, Ahmedabad – 380 015.

The details of attendance of the Directors at the Board Meeting during the year and at Annual General Meeting are given below:

Name of Director	Position	Board Meeting attended	AGM Attended
Mr. Maulik Patel	Chairman & Managing Director	4	Yes
Mr. Kaushal Soparkar	Managing Director	4	Yes
Mr. Ankit Patel	Executive Director	4	Yes
Mr. Karana Patel	Executive Director	4	Yes
Mr. Darshan Patel	Executive Director	4	Yes
Mr. Manubhai Patel	Independent Director	4	Yes
Ms. Nirali Parikh	Independent Director	4	Yes
Mr. Balkrishna Thakkar**	Independent Director	4	Yes
Mr. Sanjay Asher*	Independent Director	NA	NA
Mr. Kanubhai Patel*	Independent Director	NA	NA
Mr. Raju Swamy*	Independent Director	NA	NA

**Note: -**

\* Appointed on 20th May, 2021.

\*\* Retiring at ensuing AGM

**(c) DIRECTORSHIPS AND MEMBERSHIP ON COMMITTEES:-**

The total number of Directorships held by the Directors and the position of Membership / Chairmanship of Committees is given below.

Name of Director	Designation	Category	Directorship in other Public Limited Companies ***	Committee Membership of other Companies **
Mr. Maulik Patel	Chairman and Managing Director	Executive	0	0
Mr. Kaushal Soparkar	Managing Director	Executive	0	0
Mr. Ankit Patel	Executive Director	Executive	0	0
Mr. Karana Patel	Executive Director	Executive	0	0
Mr. Darshan Patel	Executive Director	Executive	0	0
Mr. Manubhai Patel	Independent Director	Non-Executive	1	0
Ms. Nirali Parikh	Independent Director	Non-Executive	0	0
Mr. Balkrishna Thakkar	Independent Director	Non-Executive	0	0
Mr. Sanjay Asher*	Independent Director	Non-Executive	7	7
Mr. Kanubhai Patel*	Independent Director	Non-Executive	1	0
Mr. Raju Swamy*	Independent Director	Non-Executive	0	0

**Note: -**

\* Appointed on 20th May, 2021.

\*\*\* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 8 Companies:

\*\* Committees considered are Audit Committee & Shareholders and Stakeholder's Relationship Committee.

All the Directors are in compliance with the provisions of the Companies Act, 2013 and "SEBI Regulations" in this regard.

**(d) NUMBER OF BOARD MEETINGS HELD :-**

During the financial year ended on 31st March, 2021, 4 (Four) meetings of the Board of Directors were held and the gap between two meetings did not exceed One hundred and Twenty (120) days. The Board meetings were held on 08.06.2020, 04.08.2020, 02.11.2020, and 02.02.2021.

The last Annual General Meeting of the Company was held on 1st August, 2020.

**(e) LIMIT ON NUMBER OF DIRECTORSHIP:-**

None of the Director of the Company is appointed in more than 10 Committees or is acting as Chairman in more than 5 (Five) Committees across all the Companies in which he is a Director. None of the Director of the Company is holding Directorship in more than 10 Public Limited Companies. None of an Independent Directors serve as an Independent Director in more than 7 (Seven) Listed Companies.

**(f) INDEPENDENT DIRECTOR**

Independent Directors play an important role in the governance processes of the Board. They bring with them their expertise and experience for fruitful discussions and deliberations at the Board. This better the decision making process at the Board.

The Independent Directors have been appointed for a fixed term of 5 (five) years from their respective dates of appointment with an option to retire from the office at any time during the term of appointment. Their appointment has been approved by the Members of the Company. The Independent Directors have confirmed that they meet with the criteria of independence laid down under the Act, the Code and SEBI Regulations, 2015.

**(g) FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTOR:-**

All new Independent Directors are taken through a detailed induction and familiarization Programme when they join the Board of your Company. As part of the induction sessions, the Chairman and Managing Director provide an overview of the organization, history, culture, values and purpose. The Business and Functional Heads take the Independent Directors through their respective businesses and functions

The Company has formed the procedure to explain in detail the compliances required under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to Independent Directors.

The policy on familiarization programme of Independent

Directors is available on the website of the Company at <https://www.meghmanifinechem.com> in the investor section.

**(h) SEPARATE MEETING OF INDEPENDENT DIRECTORS:-**

In accordance with provisions of Regulation 25(3) of the SEBI Listing Regulation read with Schedule IV of the Companies Act, 2013, the Independent Directors meeting will be held at least once in a year, without the presence of Executive Directors or Management representatives. They will also have a separate meeting with the Chairman of the Board, to discuss issues and concerns, if any.

**(i) ISSUANCE OF LETTER OF APPOINTMENT:-**

A formal letter of appointment was issued to all Independent Directors.

All newly appointed Independent Directors are provided an induction program on his duties as a director and how to discharge those duties. Briefings would also be provided by management on the Company's history, business operations and corporate governance practices.

**(j) PERFORMANCE EVALUATION OF THE BOARD & INDIVIDUAL DIRECTORS:-**

Pursuant to the provisions of the Act and the SEBI Regulations, the Board will carry out the Annual performance evaluation of the Board as well as the evaluation of the working of its Committees.

A separate exercise will be carried out to evaluate the performance of individual Directors. The Chairman of the Board of Directors and the Chairman of Nomination and Remuneration Committee shall meet all the Directors individually to get an overview of functioning of the Board and its constituents inter alia on the following broad criteria :-

- ⇒ attendance and level of participation,
- ⇒ independence of judgement exercised by Independent Directors,
- ⇒ Interpersonal relationship etc.

Based on the valuable inputs received from the Directors, an action plan would be drawn up to encourage greater engagement of the Independent Directors with the Company.

**(k) BOARD'S ROLE:-**

The Board's role is to:

- (1) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

- (2) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- (3) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;
- (4) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- (5) Consider sustainability issues, e.g. environmental, governance and social factors, as part of its strategic formulations
- (6) review and approve the recommended remuneration framework and packages for the Board and key management personnel;
- (7) review the performance of the Board, set the criteria for selection of directors and to nominate directors for shareholders' approval; and
- (8) Ensure communications with shareholders are accurate, adequate and timely.

To assist the Board in the execution of its responsibilities, the Board has constituted various Board committees, namely the Audit Committee, Nomination and Remuneration Committee and Shareholders/ Investors Grievances Committee etc.

The role and function of each committee is described in subsequent sections in this report. While these committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board. All Board Committees are constituted with clear Terms of Reference to assist the Board in discharging its functions and responsibilities.

#### **(I) CHAIRMAN / CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR**

The Board believes that there is sufficient element of independence and adequate safeguards against a concentration of power in one single person.

The Chairman is responsible to, among others:–

- (a) lead the Board to ensure its effectiveness on all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promote a culture of openness and debate at the Board;

- (d) ensure that the directors receive complete, adequate and timely information;
- (e) ensure effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and management;
- (g) facilitate the effective contribution of Non-Executive Directors in particular; and
- (h) promote high standards of corporate governance.

#### **(m) AGENDA FOR BOARD MEETING:-**

Agenda and Notes on Agenda are circulated to the Directors in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful discussion.

The Board business generally includes consideration of important corporate actions and events including:-

- Quarterly and annual results announcements;
- Oversight of the performance of the business;
- Declaration of dividend;
- Development and approval of overall business strategy;
- Board succession planning;
- Review of the functioning of the Committees;
- Other strategic, transactional and governance matters as required under the Act, Listing Regulations and

The followings are generally tabled for information, review and approval of the Board.

- Annual Operating Plans & Budgets.
- The information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including Appointment or Removal of Chief Financial Officer and the Company Secretary.
- Show cause, Demand, Prosecution Notices and Penalty Notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the entity.
- Details of any Joint Venture or Collaboration Agreement.

- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- The Board works with management to achieve this objective and the management remains accountable to the Board.

**(n) POST MEETING FOLLOW-UP MECHANISM:-**

The Company has an effective post meeting follow-up, review and reporting process mechanism for the decisions taken by the Board/Committees. Important decisions taken at the Board/Committee meetings are communicated to the concerned Functional Heads promptly. Action Taken Report on previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee members.

**(o) RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS:-**

As per Secretarial Standard 1 (SS-1) issued by The Institute of Company Secretaries of India (ICSI), the Company Secretary records the minutes of the proceedings of each Board and Committee meeting. The Draft minutes are circulated to the members for their comments.

**(p) COMPLIANCE REPORT:**

While preparing the Agenda adequate care is taken to ensure adherence to all applicable laws and regulations including the Companies Act, 2013 read with the Rules made there under, Secretarial Standard issued by ICSI. The Board periodically reviews all statutory compliance reports of all laws applicable to the Company. The Company has Installed Legatrix module for better legal compliance & monitoring.

**(q) ACCESS TO INFORMATION -**

The Directors have separate and independent access to the Company's management and the Company Secretary at all times. The Directors are entitled to request from management and should be provided with such information as needed to make informed decisions

in a timely manner. The Board is informed of all material events and transactions as and when they occurred.

Should the Directors, whether individually or collectively, require independent professional advice; such professionals (who will be selected with the approval of the Chairman of the respective Committees requiring such advice) will be appointed at the expenses of the Company.

The Company Secretary attends all the Board and Board Committee meetings and attends to the Corporate Secretarial Administration matters, ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

**(r) RELATIONSHIP BETWEEN DIRECTORS:-**

Mr. Maulik Patel, Mr. Ankit Patel, Mr. Karana Patel are related as Cousin Brothers. No other directors are related to each other.

**(s) CHAIRMAN AND CEO: -**

Mr. Maulik Patel – Chairman and Managing Director, leads the Board to ensure effectiveness of all aspects of its role. The Chairman sets the meeting agenda and ensures that the Directors are provided with complete, adequate and timely information. The Chairman ensures that discussions and deliberations are effective and promote a culture of openness and debate at Board meetings. The Chairman encourages constructive relations within the Board and between the Board and Management. The Chairman also facilitates the effective contribution of the Non-Executive Directors and promotes high standards of Corporate Governance.

Mr. Kaushal Soparkar - CEO, is responsible to execute the strategic plans set out by the Board and ensures that the Directors are regularly kept updated and informed of the business.

There is a clear separation of the roles and responsibilities of the Chairman and CEO.

**(t) NUMBER OF SHARES HELD BY NON-EXECUTIVE DIRECTORS:-**

Particulars of Equity Shareholding of Independent Directors: - 31.03.2021

Name of Independent Director	No. of Equity Shares of ₹ 10/- each
Mr. Manubhai Patel	Nil
Mr. Balkrishna Thakkar	Nil
Mr. Sanjay Asher	Nil
Mr. Kanubhai Patel	Nil
Mr. Raju Swamy	Nil
Ms. Nirali Parikh	Nil



#### 4. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the following Four Committees:-

- (1) Audit Committee (AC).
- (2) Nomination and Remuneration Committee (NRC).
- (3) Shareholders/ Investors Grievances Share Allotment, Share Transfer & Stake Holders Relationship Committee (SGC).
- (4) Corporate Social Responsibility Committee (CSR).

The Risk Management Committee is not applicable to the Company. It is applicable to top 500 listed entities on the basis of market Capitalisation as on 31.03.2021. The Company is in the process of listing.

The terms of reference of the Committees are determined by the Board from time to time. The respective Chairman of the Committees also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are tabled at the respective Committee Meetings. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

##### 4.1 AUDIT COMMITTEE - TERMS OF REFERENCE :-

The Audit Committee acts as a link between the Statutory Auditors, Internal Auditors and the Board. The Committee will also be governed by regulatory requirements mandated by Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) 2015. The Committee has full access to financial information.

The terms of reference of the Audit Committee are as set out in Part C of Schedule II of SEBI (LODR) 2015 read with Section 177 of the Companies Act 2013.

1. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the director's

responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

- b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any Related Party Transactions;
  - g. modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. approval or any subsequent modification of transactions of the listed entity with related parties;
  9. scrutiny of inter-corporate loans and investments;
  10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
  11. evaluation of internal financial controls and risk management systems;
  12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. discussion with internal auditors of any significant

findings and follow up there on;

15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. The Audit Committee shall mandatorily review the following information:
  - 1) management discussion and analysis of financial condition and results of operations;
  - 2) statement of significant Related Party Transactions ("RPT") (as defined by the Audit Committee), submitted by management;
  - 3) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - 4) internal audit reports relating to internal control weaknesses; and
  - 5) the appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.
  - 6) statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of

Regulation 32(1) of SEBI (LODR) Regulations

- (b) annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of SEBI (LODR) Regulations.

#### 4.2 COMPOSITION OF AUDIT COMMITTEE:-

Audit Committee reconstituted on 20th May, 2021, comprises of Five (5) Directors, out of which Three (3) Independent Non-Executive Directors and Two (2) Executive Directors. Mr. Manubhai Patel is the Chairman of the Audit Committee. All members of the Audit Committee are financially literate and having in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

Name of Director	Category of directorship	Qualification
Mr. Manubhai Patel	Chairman - Independent Director	ACA - Institute of Chartered Accountant of India (ICAI)
Mr. Balkrishna Thakkar *	Member – Independent Director	ACA - Institute of Chartered Accountant of India (ICAI)
Mr. Nirali Parikh**	Member – Independent Director	MBA (Finance and Accounts)
Mr. Kanubhai Patel **	Member – Independent Director	FCA – Institute of Chartered Accountant of India (ICAI), FCS
Mr. Maulik Patel	Member	B.E. (Chemical), Masters of Science (Chemical Engineering), MBA
Mr. Kaushal Soparkar	Member	B.S. (Chemical), M.S. (Engineering Management)

Mr. K. D. Mehta, Company Secretary, acts as the Secretary of the Audit Committee.

#### 4.3 MEETING AND ATTENDANCE :-

The Committee met four times during the year on 08.06.2020, 04.08.2020, 02.11.2020, and 02.02.2021.

Name of Director	No. of meetings attended
Mr. Manubhai Patel	Yes
Mr. Balkrishna Thakkar *	Yes
Mr. Kaushal Soparkar	Yes
Mr. Nirali Parikh**	NA
Mr. Kanubhai Patel **	NA

\* retiring at ensuing AGM

\*\* Inducted on 20th May, 2021

The meetings of Audit Committee are also attended by the Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board. The Audit Committee also meets the internal and external auditors separately, without the presence of Management representatives.

#### 4.4 REVIEW OF INFORMATION BY AUDIT COMMITTEE (AC):-

AC has reviewed and satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company. AC has also reviewed:-

- (1) Management Discussion Analysis of financial condition and results of operation.
- (2) Statement of significant Related Party Transactions submitted by management.
- (3) Internal Audit Reports relating to internal control weaknesses.

#### 4.5 INTERNAL AUDIT FUNCTION:-

The Company has outsourced the Internal Audit function to a professional firm M/s C N K Khandwala & Associates, Chartered Accountants. The Internal Auditor reports directly to the Chairman of the Audit Committee ("AC") on internal audit matters.

##### NON AUDIT SERVICES:

The Audit Committee has reviewed and confirmed that non-audit services provided by Auditors have not affected independence of the Auditors.

#### 4.6 Total fees for all services paid by the Company to the Statutory Auditors is given below:

(₹ In Lakhs)	
M/s. S R B C & Co. LLP	FY 2020-21
Audit Fees	17.35
Other Services	-
Reimbursement of Expenses	0.52
<b>Total</b>	<b>17.87</b>

- to approve or any subsequent modification of related parties transactions;
- to scrutinize inter-corporate loans and investments;
- to ascertain valuation of undertakings or assets, wherever it is necessary;
- to evaluate internal financial controls and risk

management systems

- to discuss with internal auditors of any significant findings and follow up action thereon.
- to review the functioning of the Whistle Blower Mechanism;
- to approve appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- to grant omnibus approval for Related Party Transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions.
- to carry out any other function as mentioned in the terms of reference of the audit committee.

#### 4.7 MAINTENANCE OF FINANCIAL RECORD -

Based on reports submitted by the external and internal auditors, the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems maintained by the Management that was in place throughout the financial year and up to date of this report. The Board, with the concurrence of the Audit Committee and assurance of the management (including Chief Executive Officer and Chief Financial Officer) as well as the Internal Auditors, are of the opinion that

- (a) the financial records have been properly maintained and financial statements give a true and fair view of the Company's operations and finances and
- (b) the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at the date of this report.

To ensure the adequacy of the internal audit function, the Audit Committee reviews and approves, on an annual basis, the internal audit plans and the resources required to adequately performing this function.

However, the Board and Management acknowledge that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision- making, human errors, losses, fraud or other irregularities.

#### 4.8 ASSURANCE FROM CEO AND CFO:-

The Board has received assurance from Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to ensure that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the

effectiveness of the Company's risk management and internal control systems are operating effectively in all material respects, based on the criteria for effective internal control established.

## 5. NOMINATION AND REMUNERATION COMMITTEE (NRC)-TERMS OF REFERENCE :-

The Nomination and Remuneration Committee (NRC) aims at establishing a formal and transparent process for the appointment/re-appointment of Directors. The Nomination Committee is responsible to:

- (a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and Other Employees; formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- (b) devising a policy on diversity of Board of Directors;
- (c) identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- (d) 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.
- (e) To recommend the Board, all remuneration, in whatever form, payable to Senior Management
- (f) Make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, Key Managerial Personnel and other employees;
- (g) Review the Board structure, size and composition, having regard to the principles of the Code;
- (h) Assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- (i) Put in place plans for succession, in particular, for the Chairman of the Board and Chief Executive Officer;
- (j) Make recommendations to the Board for the continuation in services of any Executive Director who has reached the age of 70 (Seventy) years;
- (k) Recommend Directors who are retiring by rotation to be put forward for re-election;
- (l) Decide whether or not a Director is able to and has

been adequately carrying out his duties as a Director of the Company, particularly when he has multiple Board representations;

- (m) Recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards;
- (n) qualifications, positive attributes and independence of a Director; for evaluation of performance of Independent Directors and the Board of Directors;
- (o) Recommend to the Board a framework of remuneration and specific remuneration packages for all Directors of the Company, Key Managerial Personnel (KMP) and other Senior Management Personnel;
- (p) Review the service contracts of the Executive Directors;
- (q) Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the NRC by the Board of Directors from time to time;
- (r) Reviewing and enhancing on the compensation structure to incentive performance base for key executives;
- (s) Ensure that the remuneration packages are comparable within the industry and comparable Companies and include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Director's performance.
- (t) To facilitate the transparency, accountability and reasonableness of the remuneration of Director and Senior Management Personnel.
- (u) Nomination and Remuneration Committee will recommend to the Board a framework of remuneration for the Directors,
- (v) All aspects of remuneration, including but not limited to Directors' fees, Salaries, Allowances, Bonuses, options and benefits-in-kind shall be covered by the Nomination and Remuneration Committee.

### INDEPENDENCE OF DIRECTOR -

#### 5.2 TO ASSESS THE INDEPENDENCE OF INDEPENDENT DIRECTOR –

NRC has adopted a formal system of evaluating Board performance as a whole and the contribution of each individual Director. An evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. Each member of NRC shall abstain from voting any resolutions

in respect of the assessment of his performance or re-nomination as Director.

The results of the evaluation exercise were considered by NRC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively.

### 5.3 COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE:-

**The Nomination and Remuneration Committee ("NRC")** comprises of three Independent – Non Executive Directors. Mr. Manubhai Patel is the Chairman of the Committee. The NRC Committee reconstituted on 20.05.2021.

The Committee met on 08.06.2020. The particulars of meeting attended by members of the Committee are given below:

Name of Director	Category of directorship	No. of meetings attended
*Mr. B. T. Thakkar	Chairman - Independent Director	1
**Mr. Manubhai Patel	Chairman - Independent Director	1
*Mr. Maulik Patel	Member – Chairman & Managing Director	1
**Ms. Nirali Parikh	Member – Independent Director	N.A.
**Mr. Sanjay Asher	Member – Independent Director	N.A.

\*Mr. B. T. Thakkar and Mr. Maulik Patel resigned from the Committee w.e.f. 20.05.2021.

\*\*Mr. Manubhai Patel appointed as Chairman of the Committee w.e.f. 20.05.2021

\*\*Mr. Sanjay Asher & Ms. Nirali Parikh appointed as member of the Committee w.e.f. 20.05.2021.

Each member of the NRC shall abstain from voting any resolutions in respect of his remuneration package.

### 5.4 NOMINATION PROCESS FOR NEW DIRECTORS –

The search and nomination process for new Directors are through personal contacts and recommendations of the Director. NRC will review and assess candidates before making recommendation to the Board.

NRC will also take the lead in identifying, evaluating and selecting suitable candidate for new Directorship. In its search and selection process, NRC considers factors such as commitment and the ability of the prospective candidate to contribute to discussions, deliberations and

activities of the Board and Board Committees.

### 5.5 PECUNIARY RELATIONSHIP OR TRANSACTION:-

There is no other pecuniary relationship or transaction by the Company with Non-Executive Directors.

### 5.6 PAYMENT TO EXECUTIVE DIRECTORS:-

The Company pays remuneration to its Executive Chairman, Managing Directors and Executive Directors by way of salary, perquisites and performance bonus.

### 5.7 PAYMENT TO NON EXECUTIVE DIRECTORS:-

The Non-Executive Directors were not paid any Compensation except sitting fees. The Board has fixed the sitting fees payable to Non-Executive Directors within the limits prescribed under the Companies Act, 2013. Therefore, requirement of obtaining prior approval of shareholders in General Meeting was not required.

### REMUNERATION TO DIRECTORS:-

The members at the Annual General Meeting held on 15th July, 2017 has approved the re-appointment and terms of remuneration payable to Mr. Maulik Patel, Chairman & Managing Director, Mr. Kaushal Soparkar, Managing Director, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel – Executive Directors (collectively referred to as "Working Directors") for a period of 5 years from 1st April, 2017.

In FY 2020-21, the Company has paid Salary of ₹2,25,000/- (i.e 75% of ₹ 3,00,000/-) per month and perquisites to each of the Working Directors.

During the year, over and above salary, the Company has paid Performance Bonus of ₹1,100 Lakhs collectively to Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel for year FY 2020-21. The remuneration paid is within the limits approved by the Shareholders.

The Company does not have any Employee Share Option Scheme or Employee Stock Option or any long-term incentive scheme in its place.

### 5.8 SITTING FEES PAID TO INDEPENDENT DIRECTORS FY 2020-21:-

₹ in Lakhs	
Name of Independent Director	Sitting Fees
Mr. Manubhai Patel	2.08
Ms. Nirali Parikh	0.92
Mr. B T Thakkar	2.08
Mr. Sanjay Asher*	-
Mr. Kanubhai Patel*	-
Mr. Raju Swamy *	-
<b>Total</b>	<b>5.08</b>



\*Appointed on 20th May, 2021

Remuneration paid during the FY 2020-21 to Working Directors are:-

Name of Director	₹ in Lakhs	
	Salary, Perquisites	Performance Bonus
Mr. Maulik Patel	27.00	275.00
Mr. Kaushal Soparkar	27.00	275.00
Mr. Ankit Patel	27.00	275.00
Mr. Karana Patel	27.00	165.00
Mr. Darshan Patel	27.00	110.00
<b>Total</b>	<b>135.00</b>	<b>1,100.00</b>

5.9 The Company is providing remuneration to its Executive Directors in compliance with Section II of Part II of Schedule V of the Companies, Act, 2013.

## 6 SHAREHOLDERS'/INVESTORS' GRIEVANCES, SHARE ALLOTMENT, SHARE TRANSFER AND STAKE HOLDER RELATIONSHIP COMMITTEE

### 6.1 TERMS OF REFERENCE:-

- To allot equity shares of the Company,
- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc.;
- Issue of duplicate / split / consolidated share certificates;
- Allotment and listing of shares;
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

### 6.2 COMPOSITION OF SGS COMMITTEE:-

The Shareholders'/Investors' Grievances, Share Allotment, Share Transfer and Stake holder Relationship Committee (SGS) comprises of two Independent Non-

Executive Directors and one Executive Director has been formed on 20th May, 2021.

Name of the Director	Status
Mr. Manubhai Patel	Chairman - Independent Director
Ms. Nirali Parikh	Member - Independent Director
Mr. Maulik Patel	Member

Mr. Manubhai Patel is the Chairman of the SGS Committee.

Mr. K. D. Mehta Company Secretary acts as Company Secretary of the Committee.

## 7 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company has always been mindful of its obligations vis-à-vis the communities it impacts and has been pursuing various CSR activities long before it became mandated by law. The terms of reference of the Corporate Social Responsibility Committee include the following:

- To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as per Companies Act, 2013, as amended;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken;
- To monitor the CSR Policy of the Company from time to time
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed By the Board of Directors from time to time

The Compositions of the CSR Committee as on 31st March, 2021 are as under:

Name of Member	Category
Mr. Manubhai Patel	Chairman/ Independent
Mr. Maulik Patel	Member
Mr. Kaushal Soparkar	Member
Mr. Ankit Patel	Member

During the year the Company has spent ₹ 966.93 Lakhs towards CSR activities.

## 8 GENERAL BODY MEETINGS :-

The details of date, time and location of Annual General Meetings (AGM) held in last 3 years and Special Resolutions passed are as under :-

Financial Year	Category-Date & Time	Venue	Special – Resolutions passed
2017-18	16th July, 2018 at 10:30 a.m.	Plot No.CH1/CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130, Gujarat, India.	No
2018-19	8th July, 2019 at 10:30 a.m.	Plot No.CH1/CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130, Gujarat, India.	No
2019-20	1st August, 2020 at 10:30 a.m.	Plot No.CH1/CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130, Gujarat, India.	No

No Special resolution was passed last year through Postal Ballot. At present the Company has not proposed any Special Resolution through postal ballot.

## 9 OTHER DISCLOSURES :-

### 9.1 Disclosure of Material Transactions:- Related Party Transaction :-

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable Disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements in this Annual Report. The Policy on Related Party Transaction has been placed on the Company's website.

### 9.2 Vigil Mechanism / Whistle Blower Policy:-

The Company has a Whistle Blower Policy to deal with instance of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct, if any. The Whistle Blower Policy is posted on the website of the Company.

### 9.3 Prevention of Sexual Harassment (PSH) of Women at workplace:-

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on prevention of Sexual Harassment of Women at workplace.

### 9.4 Accounting Treatment:-

In the preparation of the Financial Statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 2013 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

### 9.5 Corporate Governance of Subsidiaries :-

Meghmani Advanced Sciences Limited (MASL) is the recently incorporated subsidiary of the Company, which has not yet started business operation.

#### Certificate on Corporate Governance:-

The Company has obtained a certificate from the

Practicing Company Secretary regarding compliance of conditions of Corporate Governance prescribed under the Listing agreement with Stock Exchanges which forms part of this report.

#### 9.6 Shareholder's Information:-

This Chapter read with the information given in the section titled General Shareholders' information constitutes the compliance report on Corporate Governance.

#### 9.7 Code of Conduct :-

The Company has adopted a code of conduct for its Directors and designated Senior Management Personnel. All the Board Members and Senior Management Personnel have agreed to follow compliance of code of conduct. The code has been posted on the Company's website.

#### 9.8 Management Discussion and Analysis Report:-

The Management Discussion and Analysis Report on Company's financial and operational performance, Industry trends etc. is presented as the Separate chapter in the Annual Report which forms part of this report.

#### 9.9 Insider Trading :-

The Company is in the process of listing and has on 20th May, 2021 adopted Insider Trading code applicable to all the Directors and Senior Management Personnel.

The management shall comply with said Insider Trading Code after listing of equity shares on the stock Exchanges.

#### 9.10 Disclosures regarding Re-appointment of Directors

As per the Articles of Association of the Company, one third of the Directors are liable to retire by rotation every year and if eligible, they offer themselves for re-election by the shareholders at the General Meeting. There is no Alternate Director being appointed to the Board.

#### 9.11 Transfer of shares to Investor Education and Protection Fund (IEPF) :-

Pursuant to provision of Section 124(6) of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, is not applicable as No Dividends are outstanding. The Company has not transferred any Equity Shares to IEPF Suspense account, who has not claimed dividend for seven consecutive years.

#### 9.12 Immediate Family Member of Director:-

Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal

Patel, Mr. Ramesh Patel and Mr. Anand Patel are immediate family members of Directors of the Company Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel respectively.

#### 9.13 Appointment & Removal of Company Secretary:-

The appointment and removal of the Company Secretary is subject to the approval of the Board.

#### 9.14 Reminders to Unpaid Dividend:-

Not applicable as no dividend is unpaid.

#### 9.15 No Suspension of Securities :-

The Securities of the Company is in the process of listing.

### 10 MEANS OF COMMUNICATION:-

#### 10.1 QUARTERLY RESULTS:-

On listing of securities, the Unaudited Quarterly/Half Yearly Financial Statements shall be announced within 45 (Forty Five) days of the end of the Quarter.

#### 10.2 ANNOUNCEMENT OF FINANCIAL RESULT:-

The Audited Annual Financial Results were announced on 20th May, 2021. The aforesaid Audited Annual Results are taken on record by the Board of to maintain good corporate governance the results are communicated to the Stock Exchanges. The Audited financial results form a part of the Annual Report which is sent to the Shareholders prior to the Annual General Meeting

#### 10.3 WEBSITE DISPLAY:-

On listing, the Company's Official news releases, presentation, policies, financial results, shareholder's general information etc. shall be displayed on the Company's website [www.meghmanifinechem.com](http://www.meghmanifinechem.com). The news released shall also be placed on Stock Exchanges and displayed on website. The presentations prepared for the investors and analysts shall be submitted to Stock Exchanges and displayed on the Company's website [www.meghmanifinechem.com](http://www.meghmanifinechem.com).

#### 10.4 GREEN INITIATIVE FOR PAPERLESS COMMUNICATIONS:-

To support the "Green Initiative in the Corporate Governance", an initiative has been taken by the Ministry of Corporate Affairs (MCA). The Company has sent the soft copies of Annual Report 2020-21 to those members whose Email IDs were registered with the Depository Participants (DP) after informing them suitably.

## 11 GENERAL SHAREHOLDER INFORMATION :-

### I. Annual General Meeting :-

Date	Thursday September 23, 2021
Venue	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020, hence there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM
Time	12:00 Noon
Last date of receipt of Proxy	Not Applicable
Posting of Annual Report	On or before August 27, 2021

### II. Financial Year :-

The financial year of the Company is from 01 April to 31 March. The Board Meetings for approval of Quarterly financial results during the year ended 31 March, 2021 were held on the following dates:-

#### Financial Calendar 2020 - 21:-

First Quarter Results	04.08.2020
Second Quarter and Half Yearly Results	02.11.2020
Third Quarter Results	02.02.2021
Fourth Quarter & Annual Results	20.05.2021

#### Financial Calendar 2021-22:-

First Quarter Results - 30.06.2021	Within 45 days from the close of quarter
Second Quarter Result - 30.09.2021	Within 45 days from the close of quarter
Third Quarter Results - 31.12.2021	Within 45 days from the close of quarter
Fourth Quarter - 31.03.2022	Within 60 days from the close of quarter

#### Date of Book Closure:-

Book Closure	September 17, 2021 to September 23, 2021
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### III. Dividend payment :-

No dividend has been declared for the financial year 2020-2021.

#### The Stock Code :-

ISIN allotted to the Company's equity shares of ₹ 10/- each is **INE071N01016**.

### IV. Share Market Price data:-

Share Market Price data is not available as the Company is in the process of listing its equity shares.

### V. Listing details of Equity shares:-

Name of Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited	Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	-
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	-

The listing fee for financial year 2021-22 has been paid to Stock Exchanges.

### VI. Share Transfer System :-

Link Intime India Private Limited, Mumbai, is Registrar & Share Transfer Agent of the Company. The Share Transfer and Share Dematerialization is processed by Link Intime India Private Limited, Mumbai. The transfer of shares in Depository mode need not be approved by the Company. The Physical transfers of shares are approved by Share Transfer Committee.

### VII. Shareholding Pattern - 20.05.2021

Category	Total shares	%
Promoters	2,93,97,332	70.75
Public	1,21,52,826	29.25
<b>Total</b>	<b>4,15,50,158</b>	<b>100.00</b>

### VIII. Dematerialization of Shares: 20.05.2021

Share Capital	No. of shares	%
Listed Capital	-	-
Held in Dematerialized form		
National Securities Depository Limited (NSDL)	3,64,39,660	87.70
Central Depository Services (India) Limited (CDSL)	51,10,498	12.30
Held in Physical Form	-	-
<b>Total</b>	<b>4,15,50,158</b>	<b>100.00</b>

## IX. Distribution of Shareholding: 20.05.2021

Sr. No	Shareholding of Shares	Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
1	1 to 500	1,08,212	97.78	40,90,263	9.90
2	501 to 1,000	1,274	1.16	9,34,895	2.25
3	1,001 to 2,000	585	0.50	8,41,182	2.02
4	2,001 to 3,000	175	0.16	4,25,015	1.02
5	3,001 to 4,000	107	0.10	3,72,447	0.90
6	4,001 to 5,000	73	0.07	3,34,997	0.81
7	5,001 to 10,000	98	0.09	7,08,737	1.70
8	10,001 to 99,99,99,99,999	150	0.10	3,38,42,622	81.45
TOTAL :		1,10,674	100.00	4,15,50,158	100.00

## X. Shareholding Pattern – 20.05.2021

Sr. No	Category	No. of shares	Value	%
1	Alternate Invst Funds - III	22,560	2,25,600	0.05
2	Body Corporate - Ltd Liability Partnership	2,51,052	25,10,520	0.61
3	Clearing Members	60,976	6,09,760	0.15
4	Foreign Portfolio Investors (Corporate)	3,12,098	31,20,980	0.75
5	Global Depository Receipts	10,60,827	1,06,08,270	2.55
6	Hindu Undivided Family	5,35,313	53,53,130	1.29
7	Investor Education And Protection Fund	12,432	1,24,320	0.03
8	NBFCs Registered with RBI	5,704	57,040	0.01
9	Non Resident (Non Repatriable)	80,875	8,08,750	0.20
10	Non Resident Indians	5,90,970	59,09,700	1.42
11	Other Bodies Corporate	10,55,784	1,05,57,840	2.54
12	Promoters	1,98,37,462	19,83,74,620	47.74
13	Public	81,64,164	8,16,41,640	19.65
14	Relatives Of Director	9,392,828	9,39,28,280	22.61
15	Relatives Of Promoters	1,67,042	16,70,420	0.40
16	Trusts	71	710	0.00
TOTAL :		4,15,50,158	41,55,01,580	100.00

## XI. SHARES LYING IN THE DEMAT SUSPENSE ACCOUNT

Pursuant to the approval of the Composite Scheme of Arrangement approved by National Company Law Tribunal, Ahmedabad Bench vide order dated 3rd May, 2021, the Company has allotted 2,39,03,029 Equity Shares of ₹10/- each on 20th May, 2021 to the shareholders whose name appeared in the register of the members of the Demerged Company on Record Date i.e. 19th May, 2021.

During the process of allotment, there were total 80 cases aggregating 12,732 equity shares parked in Demat escrow account of the Company due to various reasons

i.e. BO closed etc. The Company is in the process of sending letters to the respective shareholders to claim their shares from Demat Escrow account of the Company.

The voting right of 12,732 shares lying in the demat suspense account shall remain frozen till the rightful owner of such shares claims the shares.

The shareholders whose shares are lying in the demat suspense account are requested to contact Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company to claim the shares from the suspense account.



**I. REGISTRAR AND SHARE TRANSFER AGENT IN INDIA:-**

In compliance with SEBI guidelines, the Company has appointed Link Intime India Private Limited, as a common Share Transfer agent for Physical and Electronic form of shareholding.

**Link Intime India Private Limited**

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

**II. LOCATION OF MANUFACTURING FACILITY:-**

**Meghmani Finechem Limited**

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

**III. INVESTOR CORRESPONDENCE :-**

All enquiries, clarification and correspondence should be addressed to the Company Secretary and Compliance Officer:-

**Mr. K D Mehta,**

*V P (Company Affairs) & Company Secretary*  
Meghmani House,  
B/h Safal Profitaire, Corporate Road,  
Praladnagar, Ahmedabad 380 015  
Telephone No. 91-79-2970 9600/ 7176 1000  
Fax No. 91-79-2970 9605,  
E-mail: [helpdesk@meghmanifinechem.com](mailto:helpdesk@meghmanifinechem.com)

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members,  
**Meghmani Finechem Limited**

We have examined the compliance of conditions of Corporate Governance by Meghmani Finechem Limited, for the year ended on 31st March 2021, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on voluntary basis.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on voluntary basis.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For, SHAHS & ASSOCIATES**  
*Company Secretaries*

**Kaushik Shah**  
*Partner*

Place: Ahmedabad  
Date: July 20, 2021

FCS No 2420 CP No-1414  
UDIN: F002420C000662574

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To  
The Members,  
**Meghmani Finechem Limited**  
Plot No.CH/1/CH2,  
GIDC Industrial Estate, Dahej,  
Ta-Vagra, Dist-Bharuch- 392 130

We have examined the relevant registers, records, forms, returns and disclosures including thereon in digital/ electronic mode received from the Directors of **Meghmani Finechem Limited having CIN U24100GJ2007PLC051717** and having registered office at Plot No.CH/1/CH2,GIDC Industrial Estate, Dahej, Taluka-Vagra, Dist-Bharuch- 392 130 (hereinafter referred to as 'the Company'), as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2021** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, New Delhi or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment
1	Maulik Patel	02006947	10.05.2016
2	Kaushal Soparkar	01998162	10.05.2016
3	Ankit Patel	02180007	10.05.2016
4	Karana Patel	01727321	10.05.2016
5	Darshan Patel	02047676	10.05.2016
6	Manubhai Patel	00132045	18.05.2017
7	Balkrishna Thakkar	00430220	25.03.2009
8	Nirali Parikh	05309425	30.03.2015
9	Sanjay Asher	00008221	20.05.2021
10	Kanubhai Patel	00008395	20.05.2021
11	Raju Swamy	03032679	20.05.2021

We further report that the ensuring the eligibility of 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, SHAHS & ASSOCIATES  
Company Secretaries

**Kaushik Shah**  
Partner

Place: Ahmedabad  
Date: July 20, 2021

FCS No 2420 CP No-1414  
UDIN: F002420C000662497

## CEO AND CFO CERTIFICATION

*In terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015*

To  
The Board of Directors,  
**Meghmani Finechem Limited**  
Ahmedabad

*Dear Sir/Madam,*

### CEO and CFO Certification in terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015.

In terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, we hereby certify to the Board of Directors that:

- A) We have reviewed the Financial Statements and the Cash flow Statement of the Company for the year ended March 31, 2021 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's Code of Conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control, if any, over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the Financial Statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting wherever needed.

**For, Meghmani Finechem Limited**

Place: Ahmedabad  
Date: May 20, 2021

**Kaushal Soparkar**  
CEO

**Sanjay Jain**  
CFO

# BUSINESS RESPONSIBILITY REPORT (BRR)

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN):	U24100GJ2007PLC051717
2. Name of the Company	Meghmani Finechem Limited
3. Registered office address	CH/1, CH/2, GIDC Industrial Estate, Dahej, Taluka Vagra, Bharuch, Gujarat – 392 130 Phone No 91-79-29709600/ 71761000
4. Website	www.meghmanifinechem.com
5. E-mail id	helpdesk@meghmanifinechem.com
6. Financial Year reported	FY 2020-21

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

Group	Class	Sub-class	Description
201	2011	20119	Manufacture of Caustic Soda.
201	2011	20119	Manufacture of Caustic Potash.
201	2011	20119	Manufacture of Chloromethane
201	2011	20119	Manufacture of Hydrogen Peroxide

As per National Industrial Classification – 2008 (NIC-2008)

8. List three key products/services that the Company manufactures / provides (as in balance sheet)

**Manufacturer of (1) Caustic Soda, (2) Caustic Potash (3) Hydrogen Peroxide and (4) Chloromethane.**

9. Total number of locations where business activity is undertaken by the Company

(a) Number of International Locations : Nil.

(b) Number of National Locations : One

**The Company has its manufacturing facilities at as set out below:-**

CH/1, CH/2, GIDC Industrial Estate, Dahej, Taluka Vagra, Distt Bharuch, Gujarat – 392 130

10. Markets served by the Company – National – Across India

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR):	₹ 4,155.27 Lakhs
2. Total Turnover (INR):	₹ 82,860.03 Lakhs (On a standalone basis)
3. Total Profit after taxes (INR):	₹ 10,083.90 Lakhs (On a standalone basis)
4. Total Spending on Corporate Social Responsibility (CSR) as % of profit after tax (%):	₹ 966.93 spent on CSR which is 9.58% of PAT of FY 2021
5. List of activities in which expenditure in 4 above has been incurred:-	<p><b>Refer Report on CSR given as Annexure I to the Directors' Report, for detailed activities of CSR. The CSR activities, inter alia includes following;</b></p> <ul style="list-style-type: none"> <li>a) Education and Skill Development – Promoting Girls education</li> <li>b) Women empowerment</li> <li>c) Promote and Develop infrastructure for health care including preventive health care facilities.</li> <li>d) Developmental activities at Village : Dahej, Taluka : Vagra</li> </ul>



**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies?

**Yes, the Company has one Subsidiary Company Viz., Meghmani Advanced Sciences Limited as on March 31, 2021.**

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

**The Subsidiary Company has yet not started its Commercial Operations. Therefore, there is no direct participation by the Subsidiary in the BR initiatives of the Company, at present.**

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

**No**

**SECTION D: BR INFORMATION**

1. Details of Director/Directors responsible for BR

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

No.	Name of Director	DIN	Designation
1.	Mr. Maulik Patel	02006947	Chairman & Managing Director
2.	Mr. Kaushal Soparkar	01998162	Managing Director

- (b) Details of the BR head:-

No.	Particulars	Details
1.	Name	Mr. Maulik Patel
2.	DIN	02006947
3.	Designation	Chairman & Managing Director
4.	Telephone number	91-79-71761000
5.	e-mail id	helpdesk@meghmanifinechem.com

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

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

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

Details of compliance (Reply in Y/N)

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Have the policies been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? Is yes, has it been signed by MD /owner / CEO/ appropriate Board Director?	All relevant applicable laws and policies are complied.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The policies are approved by the Board /Competent Authority who is attending matters.								
6	Indicate the link for the policy to be viewed online?	The Company has set-up various Committees of the Board of Directors or of Senior Executives to oversee implementation of these policies and Codes.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies are not yet made available online.								
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?	Company' Vigil Mechanism / Whistle Blower Policy is a tool of grievance redressal mechanism.								

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

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

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

**The BR related performance is reviewed Annually.**

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

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

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

Yes, the Company has only one subsidiary viz. : Mghmani Advanced Sciences Limited and the said policy is applicable to the Subsidiary Company.

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

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

There was no stakeholder complaint in the reporting period with regard to ethics, bribery, corruption and sexual harassment.

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

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

List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. i. Caustic Soda ii. Hydrogen Peroxide iii. Chloromethanes

The Company is in the business of speciality chemicals manufacturing. The manufacturing process of these products are environmental friendly and comply with applicable norms. The Company is committed to conduct its business in an Eco-Friendly manner. The Company is carrying out environmental impact assessment during construction and operational stage of all new projects. Emission from all the operation is monitored and controlled as per the design and Environmental Guidelines of the CPCB/ SPCB.

The Company arranges from time to time Fire, Security and Safety mock drills, awareness programs covering Safety, Health care, Environment Protection and Emergency Preparedness etc. The Company implemented harmonized safety and healthcare standards at all the plants.

During the year, the Company is awarded the "Responsible Care" logo (the "Logo") by Indian Chemical Council (ICC), the apex body of the Chemical Industry in India.

The Certification involved a comprehensive and detailed audit of practices based on ICC's 7 codes of management practices, which were:

- Product Stewardship Code,
- Process Safety Code,
- Employee Health and Safety Code,
- Pollution Prevention Code,
- Emergency Response and Communication Code and
- Distribution Code.
- Security Code

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

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

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

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

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

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

Reduced energy consumption by shifting to LED lighting, Installation of High carbon ash recycling system , CPU installation and make water pre heating, Utilization of GIDC water pump infrastructure design to facilitate natural lighting and ventilation in certain facilities.

The consumption of water is regularly monitored and regulated through the Environment Audit Scheme. The specific consumption of the resource

is reduced using the capacity improvement and technology up-gradation in our processes from time to time.

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

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

The Company is practicing sustainable procurement for its needs of goods, services, utilities etc. with a view to maximising benefit to itself as well as society. At the time of selection of vendor, the Company is considering environmental, economic and social impact.

The Company has developed tools and techniques for the same. The Company is establishing long term relationship with its Vendors and makes sure to include them in Company's growth.

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

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

The Company believes in business strategies that promotes its own business as well as generate employment for local communities, thereby creating a win-win situation across all its business verticals. Key raw material and service providers are indigenous. Major raw materials are procured from nearby manufacturers which assure timely supply of raw material at the optimized cost as well as it support the local economy. The percentage of local employment of operating workforce has progressively increased year on year, and as of 31st March, 2021, was above 80%.

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

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

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

The Company works continues to provide workplaces free of any discrimination and harassment on the basis of gender,

caste or religion. All employees deserve mutual respect and integrity.

1. Please indicate the Total number of employees: **727 as on March 31, 2021**
2. Please indicate the Total number of employees hired on temporary /contractual / casual basis: **Temporary Nil, Contractual 5, Casual 148, as on March 31, 2021**
3. Please indicate the Number of permanent women employees: **12 as on March 31, 2021**
4. Please indicate the Number of permanent employees with disabilities: **NIL**
5. Do you have an employee association that is recognized by management: **NO**
6. What percentage of your permanent employees is members of this recognized employee association? **NIL**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. **NIL**
8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
  - Permanent Employees : **20%**
  - Permanent Women Employees : **100%**
  - Casual/Temporary/Contractual Employees (FTC) **25%**
  - Employees with Disabilities : **0%**

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

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

**Yes.**

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

**Yes.**

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

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

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

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

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

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

**Yes, The Policy on Human Rights is covering various stakeholder of the Company. The Company prohibits indulgence of business and the value chain with any kind of child labor in any of its operation supported and complied by Child Labor (Prohibition and Regulation) Act, 1996. The Company is committed to fair employment practices and freedom of expression.**

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

**No stakeholder complaints were received during the last financial year**

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

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

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

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

**No.**

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

**Yes, the site has undergone the risk assessment studies and hazop studies, and the outcome is implemented to minimize and mitigate the environmental risk.**

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

**The Company does not have any Clean Development Mechanism - CDM project.**

**The production of Carbon Tetrachloride (CTC) which comes under Ozone Depletion Substance (ODS) Rules, 2000 as per the guidelines of Montreal Protocol framed by Government of India, has been phased out while production of CTC only for feed stock application is continued. In the field of Water conservation, the Company has commissioned RO Plant for converting waste water into reusable water.**

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

**No.**

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

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

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

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

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

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

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

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



Yes/No; if yes specify the broad areas (dropdown box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

**Yes, through membership in the above industry bodies, the Company has advocated on the key issues of industries such as water, drainage and effluent treatment channel.**

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

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

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

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

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

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

**The CSR programs and their impacts / outcomes are monitored and reviewed by the CSR Committee of the Board and management periodically, to understand the impact of these programs.**

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

**The Company's contribution to CSR activities in the Financial Year 2020-21 is ₹ 966.93 Lakhs, the details thereof is given in Annexure – C to the Directors' Report.**

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

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

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

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

**No customer complaints/cases are pending on close of FY 2020-21.**

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

**Yes.**

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

**No cases of unfair trade practices, irresponsible advertising and/or anti-competitive behavior are filed during the last five years or pending as on March 31, 2021.**

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

**No consumer survey/ consumer satisfaction trends are carried out by the Company.**



# Standalone Financial Statement

## Independent Auditor's Report

To the Members of  
Meghmani Finechem Limited,

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying Standalone Financial Statements of Meghmani Finechem Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as the Standalone Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including Other Comprehensive Income, its Cash Flows and the Changes in Equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2021. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Key Audit Matters	How our audit addressed the Key Audit Matter
<b>Revenue recognition</b> (as described in Note 2 of the Standalone Financial Statements)	
<p>The Company majorly generates revenue from sale of Choro Alkali and its Derivatives products. The Company recognises revenue from sales of goods in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, measured at fair value of the consideration received or receivable in the ordinary course of its activities. Revenue from sale of goods is recognised net of discounts, rebates and taxes.</p> <p>Certain terms in Sales Arrangements relating to timing for transfer of control to the customer and delivery specifications including incoterms, involves significant judgment in determining whether the revenue is recognised in the correct period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read and evaluated the Company's policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from Contracts with Customers'.</li> <li>• Assessed the design and tested the operating effectiveness of internal controls related to revenue.</li> <li>• Performed sample test of sales transactions and inspected the underlying sales orders, invoice copies, terms of delivery, lorry receipts, bill of lading, and collection as per the terms of the Contract with Customers.</li> <li>• Performed sample tests of transactions near year end date as well as credit notes issued after the year end date.</li> <li>• Assessed the relevant disclosures in Standalone Financial Statements for compliance with disclosure requirements.</li> </ul>
<b>Business combination – Merger of trading division of Meghmani Organics Limited (MOL) along with its investment in Equity Shares of the Company</b> (as described in Note 42 of the Standalone Financial Statements)	
<p>As per the Scheme of Arrangement, Trading Division of Meghmani Organics Limited (MOL) along with its investment in Equity Shares of the Company has merged into the Company ('the Scheme'). The Scheme was approved by the National Company Law Tribunal ('NCLT') vide its order dated May 3, 2021. The Company has given effect of the Scheme in the Standalone Financial Statements considering business combination under common control as per the requirements of Ind AS 103.</p> <p>The Scheme has a significant impact on the Standalone Financial Statements of the Company including shareholding structure and comparative figures basis which the same is considered as a key audit matter for the year.</p>	<p>Our audit procedure included the following:</p> <ul style="list-style-type: none"> <li>• Obtained and read the Scheme, and compared the Assets and Liabilities pertaining to Trading Division and Equity Investments in the Company considered for accounting as per the Scheme.</li> <li>• Assessed the accounting as per the applicable standards including, cancellation of shareholding of MOL and issuing of Equity Shares to shareholders of MOL as per the share swap ratio approved in the Scheme.</li> <li>• Obtained and read the approval of National Company Law Tribunal (NCLT) for giving effect to the Scheme.</li> <li>• Assessed accounting in accordance with Scheme.</li> <li>• Tested underlying workings used in accounting calculations, including for previous year (March 31, 2020) restated financial information of the Company.</li> <li>• Read and assessed the disclosures in the Standalone Financial Statements for compliance with disclosure requirements.</li> </ul>

#### Information other than the Standalone Financial Statements and Auditor's report thereon:

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's 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 such other information

is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including Other

Comprehensive Income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Standalone Financial 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial 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 for the financial year ended March 31, 2021 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided

by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act; and

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 37 to the Standalone Financial Statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

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**per Sukrut Mehta**

Partner

Membership Number: 101974

UDIN: 21101974AAAACB6841

Place of Signature: Ahmedabad

Date: May 20, 2021



## Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Meghmani Finechem Limited for the year ended March 31, 2021.

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) All property, plant and equipment were physically verified by the management during the year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification, performed in accordance with laid down programme.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- ii. The inventory (except goods in transit) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, Secured or Unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of investments made have been complied with by the Company. Further, in our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of chemicals, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Duty of Custom, Goods and Services Tax, Professional Tax, Cess and other statutory dues are generally regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of provident fund and other statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Duty of Custom, Goods and Services Tax, Professional Tax, Cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Duty of Excise, Duty of Customs, Goods and Service Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of statute	Nature of dues	Amount involved (₹ in Lakhs)*	Period	Forum where the dispute is pending
Custom Act, 1962	Custom Duty	621.83	2012-13	CESTAT
The Finance Act (Service Tax), 1994	Service Tax	51.13	2012-13 and 2014-15	CESTAT, Departmental Authorities

\* Net of amount paid under protest amounting to INR 6.21 Lakhs and reversal of credit amounting to INR 51.02 Lakhs

- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings from banks. The Company did not have any due payable to financial institutions, debenture holders and government during the year.

- ix. According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of initial public offer, further public offer and debt instrument during the year.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management on certain transactions entered with related parties being of specialized nature, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013, where applicable, and the details have been disclosed in the notes to the Standalone Financial Statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- xvi. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

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**per Sukrut Mehta**

Partner

Membership Number: 101974

UDIN: 21101974AAAACB6841

Place of Signature: Ahmedabad

Date: May 20, 2021

## **Annexure 2** to the Independent Auditor's report of even date on the Standalone Financial Statements of Meghmani Finechem Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Meghmani Finechem Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls System Over Financial Reporting with reference to these Standalone Financial Statements**

A Company's internal financial control over financial reporting with reference to these Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's internal financial control over financial reporting with reference to these Standalone Financial Statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of

the internal financial controls over financial reporting with reference to these Standalone Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Standalone Financial Statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

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**per Sukrut Mehta**

Partner

Membership Number: 101974

UDIN: 21101974AAAACB6841

Place of Signature: Ahmedabad

Date: May 20, 2021

## Standalone Balance Sheet as at March 31, 2021

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020*
<b>I. Assets</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3.1	1,07,065.17	44,017.31
(b) Capital Work in Progress	3.2	12,583.73	69,115.68
(c) Other Intangible Assets	3.3	3,165.90	-
(d) Investment in Subsidiary	4	5.00	-
(e) Financial Assets			
(i) Other Financial Assets	5	1,035.80	364.11
(f) Deferred Tax Assets (Net)	33	-	95.13
(g) Income Tax Assets (Net)	6	245.07	199.86
(h) Other Non-Current Assets	7	2,645.36	345.83
<b>Total Non-Current Assets</b>		<b>1,26,746.03</b>	<b>1,14,137.92</b>
<b>Current Assets</b>			
(a) Inventories	8	5,395.97	4,840.31
(b) Financial Assets			
(i) Trade Receivables	9	11,883.73	7,645.20
(ii) Cash and Cash Equivalents	10	68.00	9.69
(iii) Loans	11	11.42	17.51
(iv) Other Financial Assets	12	183.80	115.74
(c) Other Current Assets	13	586.26	579.81
<b>Total Current Assets</b>		<b>18,129.18</b>	<b>13,208.26</b>
<b>Total Assets</b>		<b>1,44,875.21</b>	<b>1,27,346.18</b>
<b>II. Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	4,155.27	4,155.27
(b) Instruments entirely Equity in nature	14	21,091.99	21,091.99
(c) Other Equity	15	43,166.13	33,099.80
<b>Total Equity</b>		<b>68,413.39</b>	<b>58,347.06</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	34,046.74	41,828.53
(ii) Other Financial Liabilities	17	306.00	533.35
(b) Provisions	18	162.85	155.30
(c) Deferred Tax Liabilities (Net)	33	3,080.53	-
<b>Total Non-Current Liabilities</b>		<b>37,596.12</b>	<b>42,517.18</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	7,503.49	1,971.99
(ii) Trade Payables	20		
Total outstanding dues of Micro and Small Enterprises		248.01	724.88
Total outstanding dues of Creditors other than Micro and Small Enterprises		7,056.92	3,954.36
(iii) Other Financial Liabilities	21	23,311.85	19,468.19
(b) Other Current Liabilities	22	725.77	344.37
(c) Provisions	23	10.04	8.53
(d) Current Tax Liabilities (Net)	24	9.62	9.62
<b>Total Current Liabilities</b>		<b>38,865.70</b>	<b>26,481.94</b>
<b>Total Liabilities</b>		<b>76,461.82</b>	<b>68,999.12</b>
<b>Total Equity and Liabilities</b>		<b>1,44,875.21</b>	<b>1,27,346.18</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)

Summary of Significant Accounting Policies

2

The accompanying Notes are an integral part of these Standalone Financial Statements

As per our Report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E / E300003

per Sukrut Mehta

Partner

Membership No. 101974

Sanjay Jain

Chief Financial Officer

K.D. Mehta

Company Secretary

For and on behalf of the Board of Directors of

Meghmani Finechem Limited

(CIN: U24100GJ2007PLC051717)

Maulik Patel

Chairman and Managing Director

DIN: 02006947

Kaushal Soparkar

Managing Director

DIN: 01998162

Place: Ahmedabad

Date: May 20, 2021

Place: Ahmedabad

Date: May 20, 2021

## Statement of Standalone Profit and Loss Account for the Year Ended March 31, 2021

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020*
<b>Revenue</b>			
Revenue from Operations	25	82,860.03	61,050.63
Other Income	26	218.90	231.15
<b>Total Income (A)</b>		<b>83,078.93</b>	<b>61,281.78</b>
<b>Expenses</b>			
Cost of Materials Consumed	27	38,609.98	27,865.54
Purchase of Traded Goods		42.11	71.38
Changes in Inventories of Finished Goods and Stock in Trade	28	(120.48)	(429.08)
Employee Benefits Expense	29	5,360.94	4,401.84
Finance Costs	30	2,911.37	1,114.35
Depreciation and Amortization Expense	3	7,354.48	4,430.20
Other Expenses	31	12,834.77	9,728.27
<b>Total Expense (B)</b>		<b>66,993.17</b>	<b>47,182.50</b>
<b>Profit Before Tax (C) = (A-B)</b>		<b>16,085.76</b>	<b>14,099.28</b>
<b>Tax Expense:</b>			
Current Tax	33	2,816.76	2,534.16
Net Deferred Tax Expense		3,185.10	365.35
<b>Total Tax Expense (D)</b>		<b>6,001.86</b>	<b>2,899.51</b>
<b>Profit for the Year (E) = (C-D)</b>		<b>10,083.90</b>	<b>11,199.77</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Profit or Loss in Subsequent Periods</b>			
Remeasurement (Loss) on Defined Benefit Plans		(27.00)	(41.59)
Income Tax effect on above		9.43	14.53
<b>Total Other Comprehensive Income/(Loss) for the Year, net of Tax (F)</b>		<b>(17.57)</b>	<b>(27.06)</b>
<b>Total Comprehensive Income for the Year (G) = (E+F)</b>		<b>10,066.33</b>	<b>11,172.71</b>
<b>Earnings per Equity Share (face value of ₹10 each) (in ₹)</b>			
Basic	32	24.27	26.95
Diluted		17.26	19.17

\*Restated pursuant to Scheme of Arrangement (refer note 42)

Summary of Significant Accounting Policies

2

The accompanying Notes are an integral part of these Standalone Financial Statements

### As per our Report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E / E300003

per Sukrut Mehta

Partner

Membership No. 101974

Sanjay Jain

Chief Financial Officer

K.D. Mehta

Company Secretary

For and on behalf of the Board of Directors of

**Meghmani Finechem Limited**

(CIN: U24100GJ2007PLC051717)

Maulik Patel

Chairman and Managing Director

DIN: 02006947

Kaushal Soparkar

Managing Director

DIN: 01998162

Place: Ahmedabad

Date: May 20, 2021

Place: Ahmedabad

Date: May 20, 2021



## Standalone Cash Flow Statement for the Year Ended March 31, 2021

Particulars	(₹ in Lakhs)	
	March 31, 2021	March 31, 2020*
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Taxation	16,085.75	14,099.28
<b>Adjustment for :</b>		
Depreciation and Amortisation Expenses	7,354.48	4,430.20
Interest Income	(14.81)	(13.89)
Interest and Finance Charges	3075.57	820.31
Mark to Market Loss/(Gain) on Derivative (Net)	(528.50)	(623.51)
Unrealised Foreign Exchange Loss/(Gain) on borrowings, (Net)	329.40	917.55
Lease Liability Interest	34.90	-
Unrealised Foreign Exchange Loss/(Gain)	(14.44)	126.77
(Profit)/ Loss on Sale of Property, Plant & Equipments	(0.28)	4.51
(Profit) on Sale of Mutual Fund	-	(38.99)
Sundry Balances Written off	44.92	-
Sundry Balances Written back	(18.77)	(38.29)
<b>Operating Profit before Working Capital changes</b>	<b>26,348.22</b>	<b>19,683.93</b>
<b>Adjustment for:</b>		
(Increase) in Inventories	(555.65)	(774.90)
(Increase)/Decrease in Trade Receivables	(4,240.07)	91.09
(Increase) in Other Non Current Financial Assets	(411.76)	(40.57)
(Increase)/Decrease in Other Current Financial Assets	55.47	(88.09)
(Increase) in Other Current Assets	(6.45)	(14.00)
Decrease in Short Term Loans and Advances	6.08	18.13
Increase in Trade Payables	2,596.76	943.80
Increase/(Decrease) in Long Term Provision	(19.45)	2.14
Increase/(Decrease) in Other Current Financial Liabilities	1,627.50	(637.88)
Increase in Other Current Liabilities	381.38	115.57
Increase in Short Term Provisions	1.50	3.53
<b>Working Capital Changes</b>	<b>(564.69)</b>	<b>(381.20)</b>
<b>Cash Generated from Operation</b>	<b>25,783.53</b>	<b>19,302.74</b>
Direct Taxes Paid (Net of Refund)	(2,861.97)	(2,834.49)
<b>Net Cash Generated from Operating Activities</b>	<b>22,921.56</b>	<b>16,468.24</b>
<b>B. Cash Flow from Investment Activities</b>		
Purchase of Property, Plant & Equipments	(19,679.88)	(36,925.96)
Proceed from Sale of Property, Plant & Equipments	4.55	2.65
Investment in/Redemption of Fixed Deposits	(6.04)	160.27
Interest Received	8.09	403.51
Investment in Mutual Fund	-	(4,600.00)
Proceeds from Sale of Mutual Funds	-	4,638.99
<b>Net Cash (Used in) Investing Activities</b>	<b>(19,673.28)</b>	<b>(36,320.55)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest and Finance Charges Paid	(3,972.33)	(3,659.82)
Proceeds from Long-Term Borrowing	4,070.00	13,197.00
Repayment of Long-Term Borrowing	(8,720.35)	(2,200.00)
Proceed from Short-Term Borrowing (Net)	5,531.50	1,735.36
Payment of Lease Liability	(98.80)	(97.73)
Dividend paid on Preference Shares	-	(1,687.36)
Tax on Dividend paid on Preference Shares	-	(346.84)
<b>Net Cash (Used in) Generated from Financing Activities</b>	<b>(3,189.98)</b>	<b>6,940.62</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>58.30</b>	<b>(12,911.68)</b>

## Standalone Cash Flow Statement for the Year Ended March 31, 2021

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020*
Cash and Cash Equivalent at the beginning of the Year	9.69	12,921.39
Cash and Cash Equivalent at the end of the Year	68.00	9.69
Cash and Cash Equivalent comprises as under		
Cash on Hand	1.33	1.49
Balance with Schedule Banks in Current Accounts	25.66	8.20
Deposits with Schedule Banks	0.10	-
Cheque on Hand	40.91	-
Cash & Cash Equivalent at the end of the Year (refer note 10)	68.00	9.69

\*Restated pursuant to Scheme of Arrangement (refer note 42)

### Notes to the Cash Flow Statement for the year ended on March 31, 2021

1) The Cash Flow Statement has been prepared as per Indirect Method in accordance with the Indian Accounting Standard - 7 on "Statement of Cash Flow " issued by the Institute of Chartered Accountants of India.

### 2) Changes in liabilities arising from Financing Activities

Particulars	April 1, 2020	Cash Flow	Other	March 31, 2021
Current Borrowings (Note 19)	1,971.99	5,531.50	-	7,503.49
Non-Current Lease Liabilities (Note 39)	375.55	(98.80)	29.25	306.00
Non- Current Borrowings (Note 16)	41,828.53	(4,650.35)	(3,131.44)	34,046.74
Accrued Interest (Note 21)	405.50	(405.50)	332.10	332.10
<b>Total Liabilities from Financing Activities</b>	<b>44,581.57</b>	<b>376.85</b>	<b>(2,770.09)</b>	<b>42,188.32</b>

Particulars	April 1, 2019	Cash Flow	Other	March 31, 2020
Current Borrowings (Note 19)	236.63	1,735.36	-	1,971.99
Non-Current Lease Liabilities (Note 39)	-	(97.73)	473.28	375.55
Non- Current Borrowings (Note 16)	36,534.05	10,997.00	(5,702.52)	41,828.53
Accrued Interest (Note 21)	346.53	(346.53)	405.50	405.50
<b>Total Liabilities from Financing Activities</b>	<b>37,117.21</b>	<b>12,288.11</b>	<b>(4,823.75)</b>	<b>44,581.57</b>

Other includes the effects of reclassification of Non Current portion of Borrowings including Lease Liabilities to Current due to passage of time and effect of unrealised foreign currency amount on External Commercial Borrowings

The accompanying Notes are an integral part of these Standalone Financial Statements

### As per our Report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E / E300003

per **Sukrut Mehta**

Partner

Membership No. 101974

**Sanjay Jain**

Chief Financial Officer

**K.D. Mehta**

Company Secretary

For and on behalf of the Board of Directors of

**Meghmani Finechem Limited**

(CIN: U24100GJ2007PLC051717)

**Maulik Patel**

Chairman and Managing Director

DIN: 02006947

**Kaushal Soparkar**

Managing Director

DIN: 01998162

Place: Ahmedabad

Date: May 20, 2021

Place: Ahmedabad

Date: May 20, 2021

## Statement of Changes in Equity (SOCIE) for the Year Ended March 31, 2021

### (A) Equity Share Capital

Particulars	(₹ in Lakhs)	
	No. of Shares	Amount
Equity Share of ₹ 10 each Issued, Subscribed and fully Paid up		
Balance as at April 1, 2019	4,11,93,114	4,119.31
To be cancelled pursuant to Scheme of Arrangements*	(2,35,45,985)	(2,354.60)
To be issued pursuant to Scheme of Arrangement*	2,39,05,536	2,390.55
Balance as at April 1, 2019	4,15,52,665	4,155.27
Balance as at March 31, 2020	4,15,52,665	4,155.27
Change during the Year	-	-
Balance as at March 31, 2021	4,15,52,665	4,155.27

\*Restated pursuant to Scheme of Arrangement (refer note 42)

### (B) Instrument entirely Equity in nature

Particulars	(₹ in Lakhs)	
	No. of Shares	Amount
8% Optionally Convertible Redeemable Preference Shares of ₹10/- Issued , Subscribed and Fully Paid up		
Balance as at April 1, 2019	21,09,19,871	21,091.99
Balance as at March 31, 2020	21,09,19,871	21,091.99
Balance as at March 31, 2021	21,09,19,871	21,091.99

### (C) Other Equity

Particulars	(₹ in Lakhs)		
	Capital Reserve	Retained Earnings	Total Other Equity
Balance at April 1, 2019*	(24,668.28)	48,629.57	23,961.29
Profit for the Year	-	11,199.77	11,199.77
Other Comprehensive Income for the Year (net of Taxes)	-	(27.06)	(27.06)
Total Comprehensive Income for the Year	-	11,172.71	11,172.71
Dividend Paid During the Year	-	(1,687.36)	(1,687.36)
Dividend Distribution Tax (DDT)	-	(346.84)	(346.84)
Balance at March 31, 2020	(24,668.28)	57,768.08	33,099.80
Profit for the Year	-	10,083.90	10,083.90
Other Comprehensive Income for the Year (net of Taxes)	-	(17.57)	(17.57)
Total Comprehensive Income for the Year	-	10,066.33	10,066.33
Balance as at March 31, 2021	(24,668.28)	67,834.41	43,166.13

\*Restated pursuant to Scheme of Arrangement (refer note 42)

### As per our Report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E / E300003

per Sukrut Mehta  
Partner  
Membership No. 101974

Sanjay Jain  
Chief Financial Officer

K.D. Mehta  
Company Secretary

For and on behalf of the Board of Directors of  
Meghmani Finechem Limited  
(CIN: U24100GJ2007PLC051717)

Maulik Patel  
Chairman and Managing Director  
DIN: 02006947

Kaushal Soparkar  
Managing Director  
DIN: 01998162

Place: Ahmedabad  
Date: May 20, 2021

Place: Ahmedabad  
Date: May 20, 2021

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 1. CORPORATE INFORMATION

Meghmani Finechem Limited (the Company) is a Public Company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. The registered office at Plot No.CH1, CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130 Gujarat, India. The Company is primarily engaged in manufacturing and selling of Chlor Alkali & its Derivatives. The Company is also engaged in Trading of Agrochemical products.

The Financial Statements were authorized for issue in accordance with a resolution passed in Board Meeting held on May 20, 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis for Preparation of Accounts

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

The Financial Statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain Financial Assets and Liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Derivative Financial Instruments

In addition, the Financial Statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated.

#### 2.2 Significant Accounting Estimates, Assumptions and Judgements

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

##### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and

assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### Taxes:

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and Deferred Tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

##### Defined Benefit Plans (Gratuity Benefits)

A liability in respect of defined benefit plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. **Refer note 34** for details of the key assumptions used in determining the accounting for these plans.

##### Useful economic lives of Property, Plant and Equipment

Property, Plant and Equipment as disclosed in **note 3** are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

##### Intangible Assets

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable. The costs which can be capitalised are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. **Refer note 2.3 (f)** for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in note 3.

##### Impairment of Non- Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

### 2.3 Summary of Significant Accounting Policies

#### a. BUSINESS COMBINATION

A Business Combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method based on the predecessor values retrospectively for all periods presented.

The pooling of interest method is considered to involve the following:

- (i) The Assets and Liabilities of the combining entities are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new Assets or Liabilities. The only adjustments that are made are to harmonise accounting policies and tax adjustments if any.
- (iii) The components of Other Equity of the acquired companies are added to the same components within Other Equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening Retained Earnings.
- (iv) The Financial Information in the Financial Statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the Financial Statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

#### b. CURRENT V/S NON-CURRENT CLASSIFICATION:

The Company presents Assets and Liabilities in the Statement of Assets and Liabilities based on Current/ Non-Current classification.

An Asset is treated as Current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of Trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A Liability is treated as Current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of Trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other Assets and Liabilities are classified as Non-Current Assets and Liabilities. Deferred Tax Assets and Liabilities are classified as Non-Current Assets and Liabilities.

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

#### c. REVENUE RECOGNITION

Revenue from contracts with Customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the Customer.

##### 1) Sale of Goods

Revenue from Sale of Goods is recognised at the point in time when control of the goods is transferred to the Customer, generally on dispatch/ delivery of the goods or terms as agreed with the Customer. The normal credit term is 30 to 90 days from the date of dispatch. The Company considers whether there are

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the Customer (if any).

### (i) Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the Customer. The variable consideration is estimated at the time of completion of performance obligation and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide Customers with cash discount in accordance with the Company policy. The cash discount component gives rise to variable consideration.

### Volume Rebates

The Company provides retrospective volume rebates to certain Customers once the quantity of product purchases during the period exceeds a threshold specified in the contract.

### (ii) Contract Assets

A Contract Asset is the right to consideration in exchange for goods transferred to the Customer. If the Company performs its obligation by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### (iii) Trade Receivables

A Receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in (Financial Instruments – initial recognition and subsequent measurement.)

### (iv) Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the

Customer. If a Customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### 2) Interest Income

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit or Loss.

### 3) Export Incentives

Export incentives under various schemes notified by Government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in Revenue in the Statement of Profit and Loss due to its operating nature.

### 4) Dividend

Dividend income is recognised when the right to receive the same is established, which is generally when shareholders approve the dividend.

### 5) Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is virtually certain of their ultimate collection.

## d. FOREIGN CURRENCIES

The Company's Financial Statements are presented in INR, which is also the Company's functional currency.

### Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit or Loss are also recognised in OCI or Statement of Profit or Loss, respectively).

### e. FAIR VALUE MEASUREMENT

The Company measures certain financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised

within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the Board of Directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. **Refer note 41.**

- Disclosures for valuation methods, significant estimates and assumptions.
- Quantitative disclosures of fair value measurement hierarchy.
- Investment in Equity Shares.
- Financial Instruments (including those carried at amortised cost).

### f. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment (PPE) and Capital Work in Progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Capital Work-in-Progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the Balance Sheet date.

Items of stores and spares that meet the definition of Property, Plant and Equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as Inventories.

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery pertaining to Power Generating Units, Chloromethane and Hydrogen Peroxide Plant capitalized on July 31, 2020. The estimated useful life of these assets are based on independent technical evaluation, The useful life of which has been estimated as 20 years for Plant and Machinery of Power Generating Unit and 12 years for Plant and Machinery of Chloromethane Plant (on single shift basis) 20 years for Plant and Machinery

of Hydrogen Peroxide Plant which is different from that prescribed in Schedule II of the Act. Depreciation is not provided on Freehold Land. Leasehold Land is amortized over the lease period on Straight line basis. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Asset	Estimated Useful life
Leasehold Land	99 Years
Building	30 Years
Carpeted Roads – RCC	10 Years
Plant & Machinery	12-20 Years
Electrical Installation	10 Years
Captive Power Plant and Equipments	20-40 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Computers	3 Years
Other equipments	5 Years

### g. INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost include acquisition and other incidental cost related to acquiring the intangible asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable.

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### Intangible Assets

Assets	Amortization Method	Amortization Period
Usage Rights	On Straight-line basis	10 years
Technical Know How	On Straight-line basis	10 years

### h. IMPAIRMENT OF NON- FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised

in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

### i. FINANCIAL INSTRUMENT

A Financial Instrument is any contract that gives rise to a financial asset of one Entity and a financial liability or Equity instrument of another Entity.

#### (A) Financial Asset

##### Initial Recognition and Measurement

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

##### Debt Instruments at Amortised Cost

A 'Debt Instrument' is measured at its amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such Financial Assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

##### Debt instrument at Fair Value through Other Comprehensive Income (FVTOCI)

A 'Debt Instrument' is classified at FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual Cash Flows and selling the Financial Assets, and
- The asset's contractual Cash Flows represent SPPI.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the Equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt Instrument at Fair Value Through Profit & Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Equity Investments

All Equity Investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTOCI. For all other Equity instruments, the Company may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an Equity Instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within Equity.

Equity Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when: The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following Financial Assets and credit risk exposure:

- a) Financial Assets that are debt instruments, and are measured at amortised cost e.g., Loans, Debt Securities, Deposits, Trade Receivables and Bank Balance
- b) Trade Receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

'Contractual Revenue Receivables' in these Financial Statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade Receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an Entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### (B) Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Loans and Borrowings, Payables, as appropriate.

All financial liabilities are recognised initially

at fair value and, in the case of Loans and Borrowings and Payables, net of directly attributable transaction costs.

The Company's financial liabilities include Trade and Other Payables, Loans and Borrowings.

#### Subsequent measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or Losses on liabilities held for trading are recognised in the Statement Profit or Loss.

#### Loan and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as Finance Costs in the Statement of Profit and Loss.

#### Trade and Other Payables

These amounts represent liability for good and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and Other Payables are presented as Current Liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Derivatives and Hedging Activities

The Company uses derivative financial instruments, such as forward currency contracts and currency swaps to hedge its foreign currency risks and interest rate risks respectively. Such



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### De-recognition

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

### Off-setting Financial Instrument

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

### j. INVENTORIES

Stores and Spares, Packing Materials and Raw Materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-Finished Products, Finished Products and By-Products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded Goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

### k. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### l. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Company has a Defined Benefit Gratuity Plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an insurance company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

### m. ACCOUNTING FOR TAXES ON INCOME

Tax Expense comprises of Current Income Tax and Deferred Tax

#### Current Income Taxes

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current Income Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred Taxes

Deferred Tax is provided using the liability method on temporary differences between the tax bases of Assets and Liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred Tax Liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred Tax Assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred Tax Assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the Deferred Tax Asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of Deferred Tax Asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Deferred Tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred Tax Assets and Liabilities are offset, if a legally enforceable right exists to set off current tax Assets against current tax liabilities and the deferred tax relates to the same taxable Entity and the same taxable Authority.

#### Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred Tax Assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period.

### n. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a Finance Cost.

### o. CONTINGENT LIABILITIES

Provisions are not recognised for future operating losses.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a Contingent Liability but discloses its existence in the Financial Statements.

A Contingent Assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, Contingent Assets are disclosed in the Financial Statements.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### p. LEASES

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

### Where the Company is the lessee

The Company recognises a Right-Of-Use Asset and a Lease Liability at the lease commencement date. The Right-Of-Use Asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The Right-Of-Use Assets and Lease Liabilities include these options when it is reasonably certain that the option will be exercised.

The Right-Of-Use Assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-Of-Use Assets or the end of the lease term. In addition, the Right-Of-Use Assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the Lease Liability.

The Lease Liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Lease Liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the Lease Liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the Right-Of-Use Asset or is recorded in profit or loss if the carrying amount of the Right-Of-Use Asset has been reduced to zero.

Lease payments have been classified as financing activities in Statement of Cash Flow.

The Company has elected not to recognise Right-Of-Use Assets and Lease Liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

expense in statement of Profit and Loss over the lease term. The related Cash Flows are classified as operating activities.

### q. EARNING PER SHARE

#### Basic Earnings Per Share

Basic Earnings Per Share are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

#### Diluted Earnings Per Share

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

### r. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalent in the Financial Statements comprise Cash at Banks and on Hand and Short-Term Deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents consist of Cash and Short-Term Deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. .

### s. SEGMENT REPORTING

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general Corporate income and expense items which are not allocated to any business segment.

#### Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. Common allocable costs

are allocated to each segment on an appropriate basis.

### t. DIVIDEND TO EQUITY AND OPTIONALLY CONVERTIBLE PREFERENCE SHAREHOLDERS OF THE COMPANY

The Company recognises a liability for dividends to Equity Holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company. As per the Corporate laws in India, a dividend is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in Equity.

The Company recognises a liability for dividends to Optionally Convertible Preference Share Holders of the Company when the dividend is authorised by the Board of Directors. Dividend to Optionally Convertible Preference Shareholders is recognised directly in Equity.

### u. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's annual Financial Statements for the year ended March 31, 2020, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2020 and do not have material impact on the Financial Statements of the Company.

- Amendments to Ind AS 1, Ind AS 8 and Ind AS 10: Definition of Material;
- Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform;
- Amendments to Ind AS 103 Business Combinations: Clarification on Definition of Business;
- Amendments to Ind AS 116: Covid-19-Related Rent Concessions;

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 3 Property, Plant and Equipment, Capital Work in Progress and Other Intangible Assets as at March 31, 2021

Description	Gross Block			Depreciation/Amortisation			Net Block	
	April 1, 2020	Addition	Deduction / Adjustment	March 31, 2021	April 1, 2020	For the Year	March 31, 2021	March 31, 2020
<b>3.1 TANGIBLE ASSET</b>								
Right of use Asset - Lease Hold Land	1,136.93	-	-	1,136.93	13.07	13.06	1,110.80	1,123.86
Building	12,064.44	3,420.86	-	15,485.30	2,314.28	584.56	12,586.46	9,750.16
Building ROU Assets	500.61	-	-	500.61	82.29	82.29	336.02	418.32
Plant & Machineries	42,274.04	50,209.67	-	92,483.71	19,133.81	5,334.43	68,015.48	23,140.23
Captive Power Plant & Equipments	12,254.28	16,262.31	-	28,516.59	3,045.27	1,025.60	24,468.24	9,209.01
Furnitures & Fixtures	281.41	173.51	-	454.92	105.34	28.27	321.31	176.07
Office Equipment	75.72	34.31	-	110.03	20.28	16.13	73.62	55.44
Vehicles	178.29	56.85	34.32	200.82	55.73	23.83	151.35	122.56
Computers	43.83	12.47	-	56.30	22.17	9.72	24.41	21.66
<b>TOTAL (A)</b>	<b>68,809.55</b>	<b>70,169.98</b>	<b>34.32</b>	<b>1,38,945.21</b>	<b>24,792.24</b>	<b>7,117.89</b>	<b>1,07,065.17</b>	<b>44,017.31</b>
<b>3.3 INTANGIBLE ASSET</b>								
Usage Rights	21.23	2,600.00	-	2,621.23	21.23	185.42	2,414.58	-
Technical Know-How	-	802.50	-	802.50	-	51.17	751.32	-
<b>TOTAL (B)</b>	<b>21.23</b>	<b>3,402.50</b>	<b>-</b>	<b>3,423.73</b>	<b>21.23</b>	<b>236.59</b>	<b>3,165.90</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>68,830.78</b>	<b>73,572.48</b>	<b>34.32</b>	<b>1,42,368.94</b>	<b>24,813.47</b>	<b>7,354.48</b>	<b>1,10,231.07</b>	<b>44,017.31</b>

#### Notes:

During the Current Year exchange gain of ₹ Nil (March 31, 2020: exchange gain of Nil) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of tangible asset as at the year end aggregate to ₹404.35 Lakhs (March 31, 2020: ₹ 434.49 Lakhs ), in view of option given in para D13AA of Ind-AS 101 on first time adoption of Ind-AS.

### 3.2 Capital Work-in-Progress

Particulars	Amount
Cost	
As at March 31, 2020	69,115.68
Addition during the Year	6,976.09
Capitalisation	(63,508.04)
<b>As at March 31, 2021</b>	<b>12,583.73</b>

Capital Work in Progress as at March 31, 2021 comprises expenditure for Epichlorhydrin , Chloro Polyvinyl Chloride and Caustic Soda (including Captive Power Plant) which are in the course of construction.

The amount of borrowing costs added to cost of Capital Work-in-Progress during the year ended March 31, 2021 was ₹823.38 Lakhs (March 31, 2020: ₹2,657.81 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.

For Property Plant & Equipment existing as on April 1, 2015 i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed cost as permitted by Ind AS 101 "First Time Adoption of Indian Accounting Standard". Accordingly, the net WDV as per Indian GAAP as on April 1, 2015 has been considered as Gross block under Ind AS. The accumulated depreciation so netted off as on April 1, 2015.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 3 Property, Plant and Equipment, Capital Work in Progress and Other Intangible Assets as at March 31, 2020

Description	Gross Block			Depreciation/Amortisation			Net Block	
	April 1, 2019	Addition	Deduction / Adjustment	Adjustment on Initial application of Ind AS-116	March 31, 2020	For the Year April 1, 2019 to March 31, 2020	March 31, 2020	March 31, 2019
<b>3.1 TANGIBLE ASSET</b>								
Leasehold Land	1,189.21	-	-	(1,189.21)	1,136.93	52.28	-	1,136.93
Right of use Asset - Lease Hold Land	-	-	-	1,136.93	1,136.93	13.07	13.07	-
Building	10,134.19	1,930.25	-	-	12,064.44	1,852.19	2,314.28	9,750.16
Building ROU Assets	-	500.61	-	-	500.61	-	82.29	418.32
Plant & Machineries	26,675.66	15,598.38	-	-	42,274.04	16,006.31	19,133.81	23,140.23
Captive Power Plant & Equipments	11,395.05	859.23	-	-	12,254.28	2,358.29	3,045.27	9,209.01
Furniture & Fixtures	270.58	10.83	-	-	281.41	82.09	105.34	176.07
Office Equipment	26.42	49.30	-	-	75.72	14.54	20.28	55.44
Vehicles	173.47	15.53	10.71	-	178.29	36.82	55.73	122.56
Computers	24.94	18.89	-	-	43.83	15.35	22.17	21.66
<b>TOTAL (A)</b>	<b>49,889.52</b>	<b>18,983.02</b>	<b>10.71</b>	<b>(52.28)</b>	<b>68,809.55</b>	<b>20,417.87</b>	<b>24,792.24</b>	<b>29,471.65</b>
<b>3.3 INTANGIBLE ASSET</b>								
Usage Rights	21.23	-	-	-	21.23	21.23	21.23	-
<b>TOTAL (B)</b>	<b>21.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.23</b>	<b>21.23</b>	<b>21.23</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>49,910.75</b>	<b>18,983.02</b>	<b>10.71</b>	<b>(52.28)</b>	<b>68,830.78</b>	<b>20,439.10</b>	<b>24,813.47</b>	<b>29,471.65</b>

#### Notes:

During the Current Year exchange gain of ₹ Nil (March 31, 2019: exchange gain of Nil) arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of tangible asset as at the year end aggregate to ₹ 434.49 Lakhs (March 31, 2019: ₹ 277.48 Lakhs), in view of option given in para D13AA of Ind-AS 101 on first time adoption of Ind-AS.

### 3.2 Capital Work-in-Progress

#### Capitalised Borrowing Costs

Capital Work in Progress as at March 31, 2020 comprises expenditure for Hydrogen Peroxide and Caustic Soda (including Captive Power Plants) which are in the course of construction.

Particulars	(₹ in Lakhs)
Cost	
As at March 31, 2019	46,824.83
Addition during the Year	40,678.72
Capitalisation	(18,387.87)
<b>As at March 31, 2020</b>	<b>69,115.68</b>

The amount of borrowing costs added to cost of Capital Work-in-Progress during the year ended March 31, 2020 was ₹2,657.81 Lakhs (March 31, 2019: ₹711.83 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.

For Property Plant & Equipment existing as on April 1, 2015 i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed cost as permitted by Ind AS 101 "First Time Adoption of Indian Accounting Standard". Accordingly, the net WDV as per Indian GAAP as on April 1, 2015 has been considered as Gross block under Ind AS. The accumulated depreciation so netted off as on April 1, 2015.



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 4 Investments in Subsidiary

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Investment at Cost		
Investment in Equity Shares of Subsidiary		
50,000 (March 31, 2020: NIL) Equity Shares of Meghmani Advanced Sciences Limited	5.00	-
Aggregate book value of Unquoted Investment	5.00	-

### 5 Other Financial Assets (Non-Current)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Security Deposits	611.87	200.11
Bank deposits with original maturity of more than 12 months (including interest accrued) (refer note below)	176.80	164.00
Mark to Market Derivative Assets	247.13	-
<b>Total</b>	<b>1,035.80</b>	<b>364.11</b>

Margin Money Deposits amounting ₹176.80 Lakh (March 31, 2020: ₹164.00 Lakh ) are given as Security Deposit against Bank Guarantee with Bank. These deposits are made for varying periods of between 1 year to 10 years and earn interest ranging between 6.52% to 7.25%.

### 6 Income Tax Assets (Net)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Advance payment of Income Tax (Net of Provision)	245.07	199.86
<b>Total</b>	<b>245.07</b>	<b>199.86</b>

### 7 Other Non-Current Assets

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Capital Advances	2,584.16	284.63
Balance with Government Authorities (Amount paid under Protest)	61.20	61.20
<b>Total</b>	<b>2,645.36</b>	<b>345.83</b>

### 8 Inventories (valued at lower of cost or net realisable value )

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020 *
Raw Materials (including in transit of ₹126.03 Lakhs (March 31, 2020: ₹228.76 Lakhs)	1,982.40	1,775.22
Finished Goods	907.80	752.07
Finished Goods In transit	6.51	14.46
Stock-in-Trade	8.89	36.15
Consumable Stores and Spares	2,413.75	2,232.33
Others (Packing Materials)	76.62	30.08
<b>Total</b>	<b>5,395.97</b>	<b>4,840.31</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 9 Trade Receivables

(₹ in Lakhs)		
PARTICULAR	As at March 31, 2021	As at March 31, 2020 *
<b>Trade Receivables</b>		
Secured, Considered Good	560.56	286.67
Unsecured, Considered Good	11,323.17	7,358.53
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - Credit Impaired	18.38	18.38
<b>Total</b>	<b>11,902.11</b>	<b>7,663.58</b>
<b>Impairment allowance (Allowance for Bad and Doubtful debts)</b>		
Unsecured, Considered Good	-	-
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - Credit Impaired	(18.38)	(18.38)
<b>Total</b>	<b>11,883.73</b>	<b>7,645.20</b>

Trade Receivable are secured to the extent of deposit received from the Customers.

Trade Receivables are non interest bearing and generally have credit period of 30-90 days.

For amount due and terms and conditions relating to related party, please refer note 35

No Trade or Other Receivable are due from Directors or other Officers of the Company either severally or jointly with any other person.

For information about Credit Risk and Market Risk related to Trade Receivables, please refer note 41.

### 10 Cash and Cash Equivalents

(₹ in Lakhs)		
PARTICULAR	As at March 31, 2021	As at March 31, 2020
<b>Balance with Banks</b>		
- On Current Accounts	25.66	8.20
- Deposits with original maturity of less than three months (refer note below)	0.10	-
- Cash on Hand	1.33	1.49
- Cheques on Hand	40.91	-
<b>Total</b>	<b>68.00</b>	<b>9.69</b>

Deposits are made for varying periods of between 60 days to 90 days and earn interest rate around 5.10%

### 11 Loans

(₹ in Lakhs)		
PARTICULAR	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, Considered Good</b>		
Loans to Employees (refer note below)	11.42	17.51
<b>Total</b>	<b>11.42</b>	<b>17.51</b>

Loans to Employees are interest free and generally given for tenure of 6 to 12 months

Since all the above loans given by the Company are unsecured and considered good, the bifurcation of loan in other categories as required by Schedule III of Companies Act 2013 viz: a) Secured, b) Loans which have significant increase in Credit Risk and c) Credit Impaired is not applicable.

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 12 Other Financial Assets (Current)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020 *
<b>Unsecured, Considered Good</b>		
Export Benefits Receivables	0.21	0.19
Balances with Government Authorities (refer note below)	33.12	87.30
Security Deposits	26.00	27.32
Interest Accrued on Deposits with original maturity of less than three months	0.90	0.93
Mark to Market Derivative Assets	123.57	-
<b>Total</b>	<b>183.80</b>	<b>115.74</b>

Balance with Government Authorities pertains to Refund Receivable from Goods and Service Tax Authorities.

### 13 Other Current Assets

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020 *
<b>Unsecured, Considered Good</b>		
Prepaid Expenses	127.00	54.24
Export Benefits Receivables	64.47	45.13
Balances with Government Authorities (refer note below)	120.09	12.39
Advance to Employees	0.97	2.18
Advance to Suppliers	273.73	465.88
<b>Total</b>	<b>586.26</b>	<b>579.81</b>

Balance with Government Authorities include VAT / Cenvat / Goods and Service Tax Credit Receivable.

### 14 Share Capital

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020*
<b>Authorised Share Capital</b>		
<b>Equity Shares of ₹10 each</b>		
12,05,00,000 Equity Shares (March 31, 2020: 9,50,00,000) each Share of ₹ 10/-	12,050.00	9,500.00
Increase in Authorised Share Capital Pursuant to Scheme of Arrangement.(refer note 42)	-	2,550.00
<b>12,05,00,000 Equity Shares (March 31, 2020: 12,05,00,000) each Share of ₹10/-</b>	<b>12,050.00</b>	<b>12,050.00</b>
<b>Preference Shares of ₹100 each</b>		
20,00,000 Preference Shares (March 31, 2020: 20,00,000) each Share of ₹100 /-	2,000.00	2,000.00
<b>Preference Shares of ₹10 each</b>		
43,26,28,796 Preference Shares (March 31, 2020: 43,26,28,796) each Share of ₹10 /-	43,262.88	43,262.88
<b>Total Authorised Capital</b>	<b>57,312.88</b>	<b>57,312.88</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 14 Share Capital (Contd.)

The Authorised Share Capital has increased pursuant to Scheme of Arrangement, The Company has filed Form INC 28 on May 10, 2021 for change in Authorised Share Capital with Ministry of Corporate Affairs and the same is under approval

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020*
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
<b>Equity Share Capital*</b>		
4,15,52,665 Equity Shares (March 31, 2020: 4,15,52,665) each of ₹10 /- Fully Paid Up	4,155.27	4,155.27
<b>Total</b>	<b>4,155.27</b>	<b>4,155.27</b>
<b>Instrument entirely Equity in Nature (Preference Share Capital)</b>		
21,09,19,871 8% Optionally Convertible Redeemable Preference Share (OCRPS) (March 31, 2020: 21,09,19,871) each of ₹10 /- Fully Paid Up	21,091.99	21,091.99
<b>Total</b>	<b>21,091.99</b>	<b>21,091.99</b>

### Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

PARTICULAR	No. of Shares	Amount
<b>Equity Share Capital</b>		
<b>As at April 1, 2019</b>	<b>4,11,93,114</b>	<b>4,119.31</b>
Shares to be cancelled pursuant to Scheme of Arrangement (refer note 42)	(2,35,45,985)	(2,354.60)
Shares to be issued pursuant to Scheme of Arrangement (refer note 42)	2,39,05,536	2,390.55
<b>As at March 31, 2020</b>	<b>4,15,52,665</b>	<b>4,155.27</b>
Increase during the year	-	-
<b>As at March 31, 2021</b>	<b>4,15,52,665</b>	<b>4,155.27</b>
<b>Instrument entirely Equity in Nature (Optionally Convertible Redeemable Preference Share Capital)</b>		
<b>As at April 1, 2019</b>	21,09,19,871	21,091.99
<b>As at March 31, 2020</b>	21,09,19,871	21,091.99
<b>As at March 31, 2021</b>	<b>21,09,19,871</b>	<b>21,091.99</b>

#### Equity Share:

The Company has one class of Equity Shares par value of ₹10 per share. Each Equity Shareholder is entitled to one vote per share. All Equity Shareholders have equal dividend rights. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

#### Optionally Convertible Redeemable Preference Share ('OCRPS')

Each Optionally Convertible Redeemable Preference Share has par value of ₹10 per share and is convertible at the option of the Company. In case, redemption does not happen within 20 years, it will be compulsorily converted into 10 Equity Shares for every 125 OCRPS. The Preference Shares carry a dividend of 8% per annum, payable subject to approval of Board of Directors of the Company. The dividend rights are non-cumulative.

Considering all the rights of conversion / redemption and dividend declaration are in the hands of Company, same is classified as Equity in nature and disclosed as 'Instrument entirely Equity in nature'. The Preference Shares rank ahead of the Equity Shares in the event of a liquidation.

#### Conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) to Compulsory Redeemable Preference Shares (RPS):

As per the Order, OCRPS issued by the Company is transferred to Meghmani Organochem Limited as per the Scheme. Further, the OCRPS will be converted into equal number of RPS with same terms and conditions and tenure from the effective date i.e. May 3, 2021 i.e. the date of the Order. Accordingly, OCRPS is classified as equity instrument under total equity for the year ended March 31, 2021 and the same will be classified and accounted for as debt instrument from the effective date.

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 14 Share Capital (Contd.)

**Share held by the Holding Company:** The share held by erstwhile Holding Company Meghmani Organics Limited (MOL) consisting of 2,35,45,985 Equity Shares have been cancelled pursuant to Scheme of Arrangement. Further as per the Scheme, the Company is in process of issuing Equity Shares to Shareholders of MOL and accordingly, disclosure pertaining to shares held by the Holding Company is not made. Refer note 42 for further details.

#### Details of Shareholding (more than 5% Equity Shares)#

PARTICULAR	As at March 31, 2021	As at March 31, 2020
<b>Number of Shares held by</b>		
(a) Natwarlal Patel	22,27,305	22,27,305
% of Share held	5.41%	5.41%
(b) Ashish Soparkar	21,98,563	21,98,563
% of Share held	5.34%	5.34%
<b>Optionally Convertible Redeemable Preference Share (OCRPS)</b>		
(a) Meghmani Organics Limited ('MOL')	21,09,19,871	21,09,19,871
% of Share held	100.00%	100%

#Details of Share Holding (more than 5% Equity Share): Does not include shares held by MOL which has been cancelled pursuant to Scheme of Arrangement. Refer note 42 for further details.

As per records of the Company, including its register of Shareholder / Members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares. Further the same is subject to shares to be issued pursuant to Scheme of Arrangement.

No dividend has been proposed / declared on Equity and OCRPS during the year. During the year ended March 31, 2020 dividend of 8% was declared and paid on OCRPS

### 15 Other Equity

PARTICULAR	As at March 31, 2021	(₹ in Lakhs) As at March 31, 2020*
<b>Capital Reserve</b>		
Balance as at the beginning of the Year	(24,668.28)	(24,668.28)
<b>Balance as at the end of the Year</b>	<b>(24,668.28)</b>	<b>(24,668.28)</b>
<b>Retained Earnings</b>		
Balance as at the beginning of the Year	57,768.08	48,629.57
Profit for the Year	10,083.90	11,199.77
Other Comprehensive Income for the Year	(17.57)	(27.06)
Less: Dividend Paid	-	(1,687.36)
Less: Tax on Dividend Paid	-	(346.84)
<b>Balance as at the end of the Year</b>	<b>67,834.41</b>	<b>57,768.08</b>
<b>Total</b>	<b>43,166.13</b>	<b>33,099.80</b>

#### Nature and purpose of Reserves:

##### Capital Reserve

The balance in Capital Reserve represents difference between consideration paid and net asset acquired under common control business combination transactions.

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 16 Borrowings

PARTICULAR	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
<b>Term Loan Facilities from Banks :</b>		
Indian Rupee Loan (Secured) (refer note below)	25,814.74	29,909.65
<b>From Financial Institutions</b>		
Foreign Currency Loan (Secured) (refer note below)	8,232.00	11,918.88
<b>Total Non-Current Borrowing</b>	<b>34,046.74</b>	<b>41,828.53</b>
[Refer note 21 for Current Maturities of Term Loan from Banks and Financial Institutions ₹12,280.91 Lakh (March 31, 2020 : ₹8,820.07 Lakh)]		
The above amounts includes:		
Secured Borrowing	34,046.74	41,828.53
Unsecured Borrowing	-	-

Refer note - 41 For Interest Rate Risk and Liquidity Risk.

#### Details of Security and Repayment Terms :

- (i) The Company has taken External Commercial Borrowing of Euro 180.00 Lakhs equivalent to ₹14,400.00 Lakhs from Standard Chartered Bank to finance its capital expenditure plans. Outstanding balance for this borrowing is Euro 144.00 Lakhs equivalent to ₹12,348.00 Lakhs (March 31, 2020: ₹14,898.60 Lakhs). The borrowing is secured by first pari passu mortgage charge on all immovable properties, first pari passu hypothecation charge over all the moveable assets. The borrowing carries interest @ Euribor + 1.6% p.a. payable on quarterly rests. The Company has entered into Interest Rate Swap ('IRS') agreement with the bank for a fixed interest @ 1.85% p.a. and hedging of the foreign exchange rate whereby the Company will pay additional interest @ 4.95% p.a. The effective interest rate after considering basic interest rate and interest for hedging is 6.80%. The borrowing is repayable in 15 quarterly installments of Euro 12 Lakhs each, starting from July 3, 2020.
- ii) The Company has availed following Rupee Term Loan facilities:
  - 1) Term loan amounting ₹11,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of new Chloromethanes Plant. Outstanding balance for this facility is ₹6,050 Lakhs (March 31, 2020: ₹8,250 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus spread (to be set every year) payable on monthly rest. The interest rate for the current year remained @ 7.65%. (March 31, 2020: 8.70%). The Term Loan is repayable in 20 quarterly installments of ₹550.00 Lakhs each and repayment started from March 9, 2019.
  - 2) Term loan amounting ₹15,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of new Caustic Soda Lye Plant with new 36 MW Power Plant. Outstanding balance for this facility is ₹13,333 Lakhs (March 31, 2020: ₹15,000 Lakhs). This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The effective interest rate is 7.25%. (March 31, 2020: 8.15%) The term loan is repayable in 18 quarterly installments of ₹833.33 Lakhs each starting from November 1, 2020.
  - 3) Term loan amounting ₹12,500 Lakhs from Federal Bank Limited for capital expenditure toward setting up of new Hydrogen Peroxide Plant. Outstanding balance for this facility is ₹10,526 Lakhs (March 31, 2020: ₹12,500 Lakhs). The borrowing carries interest @ 12 month T-bill rate (benchmark as published by RBI - to be reset every year) plus spread (fixed @ 0.94%) payable on monthly rest. The effective interest rate is 6.64%(March 31, 2020: 6.64%). The Term Loan is repayable in 19 quarterly installments of ₹657.89 Lakhs each starting from September 29, 2020.
  - 4) Term loan amounting ₹19,000 Lakhs from State Bank of India for capital expenditure toward setting up of new Epichlorhydrin Plant. The Company has drawn down ₹4,070 Lakhs as at the Balance Sheet date (March 31, 2020: ₹ NIL) . The borrowing carries interest at 6 month MCLR (Benchmark rate) plus spread of 0.10% (to be reset every half year) payable on monthly rest. The effective interest rate is 7.05%(March 31, 2020 : Nil). The Term Loan is repayable in 20 quarterly installments of ₹950.00 Lakhs each starting from December 1, 2022.
  - 5) The Term Loan facilities are secured by first pari passu mortgage charge of all immovable properties of the Company, first pari passu hypothecation charge over all the moveable assets of the Company

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 16 Borrowings (Contd.)

- iii) The Company has executed an Indenture of Mortgage with Lenders of these term loans (Secured Parties) by creating mortgages on Immovable Properties of the Company by creating a charge by way of registered mortgage. According to the indenture, all the Secured Parties will share pari passu charge with first ranking and priority over the Immovable Properties of the Company, both present and future.
- iv) Bank loans availed by the Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Company has complied with the covenants as per the terms of the loan agreements.

### 17 Others Non Current Financial Liabilities

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Mark to Market Derivative Liabilities (on Interest Rate Swap and Cross Currency Swap valued at Fair Value Through Profit and Loss)	-	157.80
Lease Liabilities (refer note 39)	306.00	375.55
<b>Total</b>	<b>306.00</b>	<b>533.35</b>

### 18 Long Term Provisions

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
Gratuity (refer note 34)	103.81	102.32
Compensated Absences	59.04	52.98
<b>Total</b>	<b>162.85</b>	<b>155.30</b>

### 19 Borrowings

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Secured Loans		
Rupee Loans repayable on Demand		
Cash Credit / Overdraft / WCDL Facility from Banks (refer note below)	7,503.49	1,971.99
<b>Total</b>	<b>7,503.49</b>	<b>1,971.99</b>

#### Note:

The Company has availed Working Capital Facility of ₹18,000 Lakhs (March 31, 2020: ₹13,350 Lakhs) as sanctioned limit from consortium comprising of ICICI Bank Limited ₹11,000 Lakhs, Standard Chartered Bank ₹3,000 Lakhs and HDFC Bank Ltd. ₹4,000 Lakhs. The Company is in process of filing requisite forms with Ministry of Corporate Affairs for creating of first pari passu hypothecation charge over all the Current Assets for additional facilities sanctioned during the year.

Rate of interest stipulated by ICICI Bank Limited is 6 Month MCLR + Nil spread on the principal amount remains outstanding each day. Interest rate for the year ranges between 7.25% - 8.70% (March 31, 2020: 8.35% - 9.05%).

Rate of interest stipulated by Standard Chartered Bank is monthly MCLR. Interest rate for the year ranges between 6.60% - 8.85% (March 31, 2020: 8.85% - 9.45%).

Rate of interest stipulated by HDFC Bank Limited is as per prevailing 1 year MCLR + Nil spread. Interest rate for this ranges between @ 7.20% - 8.00% (March 31, 2020: 8.35% to 9.05%).

Bank loans availed by the Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Company has complied with the covenants as per the terms of the loan agreements.



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 20 Trade Payables

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020*
Outstanding dues of Micro and Small Enterprise (refer note 38)	248.01	724.88
Outstanding dues of Creditors other than Micro and Small Enterprises	7,056.92	3,954.36
<b>Total</b>	<b>7,304.93</b>	<b>4,679.24</b>

Terms and conditions of the above outstanding dues :

Trade Payables are non-interest bearing and are normally settled on 90-360 days terms.

For amounts due to related parties and terms and conditions with Related Parties, refer note 35.

For Company's Credit Risk management processes refer note 41

### 21 Other Current Financial Liabilities

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020*
<b>Financial Liabilities carried at Amortised Cost</b>		
Current Maturities of Long-Term Debt ( refer note 16)	12,280.91	8,820.07
Interest Accrued but not due on Borrowing	332.10	405.50
Capital Creditors	4,148.40	5,330.34
Security Deposits Payable	950.00	555.00
Lease Liability (refer note 39)	69.55	63.90
Employee Benefits Payable	1,581.59	1,150.94
Book Overdraft	48.33	-
Payable for Investment in Subsidiary	5.00	-
Expenses Payable	3,895.97	3,142.44
<b>Total</b>	<b>23,311.85</b>	<b>19,468.19</b>

### 22 Other Current Liabilities

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020*
Advances from Customers	85.51	30.22
Statutory Dues Payables	640.26	314.15
<b>Total</b>	<b>725.77</b>	<b>344.37</b>

### 23 Short Term Provisions

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
<b>Provision for Employee Benefits</b>		
Compensated Absences	10.04	8.53
<b>Total</b>	<b>10.04</b>	<b>8.53</b>

### 24 Current Tax Liabilities (Net)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021	As at March 31, 2020
Current Tax Payable (net)	9.62	9.62
<b>Total</b>	<b>9.62</b>	<b>9.62</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 25 Revenue from Operations

(₹ in Lakhs)		
PARTICULAR	Year ended March 31, 2021	Year ended March 31, 2020*
<b>Sales of Products</b>		
Sale of Products	82,493.37	60,993.17
Sale of By-Product	100.36	24.04
<b>Sales of Products</b>	<b>82,593.73</b>	<b>61,017.21</b>
<b>Other Operating Revenue</b>		
Export Benefits and Other Incentives	9.74	29.44
Scrap Sales	256.56	3.98
<b>Total Other Operating Revenue</b>	<b>266.31</b>	<b>33.42</b>
<b>Total</b>	<b>82,860.03</b>	<b>61,050.63</b>

#### 25.1 Disaggregated Revenue Information

Set out below is the disaggregation of the Company's Revenue from Contracts with Customers:

(₹ in Lakhs)		
PARTICULAR	Year ended March 31, 2021	Year ended March 31, 2020*
<b>Type of Goods or Service</b>		
Chlor Alkali & its Derivatives	82,464.66	60,944.60
Sales of Stock in Trade	129.07	72.61
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>	<b>61,017.21</b>
<b>Geographical location of Customer</b>		
India	82,017.51	60,401.09
Outside India	576.22	616.12
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>	<b>61,017.21</b>
<b>Timing of Revenue Recognition</b>		
Goods transferred at a point in time	82,593.73	61,017.21
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>	<b>61,017.21</b>

#### 25.2 Contract balances

The Company has recognised the following Revenue-related Contract Asset and Liabilities

(₹ in Lakhs)		
PARTICULAR	As at March 31, 2021	As at March 31, 2020*
Trade Receivables	11,883.73	7,645.20
Advance from Customers	85.51	30.22

Trade Receivables are non interest bearing and generally have credit period of 30-90 days. Trade Receivable are secured to the extent of deposit received from the Customers.

Contract Liabilities includes Short Term Advance received from Customers towards Sale of Products.

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 25 Revenue from Operations (Contd.)

#### 25.3 Reconciling the amount of Revenue recognised in the Statement of Profit and Loss with the Contracted price

Set out below is the disaggregation of the Company's Revenue from Contracts with Customers:

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020*
Revenue as per contracted price	86,356.00	63,985.98
<b>Adjustments</b>		
Sale Returns	(40.87)	(39.62)
Trade Discount & Quantity Rebate	(2,446.38)	(2,348.80)
Cash Discount	(335.56)	(93.90)
Sales Commission	(939.47)	(486.46)
<b>Revenue from Contract with Customers</b>	<b>82,593.73</b>	<b>61,017.21</b>

#### 25.4 Performance Obligation

The performance obligation is satisfied upon dispatch of Goods from the Company's premises / delivery of Goods to the Customer in accordance with the terms of contract with Customer and payment is generally due within 30 to 90 days from date of dispatch of Goods.

#### 25.5 Information about Major Customers

No single Customer represents 10% or more of the Company's total Revenue during the year ended March 31, 2021 and March 31, 2020 .

### 26 Other Income

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020*
Interest Income on		
- Bank Deposit	13.76	11.40
- Other	1.04	2.47
Net Gain on Sale of Mutual Funds	-	38.99
Net Gain on Foreign Currency Transactions and Translations (net)	38.36	15.53
Profit On Sale of Property, Plant and Equipment	0.28	-
Cess Input Tax Credit Reduction on Fuel Consumption	-	118.29
Miscellaneous Income	58.53	0.75
Insurance Claims	106.58	5.42
Sundry Balance Written back	0.35	38.29
<b>Total</b>	<b>218.90</b>	<b>231.15</b>

### 27 Cost of Materials Consumed

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Chlor Alkali & its Derivatives	38,609.98	27,865.54
<b>Total</b>	<b>38,609.98</b>	<b>27,865.54</b>

Note: The above amount comprises of Raw Material consumption generated from the accounting system and related adjustment there to.

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 28 Change In Inventories Of Finished Goods and Stock in Trade

(₹ in Lakhs)

PARTICULAR	Year ended March 31, 2021	Year ended March 31, 2020*
Inventories at the beginning of the Year		
(i) Finished Goods	766.53	364.00
(ii) Stock in Trade	36.15	9.60
<b>Total (A)</b>	<b>802.68</b>	<b>373.60</b>
Inventories at the end of the Year		
(i) Finished Goods	914.31	766.53
(ii) Stock in Trade	8.89	36.15
<b>Total (B)</b>	<b>923.20</b>	<b>802.68</b>
<b>Changes in Inventories (A-B)</b>	<b>(120.48)</b>	<b>(429.08)</b>

### 29 Employee Benefit Expenses

(₹ in Lakhs)

PARTICULAR	Year ended March 31, 2021	Year ended March 31, 2020*
Salaries and Wages	3,584.58	2,869.27
Director Remuneration	1,235.00	1,130.00
Contribution to Provident and Other Funds (refer note 34)	209.79	179.87
Staff Welfare Expenses	331.57	222.70
<b>Total</b>	<b>5,360.94</b>	<b>4,401.84</b>

### 30 Finance Costs

(₹ in Lakhs)

PARTICULAR	Year ended March 31, 2021	Year ended March 31, 2020*
<b>Interest Expense on :</b>		
- Term Loan	2,665.15	604.09
- Cash Credit and Working Capital Demand Loan	310.88	31.02
- Lease Liability (refer note 39)	34.90	36.56
- Others	79.18	108.52
Loss/(Gain) on Derivative Instruments	(528.50)	(623.51)
Exchange Loss/(Gain) on restatement of External Commercial Borrowing (ECB)	329.40	917.55
Other Borrowing Costs (includes Bank Charges, etc.)	20.36	40.12
<b>Total</b>	<b>2,911.37</b>	<b>1,114.35</b>

### 31 Other Expenses

(₹ in Lakhs)

PARTICULAR	Year ended March 31, 2021	Year ended March 31, 2020*
Consumption of Stores and Spares	1,426.66	1,355.68
Consumption of Packing Materials	1,291.42	349.70
Repairs and Maintenance:		
- Buildings	117.12	116.13
- Plant and Machinery	479.70	438.90
Rent (refer note 39)	2.99	3.88

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 31 Other Expenses (Contd.)

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020*
Rates and Taxes	62.78	175.17
Insurance	366.83	180.28
Power and Fuel	441.85	1,125.90
Electricity Duty on Power Generation	2,350.93	1,900.64
Renewal Purchase Obligation	845.70	559.08
Contract Labour Charges	1,043.55	755.45
Selling and Promotion Expenses	449.76	468.37
Loss on Sale of Property, Plant and Equipment	-	4.55
Water Charges	2,167.28	1,021.52
Expenditure towards Corporate Social Responsibility (refer note i below)	966.93	103.51
Payments to the Auditors (refer note ii below)	17.87	17.89
Miscellaneous Expenses	803.40	1,151.62
<b>Total</b>	<b>12,834.77</b>	<b>9,728.27</b>

#### Notes:

(i) Corporate Social Responsibility Expenditure - spent during the year is ₹966.93 Lakh (March 31, 2020 - ₹103.51 Lakh)

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Amount required to be spent during the Year	383.37	337.18
Amount of opening unspent CSR expenses spent during the Year pursuant to representation made by the Company with ROC & NCLT	579.29	-
<b>Amount Spent during the Year in Cash</b>	<b>966.93</b>	<b>103.51</b>
i. Construction / Acquisition of an Assets	-	-
ii. On purpose Other than (i) above	966.93	103.51
<b>Details related to spent/unspent obligation</b>		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	966.93	103.51
iii) Unspent amount	-	-

#### (ii) Payment to Auditors (excluding Tax)

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
(a) Statutory Audit Fees	17.35	17.35
(b) Reimbursement of Expenses	0.52	0.54
<b>Total</b>	<b>17.87</b>	<b>17.89</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 32 DISCLOSURE OF EARNING PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year, including effect of shares to be issued pursuant to Scheme of Arrangement.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year after adjusting effects of OCRPS which are Dilutive Potential Equity Shares.

The following reflects the Income and Share used in the Basic and Diluted EPS computation:

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020*
Profit attributable to Shareholders (Figure in ₹)	10,083.90	11,199.77
Total number of Equity Shares at the end of the Year (Nos)	4,15,52,665	4,15,52,665
Weighted Average number of Equity Shares outstanding (Nos)		
- For Basic EPS calculation	4,15,52,665	4,15,52,665
- For Diluted EPS calculation	5,84,26,255	5,84,26,255
Nominal value per Equity Share (₹)	10	10
Basic Earnings Per Share (₹)	24.27	26.95
Diluted Earnings Per Share (₹)	17.26	19.17
<b>Weighted Average number of Equity Shares</b>		
Weighted Average number of Equity Shares for basic EPS	4,15,52,665	4,15,52,665
Effect of dilution:		
Optionally Convertible Redeemable Preference Shares (OCRPS)	1,68,73,590	1,68,73,590
Weighted average number of Equity Shares adjusted for the effect of dilution	5,84,26,255	5,84,26,255

### 33 Tax expense

#### (a) Amounts recognised in Profit and Loss

PARTICULAR	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020*
Current Income Tax	2,816.76	2,534.16
Deferred Tax Expenses	3,185.10	365.35
<b>Tax Expense for the Year</b>	<b>6,001.86</b>	<b>2,899.51</b>

#### (b) Amounts recognised in Other Comprehensive Income

Particulars	(₹ in Lakhs)			(₹ in Lakhs)		
	March 31, 2021			March 31, 2020*		
	Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)/ benefit	Net of Tax
Items that will not be reclassified to Profit or Loss						
Remeasurement of the Defined Benefit Plans	(27.00)	9.43	(17.57)	(41.59)	14.53	(27.06)
<b>Total</b>	<b>(27.00)</b>	<b>9.43</b>	<b>(17.57)</b>	<b>(41.59)</b>	<b>14.53</b>	<b>(27.06)</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 33 Tax expense (Contd.)

#### (c) Reconciliation of Effective Tax Rate

(₹ in Lakhs)

PARTICULAR	Year ended March 31, 2021	Year ended March 31, 2020*
Profit Before Tax	16,085.76	14,099.28
Tax using the Company's Domestic Tax Rate (Current Year 34.944% and March 31, 2020 34.944%)	5,621.01	4,926.85
<b>Non Deductible Tax Expenses</b>		
Corporate Social Responsibility Expenses	337.95	-
Others	6.73	11.37
<b>Others</b>		
Profit deductible u/s 80 IA	-	(2,094.03)
Tax Charged at different Tax Rate	-	(6.81)
Tax impact on increase in profit due to accounting of business acquisition under common control as per Ind AS 103(refer note 42)	-	(9.00)
Donation Deductible u/s 80 G	-	18.09
Others	36.15	53.04
<b>Total</b>	<b>6,001.87</b>	<b>2,899.51</b>
<b>Effective Tax Rate</b>	<b>37.31%</b>	<b>20.56%</b>

#### (d) Movement in Deferred Tax balances for the Year ended March 31, 2021

(₹ in Lakhs)

Particulars	Net balance April 1, 2020	Recognised in Profit & Loss	Recognised in OCI	Other	March 31, 2021		
					Net	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(4,029.19)	(8,680.42)	-	-	(12,709.61)	-	(12,709.61)
Gain on Derivative - Mark to Market	129.64	30.16	-	-	159.80	159.80	-
Employee Benefits	57.25	(6.27)	9.43	-	60.41	60.41	-
Lease Liabilities	7.38	(0.95)	-	-	6.43	6.43	-
Carried Forward Loss	-	2,798.58	-	-	2,798.58	2,798.58	-
Tax Credit (MAT)	3,571.85	2,816.76	-	-	6,388.61	6,388.61	-
Others	358.20	(142.95)	-	-	215.25	215.25	-
<b>Tax Assets/ (Liabilities)</b>	<b>95.13</b>	<b>(3,185.09)</b>	<b>9.43</b>	<b>-</b>	<b>(3,080.53)</b>	<b>9,629.08</b>	<b>(12,709.61)</b>
Set off Tax							9,629.08
<b>Net Tax Assets / (Liabilities)</b>							<b>(3,080.53)</b>

#### Movement in Deferred Tax balances for the Year ended March 31, 2020

(₹ in Lakhs)

Particulars	Net balance April 1, 2019	Recognised in Profit & Loss*	Recognised in OCI	Other	March 31, 2020*		
					Net	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(2,233.61)	(1,795.58)	-	-	(4,029.19)	-	(4,029.19)
Gain on Derivative - Mark to Market	126.62	3.02	-	-	129.64	129.64	-
Employee Benefits	78.83	(36.11)	14.53	-	57.25	57.25	-
Lease Liabilities	-	7.38	-	-	7.38	7.38	-
Tax Credit (MAT)	1,879.84	1,274.12	-	417.88	3,571.85	3,571.85	-
Others	176.38	181.82	-	-	358.20	358.20	-
<b>Tax Assets/ (Liabilities)</b>	<b>28.06</b>	<b>(365.35)</b>	<b>14.53</b>	<b>417.88</b>	<b>95.13</b>	<b>4,124.32</b>	<b>(4,029.19)</b>
Set off Tax							4,124.32
<b>Net Tax Assets/ (Liabilities)</b>							<b>95.13</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 34 Gratuity and Other Employment Benefit Plans

#### (a) Retirement Benefits

The Gratuity Plan is governed by the Payment of Gratuity Act, 1972. Under the act, Employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

**Table 1: Reconciliation of Defined Benefit Obligation (DBO)**

	(₹ in Lakhs)	
	March 31, 2021	March 31, 2020
Opening balance of Defined Benefit Obligation	332.34	219.50
<i>Service Cost</i>		
a. Current Service Cost	76.37	63.82
Interest Cost	20.27	15.36
Benefits Paid	(10.58)	(4.39)
<i>Re-measurements</i>		
a. Actuarial Loss/(Gain) from changes in financial assumptions	9.25	19.53
b. Actuarial Loss/(Gain) from experience over the past period	14.06	18.52
c. Actuarial (Loss)/Gain from change in demographic assumptions	-	-
Closing balance of the Defined Benefit Obligation	441.71	332.34

**Table 2: Reconciliation of Fair Value of Plan Assets**

	(₹ in Lakhs)	
Particulars	March 31, 2021	March 31, 2020
Opening balance of Fair Value of Plan Assets	230.02	151.86
Contributions by Employer	105.16	73.05
Benefits Paid	(10.58)	(4.39)
Interest Income on Plan Assets	16.99	13.04
<i>Re-measurements</i>		
a. Actuarial (Loss)/Gain from changes in financial assumptions	-	-
b. Return on plan assets excluding amount included in net interest on the net Defined Benefit Liability/(Asset)	(3.69)	(3.54)
Closing balance of Fair Value of Plan Assets	337.90	230.02
<i>Actual Return on Plan Assets</i>	13.30	9.50
<i>Expected Employer Contributions for the coming period</i>	100.00	100.00

**Table 3: Expenses Recognised in the Profit and Loss Account**

	(₹ in Lakhs)	
Particulars	March 31, 2021	March 31, 2020
<i>Service Cost</i>		
a. Current Service Cost	76.37	63.82
b. Past Service Cost	-	-
c. Loss/(Gain) from Settlement	-	-
Net Interest on net Defined Benefit Liability/ (Asset)	3.28	2.32
Employer Expenses	79.65	66.14

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 34 Gratuity and Other Employment Benefit Plans (Contd.)

Table 4: Net Liability/ (Asset) recognised in the Balance Sheet

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Present Value of DBO	441.71	332.34
Fair Value of Plan Assets	337.90	230.02
<b>Liability/ (Asset) recognised in the Balance Sheet</b>	<b>103.81</b>	<b>102.32</b>
<b>Funded Status [Surplus/(Deficit)]</b>	<b>(103.81)</b>	<b>(102.32)</b>
Of Which, Short term Liability	-	-
Experience Adjustment on Plan Liabilities: (Gain)/Loss	14.06	18.52
Experience Adjustment on Plan Assets: Gain/(Loss)	(3.69)	(3.54)

Table 5: Percentage Break-down of Total Plan Assets

Particulars	March 31, 2021	March 31, 2020
Investment Funds with Insurance Company	100%	100%
<i>Of which, Traditional/ Non-Unit Linked</i>	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Note: None of the assets carry a quoted market price in an active market or represent the Company's own transferable financial instruments or are property occupied by the Company.

Table 6: Actuarial Assumptions

Particulars	March 31, 2021	March 31, 2020
Salary Growth Rate	10% p.a.	10% p.a.
Discount Rate	5.8% p.a.	6.1% p.a.
Withdrawal Rate		
Up to age 35 years:	12% p.a.	12% p.a.
Above age 35 years:	12% p.a.	12% p.a.
Mortality	IALM 2012-14 Ult.	IALM 2012-14 Ult.
Expected Return on Plan Assets	6.1% p.a.	7% p.a.
Expected weighted average remaining working life	5 years	5 years

Table 7: Movement in Other Comprehensive Income

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
<b>Opening Balance (Loss)/Gain</b>	<b>(117.21)</b>	<b>(75.62)</b>
<i>Re-measurements on DBO</i>		
a. Actuarial (Loss)/Gain from changes in financial assumptions	(9.25)	(19.53)
b. Actuarial (Loss)/Gain from experience over the past period	(14.06)	(18.52)
c. Actuarial (Loss)/Gain from change in demographic assumptions	-	-
<i>Re-measurements on Plan Assets</i>		
a. Actuarial (Loss)/Gain from changes in financial assumptions	-	-
b. Return on Plan assets, excluding amount included in net interest on the net Defined Benefit Liability/(Asset)	(3.69)	(3.54)
<b>Remeasurement (Loss) on Defined Benefit Plans</b>	<b>(27.00)</b>	<b>(41.59)</b>
<b>Closing Balance (Loss)/Gain</b>	<b>(144.21)</b>	<b>(117.21)</b>

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 34 Gratuity and Other Employment Benefit Plans (Contd.)

Table 8: Sensitivity Analysis

Financial Year ended March 31, 2021	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by ₹31.92 Lakh	DBO decreases by ₹28.71 Lakh
Discount Rate	DBO decreases by ₹29.53 Lakh	DBO increases by ₹33.60 Lakh
Withdrawal Rate	DBO decreases by ₹8.44 Lakh	DBO increases by ₹9.29 Lakh
Mortality (increase in expected lifetime by 1 year)	DBO increases by ₹0.20 Lakh	-
Mortality (increase in expected lifetime by 3 years)	DBO increases by ₹0.41 Lakh	-

Financial Year ended March 31, 2020	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by ₹24.35 Lakh	DBO decreases by ₹21.91 Lakh
Discount Rate	DBO decreases by ₹22.48 Lakh	DBO increases by ₹25.56 Lakh
Withdrawal Rate	DBO decreases by ₹6.25 Lakh	DBO increases by ₹6.86 Lakh
Mortality (increase in expected lifetime by 1 year)	DBO increases by ₹0.15 Lakh	-
Mortality (increase in expected lifetime by 3 years)	DBO increases by ₹0.29 Lakh	-

**Note:** The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

Table 9: Movement in Surplus/ (Deficit)

Particulars	(₹ in Lakhs)	
	March 31, 2021	March 31, 2020
Surplus/ (Deficit) at start of Period	(102.32)	(67.64)
Current Service Cost	(76.37)	(63.82)
Past Service Cost	-	-
Net Interest on net DBO	(3.28)	(2.32)
Actuarial Gain/ (Loss)	(27.00)	(41.59)
Contributions	105.16	73.05
Surplus/ (Deficit) at end of Period	(103.81)	(102.32)

#### (b) Defined Contribution Plans

The Company makes Provident Fund contributions to Defined Contribution Plans for qualifying Employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognised Provident Fund contribution of ₹129.97 Lakhs (March 31, 2020: ₹113.74 Lakhs) as expense in Note 29 under the head 'Contributions to Provident and Other Funds'.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 35 Related Parties Disclosures

➤ Wholly Owned Subsidiary Company	: Meghmani Advanced Sciences Limited (MASL)
➤ Enterprises in which Key Managerial Personnel [KMP] & their Relatives have significant influence :	Meghmani Organochem Limited (MOL) Meghmani Dyes & Intermediates LLP ( MDI) Meghmani Industries Limited (MIL) Meghmani Pigments (MP) Trent Chemical Industries (Trent Chemicals) Arjan Owners LLP (Arjan)(Formerly Panchratna Corporation) Meghmani Novotech Pvt Ltd (Meghmani Novotech) Meghmani LLP (formerly Meghmani Unichem LLP) (MLLP)
➤ Key Managerial Personnel	: Mr. Maulik Patel (Chairman and Managing Director) Mr. Kaushal Soparkar (Managing Director) Mr. Ankit Patel (Executive Director) Mr. Karana Patel (Executive Director) Mr. Darshan Patel (Executive Director) Mr. Kamlesh Mehta ( Company Secretary ) Mr. Sanjay Jain ( Chief Financial Officer)
➤ Relatives of Key Managerial Personnel	: Mr. Jayanti Patel Mr. Ashish Soparkar Mr. Natwarlal Patel Mr. Ramesh Patel Mr. Anand Patel
➤ Non Executive Directors	: Mr. Manubhai Patel Mr. Balkrishna Thakkar Ms. Nirali Parikh

(₹ in Lakhs)

Particulars	Subsidiary		Enterprises in which Key Managerial Personnel (KMP) and its Relatives have significant influence		Key Managerial Personnel and its Relatives(KMP)		Total	
	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*
Investment in MASL	5.00	-	-	-	-	-	5.00	-
Sale of Goods to MOL	-	-	6,265.17	4,705.77	-	-	6,265.17	4,705.77
Sale of Goods to MDIL	-	-	551.33	865.59	-	-	551.33	865.59
Sale of Goods to MIL	-	-	829.19	768.25	-	-	829.19	768.25
Sale of Goods to MP	-	-	104.51	182.23	-	-	104.51	182.23
Sale of Goods to MLLP	-	-	2,331.23	2,528.03	-	-	2,331.23	2,528.03
Sale of Goods to Trent Chemicals	-	-	793.10	1,291.06	-	-	793.10	1,291.06
Sale of Goods to Meghmani Novotech	-	-	8.23	-	-	-	8.23	-
Availing of Services (Rent) Arjan	-	-	123.11	104.41	-	-	123.11	104.41
Purchase of Services from MOL	-	-	13.82	-	-	-	13.82	-
Purchase of MEIS Licence from MOL	-	-	352.49	363.05	-	-	352.49	363.05
Sitting fees	-	-	-	-	5.50	7.50	5.50	7.50
Maulik Patel- Remuneration	-	-	-	-	305.78	278.11	305.78	278.11
Kaushal Soparkar- Remuneration	-	-	-	-	305.78	278.11	305.78	278.11

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 35 Related Parties Disclosures (Contd.)

(₹ in Lakhs)

Particulars	Subsidiary		Enterprises in which Key Managerial Personnel (KMP) and its Relatives have significant influence		Key Managerial Personnel and its Relatives (KMP)		Total	
	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*
Ankit Patel- Remuneration	-	-	-	-	305.49	277.82	305.49	277.82
Karana Patel- Remuneration	-	-	-	-	195.49	182.82	195.49	182.82
Darshan Patel- Remuneration	-	-	-	-	140.49	135.32	140.49	135.32
Sanjay Jain - Remuneration	-	-	-	-	40.63	40.21	40.63	40.21
Dividend Paid on OCRPS	-	-	-	1,687.36	-	-	-	1,687.36
Sanjay Jain -Repayment of Loan	-	-	-	-	-	6.00	-	6.00

#### Outstanding Balance with Related Parties:

(₹ in Lakhs)

Particulars	Subsidiary		Enterprises in which Key Managerial Personnel (KMP) and its Relative have significant influence		Key Managerial Personnel and its Relatives (KMP)		Total	
	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*	March 31, 2021	March 31, 2020*
Receivable from MOL	-	-	1,644.24	695.27	-	-	1,644.24	695.27
Receivables from MDI	-	-	102.47	161.78	-	-	102.47	161.78
Receivables from MIL	-	-	202.34	170.85	-	-	202.34	170.85
Receivables from MP	-	-	12.94	49.50	-	-	12.94	49.50
Receivables from MLLP	-	-	519.11	268.86	-	-	519.11	268.86
Receivables from Trent Chemical	-	-	159.91	248.31	-	-	159.91	248.31
Receivables from Meghmani Novotech	-	-	5.06	-	-	-	5.06	-
Payable to MASL	5.00	-	-	-	-	-	5.00	-
Payable to MOL	-	-	13.82	-	-	-	13.82	-
Payable for MEIS Licence to MOL	-	-	29.12	-	-	-	29.12	-
Payable to Arjan	-	-	-	9.27	-	-	-	9.27
Remuneration Payable to Maulik Patel	-	-	-	-	275.04	238.90	275.04	238.90
Remuneration Payable to Kaushal Soparkar	-	-	-	-	275.04	238.90	275.04	238.90
Remuneration Payable to Ankit Patel	-	-	-	-	275.15	238.90	275.15	238.90
Remuneration Payable to Karana Patel	-	-	-	-	166.98	143.90	166.98	143.90
Remuneration Payable to Darshan Patel	-	-	-	-	111.98	96.40	111.98	96.40
Remuneration Payable to Sanjay Jain	-	-	-	-	2.31	1.52	2.31	1.52
Sanjay Jain - Loan Receivable	-	-	-	-	-	1.00	-	1.00

- (i) Transaction entered into with Related Parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- (ii) The Company's transactions with Related Parties are at arm's length. Management believes that the Company's domestic transactions with related parties post March 31, 2021 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the Financial Statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end.

\*Restated pursuant to Scheme of Arrangement (refer note 42)



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 36 Segment Reporting

The Company's Chief Operating Decision Maker (CODM) examines the Company's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Company, which primarily relate to manufacturing of Chlor Alkali & its Derivatives, the Company does not operate in more than one business segment.

#### Analysis By Geographical Segment

Segment Revenue is analysed based on the location of Customers regardless of where the goods are produced. The following provides an analysis of the Sales by Geographical Markets.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020*
<b>Revenue :</b>		
Within India	82,017.51	60,401.09
Outside India	576.22	616.12
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>	<b>61,017.21</b>

The following is analysis of the carrying amount of Non Current Assets, which do not include Deferred Tax Assets, Tax Assets, Investment in Subsidiary and Financial Assets analysed by the geographical area in which the assets are located:

Particulars	As at March 31, 2021	As at March 31, 2020*
<b>Carrying amount of Segment Assets</b>		
Within India	1,25,460.17	1,13,478.82
Outside India	-	-

### 37 Contingent Liabilities & Commitments

#### A. Claim against the Company not acknowledged as Debts (excluding Interest and Penalty)

Particulars	March 31, 2021	March 31, 2020
Disputed Service Tax Liability	108.37	108.37
Disputed Custom Duty Liability	621.83	621.83
(In respect of the above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements pending at various Forums / Authorities)		
The Company has assessed that it is only possible but not probable, the outflow of economic resources will be required		
In respect of Letter of Credit	565.12	84.74

(₹ in Lakhs)

#### B. Capital Commitment

The Estimated amount of Contract to be executed on Capital Account of ₹36,282.83 Lakhs (March 31, 2020: ₹3,654.86 Lakhs) has not provided for (Net of Advances).

#### C. Other Commitment

The Company has imported capital good for the various expansion projects under the EPCG Scheme at nil rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is ₹3,070.20 Lakhs (March 31, 2020: ₹4,622.47 Lakhs) which is equivalent to 6 times of duty saved of ₹696.28 Lakhs (March 31, 2020: ₹736.05 Lakhs). The export obligation has to be completed by 2024-25.

### 38 Disclosures As Per MSMED Act, 2006

The Ministry of Micro, Small and Medium Enterprises (MSME) has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its Customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act').

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2021 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at the Balance-Sheet date.

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 38 Disclosures As Per MSMED Act, 2006 (Contd.)

The details as required by MSMED Act are given below:

Particulars	(₹ in Lakhs)	
	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any Supplier as at the end of each accounting year;		
Principal and Interest		
Trade Payables	248.01	724.88
Capital Payables	576.80	625.24
The amount of interest paid by the Buyer in terms of Section 18 of MSMED Act, along with the amounts of the payment made to the Supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	19.26	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due to the Micro, Small and Medium Enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

### 39 Leases

The Company has lease contracts for office premise. Leases of office premise is having lease terms of 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain premises in good state. The lease contract include extension and termination options.

The Company also has a Sales Office with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for this lease.

#### Terms of Cancellation and Escalation

The Leases are cancellable by giving one month notice by either parties and these does not carries any escalation

#### (A) Leases as lessee

(i) The movement in Lease liabilities during the Year	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Opening Balance	439.45	-
Balance on adoption of Ind AS 116 - Leases	-	500.61
Additions during the Year	-	-
Finance costs incurred during the Year	34.90	36.56
Payments of Lease Liabilities	(98.80)	(97.73)
Balance at the end of the Year	375.55	439.45

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 39 Leases (Contd.)

	(₹ in Lakhs)	
(ii) The carrying value of the Rights-of-Use and Depreciation charged during the Year	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,542.17	-
Balance on adoption of Ind AS 116 - Leases	-	500.61
Re-Classification on account of adoption of Ind AS 116	-	1,136.93
Additions during the Year	-	-
Depreciation charged during the Year	(95.35)	(95.36)
<b>Balance as at March 31, 2021</b>	<b>1,446.82</b>	<b>1,542.17</b>

	(₹ in Lakhs)	
(iii) Amount Recognised in Statement of Profit & Loss Account during the Year	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of Right-of-Use Assets	95.35	95.36
Interest expense on Lease Liabilities	34.90	36.56
Expense relating to Short-Term Leases (included in Other Expenses)	2.99	3.88
<b>Total Expenses</b>	<b>133.25</b>	<b>135.80</b>

	(₹ in Lakhs)	
(iv) Amounts Recognised in Statement of Cash Flows	As at March 31, 2021	As at March 31, 2020
Total Cash outflow for Leases	(98.80)	(97.73)

	(₹ in Lakhs)	
(v) Maturity Analysis of Lease Liabilities	As at March 31, 2021	As at March 31, 2020
<b>Maturity Analysis of contractual undiscounted Cash Flows</b>		
Less than one Year	98.80	98.80
One to five Years	349.09	438.42
More than five Years	-	9.47
<b>Total undiscounted Lease Liability</b>	<b>447.89</b>	<b>546.69</b>

	(₹ in Lakhs)	
Balances of Lease Liabilities	As at March 31, 2021	As at March 31, 2020
Non Current Lease Liability	306.00	375.55
Current Lease Liability	69.55	63.90
<b>Total Lease Liability</b>	<b>375.55</b>	<b>439.45</b>

### 40. Capital Management

Capital includes Equity and OCRPS attributable to the Equity and OCRPS holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its Capital Structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the Capital Structure, the Company may adjust the dividend payment to Shareholders, return on capital to Shareholders or issue new Shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2021 and March 31, 2020.

The Company monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, adjusted net Debt is defined as Total Liabilities, comprising Interest-Bearing Loans and Borrowings, less Cash and Cash Equivalents. Adjusted Equity comprises all components of Equity.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 40. Capital Management (Contd.)

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020*
<b>Total Interest bearing Liabilities</b>	53,831.14	52,620.59
Less : Cash and Cash Equivalent	68.00	9.69
<b>Adjusted Net Debt</b>	<b>53,763.14</b>	<b>52,610.90</b>
Total Equity	68,413.39	58,347.07
<b>Adjusted Equity</b>	<b>68,413.39</b>	<b>58,347.07</b>
Adjusted Net Debt to Adjusted Equity Ratio	0.79	0.90

### 41 Financial Instruments – Fair Values and Risk Management

The Significant Accounting Policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note 2 to the Financial Statements.

#### A. Category-wise classification of Financial Instrument

The carrying value of Financial Instruments by categories as of March 31, 2021 and March 31, 2020 is as follows:

March 31, 2021	Carrying Amount			
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total
<b>Financial Assets</b>				
Other Non-Current Financial Asset (refer note 5)	247.13	-	788.67	1,035.80
Trade Receivables (refer note 9)	-	-	11,883.73	11,883.73
Cash and Cash Equivalents (refer note 10)	-	-	68.00	68.00
Loans (refer note 11)	-	-	11.42	11.42
Other Current Financial Assets (refer note 12)	123.57	-	60.23	183.80
<b>Total Financial Assets</b>	<b>370.70</b>	<b>-</b>	<b>12,812.05</b>	<b>13,182.75</b>
<b>Financial Liabilities</b>				
Non-Current Borrowings (refer note 16)	-	-	34,046.74	34,046.74
Other Non-Current Financial Liabilities (refer note 17)	-	-	306.00	306.00
Current Borrowings (refer note 19)	-	-	7,503.49	7,503.49
Trade Payable (refer note 20)	-	-	7,304.93	7,304.93
Other Current-Financials Liabilities (refer note 21)	-	-	23,311.85	23,311.85
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>72,473.01</b>	<b>72,473.01</b>

March 31, 2020	Carrying Amount			
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total
<b>Financial Assets</b>				
Other Non-Current Financial Asset (refer note 5)	-	-	364.11	364.11
Trade Receivables (refer note 9)	-	-	7,645.20	7,645.20
Cash and Cash Equivalents (refer note 10)	-	-	9.69	9.69
Loans (refer note 11)	-	-	17.51	17.51
Other Current Financial Assets (refer note 12)	-	-	115.74	115.74
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>8,152.25</b>	<b>8,152.25</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 41 Financial Instruments – Fair Values and Risk Management (Contd.)

(₹ in Lakhs)

March 31, 2020	Carrying Amount			
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total
<b>Financial Liabilities</b>				
Non-Current Borrowings (refer note 16)	-	-	41,828.53	41,828.53
Other Non-Current Financial Liabilities (refer note 17)	157.80	-	375.55	533.35
Current Borrowings (refer note 19)	-	-	1,971.99	1,971.99
Trade Payable (refer note 20)	-	-	4,679.24	4,679.24
Other Current-Financials Liabilities (refer note 21)	-	-	19,468.19	19,468.19
<b>Total Financial Liabilities</b>	<b>157.80</b>	<b>-</b>	<b>68,323.49</b>	<b>68,481.29</b>

#### B. Measurement of Fair values and Sensitivity analysis

##### Fair Value Hierarchy:

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

- (i) **Level 1:** quoted prices (unadjusted) in active markets for identical Assets or Liabilities.
- (ii) **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the Asset or Liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) **Level 3:** inputs for the Asset or Liability that are not based on observable market data (unobservable inputs).

##### Financial Instrument measured at Fair Value

(₹ in Lakhs)

Financial Assets / Financial Liabilities	Fair value as at		Fair value hierarchy	Significant observable inputs
	March 31, 2021	March 31, 2020		
Mark to Market Derivative Assets on interest Rate Swap and Cross Currency Swap valued at FVTPL. (refer note 5 & 12)	370.70	-	Level 2	Fair value as ascertained and provided by Bank
Mark to Market Derivative Liabilities on interest Rate Swap and Cross Currency Swap valued at FVTPL. (refer note 17)	-	157.80	Level 2	Fair value as ascertained and provided by Bank

##### Financial Instrument measured at Amortised Cost

The carrying amount of Financial Assets and Financial Liabilities measured at amortised cost in the Financial Statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

##### Reconciliation of level 1 Fair Values

The following table shows a reconciliation from the opening balance to the closing balances for level 1 Fair Values

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening balance on April 1, 2020	-	-
Net change in Fair Value (unrealised)	-	-
Purchases	-	4,600.00
Sales	-	(4,600.00)
<b>Closing balance on March 31, 2021</b>	<b>-</b>	<b>-</b>

There have been no transfers between level 1, level 2 and level 3 during the year ended March 31, 2021.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 41 Financial Instruments – Fair Values and Risk Management (Contd.)

#### Financial Risk Management Framework

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends risk management objectives and policies. The activities of this operations include management of cash resources, hedging of foreign currency exposure, credit control and ensuring compliance with market risk limits and policies.

The Company's principal Financial Liabilities, other than Derivatives, comprises of Long Term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Company's operations. The Company's principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Other Bank Balances and Other Financial Assets that derive directly from its operations.

The Company has an effective Risk Management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Company takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Company has exposure to the following risks arising from Financial Instruments

- Credit Risk ;
- Liquidity Risk ; and
- Market Risk

#### i. Credit Risk

Credit Risk is the risk that counter party will not meet its obligation leading to a financial loss. The Company is exposed to credit risk arising from its operating activities primarily from Trade Receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Company considers probability of default upon initial recognition of Assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

#### Financial Instruments and Cash Deposit:

Credit Risk from Balances with Banks and Financial Institutions is managed by the Company's Treasury Department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### Trade Receivables

The Sales Department has established a Credit Policy under which each new Customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each Customer and reviewed periodically. Any sales exceeding those limits requires further approval.

Trade Receivables of the Company are typically unsecured ,except to the extent of the security deposits received from the Customers or Financial Guarantees provided by the market organizers in the business. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of Customers to which Company grants credit terms in the normal course of business. The Company performs ongoing credit evaluations of its Customers' financial condition and monitors the creditworthiness of its Customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade Receivables is created to the extent and as and when required, based upon the expected collectability of Accounts Receivables. The Company evaluates the concentration of risk with respect to Trade Receivables as low, as its Customers are located in several jurisdictions and industries and operate in largely independent markets.

The Company measures the expected credit loss of Trade Receivables and Loan from individual Customers based on historical trend, industry practices and the business environment in which the Entity operates. Loss rates are based on actual credit loss experience and past trends.



## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 41 Financial Instruments – Fair Values and Risk Management (Contd.)

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(₹ in Lakhs)		
Particulars	March 31, 2021	March 31, 2020*
Domestic	11,729.11	7,645.20
Other Regions	154.62	-
<b>Total</b>	<b>11,883.73</b>	<b>7,645.20</b>

#### Age of Receivables

(₹ in Lakhs)		
Particulars	March 31, 2021	March 31, 2020 *
Neither due nor Impaired	9,343.52	5,181.77
Past due 1–90 days	2,309.45	2,415.93
Past due 91–180 days	53.86	2.81
More than 180 days	176.91	44.70
<b>Total</b>	<b>11,883.73</b>	<b>7,645.20</b>

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of Customer Credit Risk, including underlying Customers' Credit Ratings if they are available.

Management estimates that the amount of provision of ₹18.38 Lakh (March 31, 2020 : ₹18.38 Lakhs) is appropriate

#### ii. Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual Cash flows and matching the maturity profiles of the Financial Assets and Liabilities. The table below summarises the remaining contractual maturities of Financial Liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

#### Non-Derivative Financial Liabilities

(₹ in Lakhs)						
March 31, 2021	Carrying amount	Contractual Cash Flows				
		Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years
India Rupee Loan	33,979.65	33,979.65	8,164.91	8,164.91	17,649.82	-
Foreign Currency Loan	12,348.00	12,348.00	4,116.00	4,116.00	4,116.00	-
Working Capital Loans from Banks	7,503.49	7,503.49	7,503.49	-	-	-
Trade Payables	7,304.93	7,304.93	7,304.93	-	-	-
Other Payables	11,030.92	11,030.92	11,030.92	-	-	-
<b>Total</b>	<b>72,166.99</b>	<b>72,166.99</b>	<b>38,120.25</b>	<b>12,280.91</b>	<b>21,765.82</b>	<b>-</b>

\*Restated pursuant to Scheme of Arrangement (refer note 42)

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 41 Financial Instruments – Fair Values and Risk Management (Contd.)

#### Non-Derivative Financial Liabilities

(₹ in Lakhs)

March 31, 2020	Carrying amount	Contractual Cash Flows				
		Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years
Rupee Term Loans from Banks	35,750.00	35,750.00	5,840.35	8,164.91	21,744.74	
Foreign Currency Term Loans from Banks	14,898.60	14,898.60	2,979.72	3,972.96	7,945.92	-
Working Capital Loans from Banks	1,971.99	1,971.99	1,971.99	-		-
Trade Payables	4,679.24	4,679.24	4,679.24	-	-	-
Other Payables	10,648.12	10,648.12	10,648.12	-	-	-
<b>Total</b>	<b>67,947.95</b>	<b>67,947.95</b>	<b>26,119.41</b>	<b>12,137.87</b>	<b>29,690.66</b>	<b>-</b>

#### Derivative Financial Liabilities

(₹ in Lakhs)

March 31, 2020	Carrying amount	Contractual Cash Flows				
		Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years
Mark to Market Derivative Liabilities on Interest Rate Swap and Cross Currency Swap valued at FVTPL	157.80	157.80	31.56	42.08	84.16	-
<b>Total</b>	<b>157.80</b>	<b>157.80</b>	<b>31.56</b>	<b>42.08</b>	<b>84.16</b>	<b>-</b>

The Gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted Cash Flows relating to Derivative Financial Liabilities held for Risk Management purposes and which are not usually closed out before contractual maturity. The disclosure shows net Cash Flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

#### Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular Industry

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels

#### iii. Market Risk

Market Risk is the risk that the fair value of future Cash Flows of a Financial Instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Currency Risk, Interest Rate Risk, and Other Price Risk such as Equity Price Risk. Financial Instruments affected by market risk include Loans and Borrowings, Deposits, FVTOCI and Amortised Cost Investments and Derivative Financial Instruments.

##### Foreign Currency Risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when Revenue or Expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 41 Financial Instruments – Fair Values and Risk Management (Contd.)

#### Exposure to Currency Risk

The Currency profile of Current Financial Assets and Current Financial Liabilities as at March 31, 2021, March 31, 2020 are as below:

The Company's exposure to Foreign Currency Risk at the end of the reporting period expressed in INR, are as follows

(₹ in Lakhs)

March 31, 2021	Total	INR Equivalent to USD	INR Equivalent to Euro	INR Equivalent to CNY	INR
<b>Financial Assets</b>					
Trade and Other Receivables	11,883.73	154.62	-	-	11,729.11
Other Non-Current Financial Assets	1,035.80	-	247.13	-	788.67
Other Current Financial Assets	183.80	-	123.57	-	60.23
	<b>13,103.33</b>	<b>154.62</b>	<b>370.70</b>	<b>-</b>	<b>12,578.01</b>
<b>Financial Liabilities</b>					
Non Current Borrowings	34,046.74	-	8,232.00	-	25,814.74
Trade Payables	7,304.93	-	6.86	-	7,298.07
Other Current Financial Liabilities	23,311.85	1,319.98	4,120.15	117.88	17,753.84
Less : Foreign Currency Hedged	12,348.00	-	12,348.00	-	-
<b>Total</b>	<b>52,315.52</b>	<b>1,319.98</b>	<b>11.01</b>	<b>117.88</b>	<b>50,866.64</b>

(₹ in Lakhs)

March 31, 2020	Total	INR Equivalent to USD	INR Equivalent to Euro	INR Equivalent to CNY	INR
<b>Financial Assets</b>					
Trade and Other Receivables	7,645.20	-	-	-	7,645.20
<b>Total</b>	<b>7,645.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,645.20</b>
<b>Financial Liabilities</b>					
Non Current Borrowings	41,828.53	-	11,918.88	-	29,909.65
Trade Payables	4,679.24	847.02	-	-	3,832.22
Other Current Financial Liabilities	19,468.19	525.65	2,983.73	610.10	15,348.71
Less : Foreign Currency Hedged	14,898.60	-	14,898.60	-	-
<b>Total</b>	<b>51,077.36</b>	<b>1,372.67</b>	<b>4.01</b>	<b>610.10</b>	<b>49,090.58</b>

#### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against Foreign Currency at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

March 31, 2021	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>5% movement</b>				
USD	(58.27)	58.27	(37.91)	37.91
EUR	17.98	(17.98)	11.70	(11.70)
CNY	(5.89)	5.89	(3.83)	3.83

(₹ in Lakhs)

March 31, 2020	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>5% movement</b>				
USD	(68.63)	68.63	(44.65)	44.65
EUR	(0.20)	0.20	(0.13)	0.13
CNY	(30.50)	30.50	(19.85)	19.85

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 41 Financial Instruments – Fair Values and Risk Management (Contd.)

#### Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future Cash Flows of a Financial Instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's Long-Term Debt obligations with floating interest rates. The Company manages its Interest Rate Risk by having balanced portfolio of fixed and variable rate Loans and Borrowings.

#### Exposure to Interest Rate Risk

The Company's Interest Rate Risk arises from Borrowings obligations. Borrowings is exposed to fair value interest rate risk. The interest rate profile of the Company's interest-bearing Financial Instruments as reported to the management of the Company is as follows.

	(₹ in Lakhs)	
Variable-Rate Instruments	March 31, 2021	March 31, 2020
Non Current - Borrowings	34,046.74	41,828.53
Current - Borrowings	7,503.49	1,971.99
Current portion of Long Term Borrowings	12,280.91	8,820.07
<b>Total</b>	<b>53,831.14</b>	<b>52,620.59</b>

#### Cash Flow Sensitivity Analysis for Variable-Rate Instruments

A reasonably possible change of 100 basis points in Interest Rates at the reporting date would have increased (decreased) Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular Foreign Currency Exchange Rates, remain constant.

	(₹ in Lakhs)			
Particulars	Profit or Loss		Equity, Net of Tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>March 31, 2021</b>				
Non Current - Borrowings	(340.47)	340.47	(221.49)	221.49
Current - Borrowings	(75.03)	75.03	(48.81)	48.81
Current portion of Long Term Borrowings	(122.81)	122.81	(79.89)	79.89
<b>Total</b>	<b>(538.31)</b>	<b>538.31</b>	<b>(350.20)</b>	<b>350.20</b>
<b>March 31, 2020</b>				
Non Current - Borrowings	(418.29)	418.29	(272.12)	272.12
Current - Borrowings	(19.72)	19.72	(12.83)	12.83
Current portion of Long Term Borrowings	(88.20)	88.20	(57.38)	57.38
<b>Total</b>	<b>(526.21)</b>	<b>526.21</b>	<b>(342.33)</b>	<b>342.33</b>

### 42 Composite Scheme of Arrangement

Subsequent to the year end, NCLT Ahmedabad Bench vide its order dated May 03, 2021 (the "Order"), approved the Composite Scheme of Arrangement ("the Scheme") to merge the Holding Company Meghmani Organics Limited (MOL) with the Company along with its Trading Division and Equity Investment in the Company. The Company has filed the certified true copy of the Order with the Ministry of Corporate Affairs (the "MCA") on May 10, 2021.

The Company has given effect to the merger for the year ended March 31, 2021 considering it as an adjusting event and has accounted the same as per the pooling of interest method since the conditions as per the requirements of Ind AS 103 – Business Combinations of entities under common control are met. Further, previous year numbers have been Restated as per the requirements of Ind AS 103.

As per the share swap ratio approved by NCLT in its Order, the Company is in process of making allotment of Equity Shares in the ratio of 94 Equity Shares of ₹10 each for every 1,000 Equity Shares of ₹1 each held by the shareholders of MOL. Further, as per the Order, Equity Shares issued to MOL comprising of 2,35,45,985 shares of ₹10 each stand cancelled.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

### 42 Composite Scheme of Arrangement (Contd.)

The impact of the merger on these Financial Statements is as under:

		(₹ in Lakhs)
Authorised Share Capital	Amount	
Balance as at April 1, 2019		9,500.00
Add : Pursuant to Scheme of Arrangement		2,550.00
Authorised Share Capital		12,050.00

				(₹ in Lakhs)
Particulars	Net Asset Acquired (along with Reserves)	Value of Equity Shares issued	Capital Reserve	
Merger of Meghmani Organics Limited along with its Trading division and Equity investment in the Company	2,416.35	2,390.55	25.80	

The above resulted in Restatement of Financial Statement as at and for the year ended March 31, 2020. The financial caption wise changes are as below:

Particular	March 31, 2020			(₹ in Lakhs)
	Reported	Net Assets acquired and other Business Combination adjustments	Restated	
Total Equity	58,623.15	(276.09)	58,347.06	
Total Current Assets	13,114.58	93.68	13,208.26	
Total Current Liabilities	25,986.87	495.07	26,481.94	
Revenue from Operations	60,978.03	72.60	61,050.63	
Other Income	215.98	15.17	231.15	
Profit Before Tax	14,432.10	(332.82)	14,099.28	
Profit After Tax	11,407.29	(207.52)	11,199.77	

**Conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) to Compulsory Redeemable Preference Shares (RPS):** As per the Order, OCRPS issued by the Company is transferred to Meghmani Organochem Limited as per the Scheme. Further, the OCRPS will be converted into equal number of RPS with same terms and conditions and tenure from the effective date i.e. May 3, 2021 i.e. the date of the Order. Accordingly, OCRPS is classified as equity instrument under total equity for the year ended March 31, 2021 and the same will be classified and accounted for as debt instrument from the effective date.

**Increase in Authorised Share Capital:** As per the NCLT Order Dated May 3, 2021, Authorised Share Capital of ₹25,50,00,000 of Meghmani Organics Limited shall be transferred to the Company. For the purpose, Form INC 28 filed with ROC Gujarat by the Company on May 10, 2021. The approval of which is awaited.

### 43 Covid 19 Impact :

The Company continues to adopt measures to curb the impact of COVID-19 pandemic in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc.

The Company has taken into account all the possible impacts of COVID-19 in preparation of these Financial Statements, including but not limited to its assessment of liquidity and going concern assumption and recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial results and expects to recover the carrying amount of its assets and meet the current financial obligations.

## Notes to the Standalone Financial Statement for the Year Ended March 31, 2021

However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration. Accordingly, the Company will continue to monitor any material changes to future economic conditions.

### 44 Events occurred after the Balance Sheet date

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to approval of Financial Statement to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of May 20, 2021 there were no material subsequent events to be recognized or reported that are not already disclosed.

### 45 Previous years figures have been regrouped, restated and reclassified wherever necessary pursuant to above mentioned Scheme of Arrangement to make them comparable with those of the current year.

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#### As per our Report of even date

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E / E300003

per **Sukrut Mehta**  
Partner  
Membership No. 101974

Place: Ahmedabad  
Date: May 20, 2021

**Sanjay Jain**  
Chief Financial Officer

**K.D. Mehta**  
Company Secretary

For and on behalf of the Board of Directors of  
**Meghmani Finechem Limited**  
(CIN: U24100GJ2007PLC051717)

**Maulik Patel**  
Chairman and Managing Director  
DIN: 02006947

**Kaushal Soparkar**  
Managing Director  
DIN: 01998162

Place: Ahmedabad  
Date: May 20, 2021



# Consolidated Financial Statements



## Independent Auditor's Report

To the Members of  
Meghmani Finechem Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements of Meghmani Finechem Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including Other Comprehensive Income, their consolidated Cash Flows and the consolidated Statement of Changes in Equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the

Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key Audit Matters	How our audit addressed the Key Audit Matter
<b>Revenue recognition</b> (as described in Note 2 of the Consolidated Financial Statements)	
<p>The Group majorly generates revenue from sale of Choro Alkali and its Derivatives products. The Group recognises revenue from sales of goods in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, measured at fair value of the consideration received or receivable in the ordinary course of its activities. Revenue from sale of goods is recognised net of discounts, rebates and taxes.</p> <p>Certain terms in Sales Arrangements relating to timing for transfer of control to the customer and delivery specifications including incoterms, involves significant judgment in determining whether the revenue is recognised in the correct period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Read and evaluated the Group's policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from Contracts with Customers'.</li> <li>Assessed the design and tested the operating effectiveness of internal controls related to revenue.</li> <li>Performed sample test of sales transactions and inspected the underlying sales orders, invoice copies, terms of delivery, lorry receipts, bill of lading, and collection as per the terms of the Contract with Customers.</li> <li>Performed sample tests of transactions near year end date as well as credit notes issued after the year end date.</li> </ul> <p>Assessed the relevant disclosures in the Consolidated Financial Statements for compliance with disclosure requirements.</p>
<b>Business combination – Merger of trading division of Meghmani Organics Limited (MOL) along with its investment in Equity Shares of the Holding Company</b> (as described in Note 40 of the Consolidated Financial Statements)	
<p>As per the Scheme of Arrangement, Trading Division of Meghmani Organics Limited (MOL) along with its investment in Equity Shares of the Company has merged into the Holding Company ('the Scheme'). The Scheme was approved by the National Company Law Tribunal ('NCLT') vide its order dated May 3, 2021. The Holding Company has given effect of Scheme in the Consolidated Financial Statements considering business combination under common control as per the requirements of Ind AS 103.</p> <p>The Scheme has a significant impact on the Consolidated Financial Statements of the Holding Company including shareholding structure and comparative figures basis which the same is considered as a key audit matter for the year.</p>	<p>Our audit procedure included the following:</p> <ul style="list-style-type: none"> <li>Obtained and read the Scheme, and compared the Assets and Liabilities pertaining to Trading Division and Equity Investments in the Company considered for accounting as per the Scheme.</li> <li>Assessed the accounting as per the applicable standards including, cancellation of shareholding of MOL and issuing of Equity Shares to shareholders of MOL as per the share swap ratio approved in the Scheme.</li> <li>Obtained and read the approval of National Company Law Tribunal (NCLT) for giving effect to the scheme.</li> <li>Assessed accounting in accordance with Scheme.</li> <li>Tested underlying workings used in accounting calculations, including for previous year (March 31, 2020) restated financial information of the Holding company.</li> </ul> <p>Read and assessed the disclosures in the Consolidated Financial Statements for compliance with disclosure requirements.</p>

#### Information other than the Consolidated financials statements and Auditor's report thereon:

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Consolidated Financial Statements and our Auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information

is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance including

Other Comprehensive Income, Consolidated Cash Flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2021 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

As required by Section 143(3) of the Act, based on our audit and on the consideration of separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group's companies, incorporated in India, is disqualified as on

March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, refer to our separate Report in "Annexure" to this report;
- (g) In our opinion, the Managerial Remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
  - i. The Consolidated Financial Statements disclose the impact of pending litigations on its Consolidated Financial position of the Group in its Consolidated Financial Statements – Refer Note 36 to the Consolidated Financial Statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended March 31, 2021.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Sukrut Mehta**

Partner

Membership Number: 101974

UDIN: 21101974AAAACC9040

Place of Signature: Ahmedabad

Date: May 20, 2021



## **Annexure to the Independent Auditor's report of even date on the Consolidated Financial Statements of Meghmani Finechem Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Financial Statements of Meghmani Finechem Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting Meghmani Finechem Limited (hereinafter referred to as the "Holding Company") as of that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both issued by Institute of Chartered Accountants of India and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls over financial reporting

included obtaining an understanding of Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Financial Statements.

### **Meaning of Internal Financial Controls over Financial Reporting with reference to these Consolidated Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Consolidated Financial Statements**

Because of the inherent limitations of Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over financial reporting with

reference to these Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company has, maintained in all material respects, an adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of Internal Control stated in the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

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**per Sukrut Mehta**

Partner

Membership Number: 101974

UDIN: 21101974AAAACC9040

Place of Signature: Ahmedabad

Date: May 20, 2021

## Consolidated Balance Sheet as at March 31, 2021

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2021
<b>I. Assets</b>		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment	3.1	1,07,065.17
(b) Capital Work in Progress	3.2	12,583.73
(c) Other Intangible Assets	3.3	3,165.90
(d) Financial Assets		
(i) Other Financial Assets	4	1,035.80
(e) Income Tax Assets (Net)	5	245.07
(f) Other Non-Current Assets	6	2,645.36
<b>Total Non-Current Assets</b>		<b>1,26,741.03</b>
<b>Current Assets</b>		
(a) Inventories	7	5,395.97
(b) Financial Assets		
(i) Trade Receivables	8	11,883.73
(ii) Cash and Cash Equivalents	9	68.00
(iii) Loans	10	11.42
(iv) Other Financial Assets	11	183.80
(c) Other Current Assets	12	586.26
<b>Total Current Assets</b>		<b>18,129.18</b>
<b>Total Assets</b>		<b>1,44,870.21</b>
<b>II. Equity and Liabilities</b>		
<b>Equity</b>		
(a) Equity Share Capital	13	4,155.27
(b) Instruments entirely Equity in nature	13	21,091.99
(c) Other Equity	14	43,166.13
<b>Equity attributable to Shareholders of the Company</b>		<b>68,413.39</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	15	34,046.74
(ii) Other Financial Liabilities	16	306.00
(b) Provisions	17	162.85
(c) Deferred Tax Liabilities (Net)	32	3,080.53
<b>Total Non-Current Liabilities</b>		<b>37,596.12</b>
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	18	7,503.49
(ii) Trade Payables	19	7,304.93
(iii) Other Financial Liabilities	20	23,306.85
(b) Other Current Liabilities	21	725.77
(c) Provisions	22	10.04
(d) Current Tax Liabilities (Net)	23	9.62
<b>Total Current Liabilities</b>		<b>38,860.70</b>
<b>Total Liabilities</b>		<b>76,456.82</b>
<b>Total Equity and Liabilities</b>		<b>1,44,870.21</b>

Summary of Significant Accounting Policies

2

The accompanying Notes are an integral part of these Consolidated Financial Statements

### As per our Report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E / E300003

per Sukrut Mehta

Partner

Membership No. 101974

Sanjay Jain

Chief Financial Officer

K.D. Mehta

Company Secretary

For and on behalf of the Board of Directors of

Meghmani Finechem Limited

(CIN: U24100GJ2007PLC051717)

Maulik Patel

Chairman and Managing Director

DIN: 02006947

Kaushal Soparkar

Managing Director

DIN: 01998162

Place: Ahmedabad

Date: May 20, 2021

Place: Ahmedabad

Date: May 20, 2021

## Statement of Consolidated Profit and Loss Account for the Year Ended March 31, 2021

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2021
<b>Revenue</b>		
Revenue from Operations	24	82,860.03
Other Income	25	218.90
<b>Total Income (A)</b>		<b>83,078.93</b>
<b>Expenses</b>		
Cost of Materials Consumed	26	38,609.98
Purchase of Traded Goods		42.11
Changes in Inventories of Finished Goods and Stock in Trade	27	(120.48)
Employee Benefits Expense	28	5,360.94
Finance Costs	29	2,911.37
Depreciation and Amortization Expense	3	7,354.48
Other Expenses	30	12,834.77
<b>Total Expense (B)</b>		<b>66,993.17</b>
<b>Profit Before Tax (C) = (A-B)</b>		<b>16,085.76</b>
<b>Tax Expense:</b>		
Current Tax	32	2,816.76
Net Deferred Tax Expense		3,185.10
<b>Total Tax Expense (D)</b>		<b>6,001.86</b>
<b>Profit for the Year (E) = (C-D)</b>		<b>10,083.90</b>
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified to Profit or Loss in subsequent periods</b>		
Remeasurement (Loss) on Defined Benefit Plans		(27.00)
Income Tax effect on above		9.43
<b>Total Other Comprehensive Income/(Loss) for the Year, net of Tax (F)</b>		<b>(17.57)</b>
<b>Total Comprehensive Income for the Year (G) = (E+F)</b>		<b>10,066.33</b>
<b>Profit for the Year Attributable to :</b>		
Owners of the Company		10,083.90
<b>Other Comprehensive Income For the Year Attributable to:</b>		
Owners of the Company		(17.57)
<b>Total Comprehensive Income For the Year Attributable to:</b>		
Owners of the Company		10,066.33
<b>Earnings per Equity Share (face value of ₹10 each) (in ₹)</b>		
Basic	31	24.27
Diluted		17.26

Summary of Significant Accounting Policies

2

The accompanying Notes are an integral part of these Consolidated Financial Statements

### As per our Report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration No. - 324982E / E300003

For and on behalf of the Board of Directors of

Meghmani Finechem Limited

(CIN: U24100GJ2007PLC051717)

per Sukrut Mehta

Partner

Membership No. 101974

Sanjay Jain

Chief Financial Officer

K.D. Mehta

Company Secretary

Maulik Patel

Chairman and Managing Director

DIN: 02006947

Kaushal Soparkar

Managing Director

DIN: 01998162

Place: Ahmedabad

Date: May 20, 2021

Place: Ahmedabad

Date: May 20, 2021

## Consolidated Cash Flow Statement for the Year Ended March 31, 2021

Particulars	(₹ in Lakhs) Year ended March 31, 2021
<b>A. Cash Flow from Operating Activities</b>	
Profit Before Taxation	16,085.75
<b>Adjustment for :</b>	
Depreciation and Amortisation Expenses	7,354.48
Interest Income	(14.81)
Interest and Finance Charges	3,075.57
Mark to Market (Gain) on Derivative (Net)	(528.50)
Unrealised Foreign Exchange Loss on borrowings, net	329.40
Lease Liability Interest	34.90
Unrealised Foreign Exchange Loss	(14.44)
(Profit) on Sale of Property, Plant & Equipment	(0.28)
Sundry Balances Written off	44.92
Sundry Balances Written back	(18.77)
<b>Operating Profit before Working Capital changes</b>	<b>26,348.22</b>
<b>Adjustment for:</b>	
(Increase) in Inventories	(555.65)
(Increase) in Trade Receivables	(4,240.07)
(Increase) in Other Non Current Financial Assets	(411.76)
Decrease in Other Current Financial Assets	55.47
(Increase) in Other Current Assets	(6.45)
Decrease in Short Term Loans and Advances	6.08
Increase in Trade Payables	2,596.76
(Decrease) in Long Term Provision	(19.45)
Increase in Other Current Financial Liabilities	1,627.50
Increase in Other Current Liabilities	381.38
Increase in Short Term Provisions	1.50
<b>Working Capital Changes</b>	<b>(564.69)</b>
Cash Generated from Operation	<b>25,783.53</b>
Direct Taxes Paid (Net of Refund)	(2,861.97)
<b>Net Cash Generated from Operating Activities</b>	<b>22,921.56</b>
<b>B. Cash Flow from Investment Activities</b>	
Purchase of Property, Plant & Equipments	(19,679.88)
Proceed from Sale of Property, Plant & Equipments	4.55
(Investment in) Fixed Deposits	(6.04)
Interest Received	8.09
<b>Net Cash (Used in) Investing Activities</b>	<b>(19,673.28)</b>
<b>C. Cash Flow from Financing Activities</b>	
Interest and Finance Charges Paid	(3,972.33)
Proceeds from Long-Term Borrowing	4,070.00
Repayment of Long-Term Borrowing	(8,720.35)
Proceeds From of Short-Term Borrowing (Net)	5,531.50
Payment of Lease Liability	(98.80)
<b>Net Cash (Used in) from Financing Activities</b>	<b>(3,189.98)</b>

## Consolidated Cash Flow Statement for the Year Ended March 31, 2021

(₹ in Lakhs)

Particulars	Year ended March 31, 2021
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>58.30</b>
<b>Cash and Cash Equivalent at the beginning of the Year</b>	<b>9.69</b>
<b>Cash and Cash Equivalent at the end of the Year</b>	<b>68.00</b>
<b>Cash and Cash Equivalent comprises as under</b>	
Cash on Hand	1.33
Balance with Schedule Banks in Current Accounts	25.66
Deposits with Schedule Banks	0.10
Cheque on Hand	40.91
<b>Cash &amp; Cash Equivalent at the end of the Year (refer note 9)</b>	<b>68.00</b>

### Notes to the Cash Flow Statement for the year ended on March 31, 2021

1) The Cash Flow Statement has been prepared as per Indirect Method in accordance with the Indian Accounting Standard - 7 on "Statement of Cash Flow " issued by the Institute of Chartered Accountants of India.

### 2) Changes in liabilities arising from Financing Activities

(₹ in Lakhs)

Particulars	April 1, 2020	Cash Flow	Other	March 31, 2021
Current Borrowings (Note 18)	1,971.99	5,531.50	-	7,503.49
Non-Current Lease Liabilities (Note 37)	375.55	(98.80)	29.25	306.00
Non- Current Borrowings (Note 15)	41,828.53	(4,650.35)	(3,131.44)	34,046.74
Accrued Interest (Note 20)	405.50	(405.50)	332.10	332.10
<b>Total Liabilities from Financing Activities</b>	<b>44,581.57</b>	<b>376.85</b>	<b>(2,770.09)</b>	<b>42,188.32</b>

Others includes the effects of reclassification of Non Current portion of Borrowings including Lease Liabilities to Current due to passage of time and effect of unrealised foreign currency amount on External Commercial Borrowings.

The accompanying Notes are an integral part of these Consolidated Financial Statements

### As per our Report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. - 324982E / E300003

per **Sukrut Mehta**

Partner

Membership No. 101974

**Sanjay Jain**

Chief Financial Officer

**K.D. Mehta**

Company Secretary

For and on behalf of the Board of Directors of

**Meghmani Finechem Limited**

(CIN: U24100GJ2007PLC051717)

**Maulik Patel**

Chairman and Managing Director

DIN: 02006947

**Kaushal Soparkar**

Managing Director

DIN: 01998162

Place: Ahmedabad

Date: May 20, 2021

Place: Ahmedabad

Date: May 20, 2021



## Statement of Changes in Equity (SOCIE) for the Year Ended March 31, 2021

### (A) Equity Share Capital

(₹ in Lakhs)

Particulars	No. of Shares	Amount
Equity Share of ₹10 each Issued, Subscribed and fully Paid up		
Balance as at April 1, 2020	4,15,52,665	4,155.27
Changes during the Year	-	-
Balance as at March 31, 2021	4,15,52,665	4,155.27

### (B) Instrument entirely Equity in nature

(₹ in Lakhs)

Particulars	No. of Shares	Amount
8% Optionally Convertible Redeemable Preference Shares of ₹10/- Issued , Subscribed and Fully Paid up		
Balance as at April 1, 2020	21,09,19,871	21,091.99
Balance as at March 31, 2021	21,09,19,871	21,091.99

### (C) Other Equity

(₹ in Lakhs)

Particulars	Reserves & Surplus		
	Capital Reserve	Retained Earnings	Total Other Equity
Balance as at April 1, 2020	(24,668.28)	57,768.09	33,099.80
Profit for the Year	-	10,083.90	10,083.90
Other Comprehensive Income for the Year (net of Taxes)	-	(17.57)	(17.57)
Total Comprehensive Income for the Year	-	10,066.33	10,066.33
Balance as at March 31, 2021	(24,668.28)	67,834.41	43,166.13

### As per our Report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. - 324982E / E300003

per Sukrut Mehta  
Partner  
Membership No. 101974

Place: Ahmedabad  
Date: May 20, 2021

Sanjay Jain  
Chief Financial Officer

K.D. Mehta  
Company Secretary

For and on behalf of the Board of Directors of  
**Meghmani Finechem Limited**  
(CIN: U24100GJ2007PLC051717)

Maulik Patel  
Chairman and Managing Director  
DIN: 02006947

Kaushal Soparkar  
Managing Director  
DIN: 01998162

Place: Ahmedabad  
Date: May 20, 2021

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

## 1 CORPORATE INFORMATION

The Consolidated Financial Statements comprises Financial Statements of Meghmani Finechem Limited (the Company) and its Subsidiary Meghmani Advanced Sciences Limited (Collectively, the Group) for year ended on March 31, 2021. Meghmani Finechem Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. The Registered Office at Plot No.CH1, CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130 Gujarat, India. The Group is primarily engaged in manufacturing and selling of Chlor Alkali & its Derivatives. The Group is also engaged in Trading of Agrochemical products.

The Consolidated Financial Statements were authorized for issue in accordance with a resolution passed in Board Meeting held on May 20, 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis for Preparation of Accounts

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

The Consolidated Financial Statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain Financial Assets and Liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Derivative Financial Instruments

In addition, the Consolidated Financial Statements are presented in INR which is also the Group's functional currency and all values are rounded to the nearest Lakh (₹00,000), except when otherwise indicated.

### 2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its Subsidiary as at March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, Liabilities, Income and Expenses of a Subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases

to control the Subsidiary. The proportion of ownership interest in each Subsidiary of the parent is as follows:

Name of the Subsidiary	Country of Domicile	Proportion of Ownership Interest
Meghmani Advanced Sciences Limited	India	100%

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies. The Financial Statements of the Group are drawn up to same reporting date as that of the parent Company, i.e., year ended on March 31, 2021.

### Consolidation Procedure

- Combine line items of Assets, Liabilities, Equity, Income, Expenses and Cash Flows of the parent with those of its subsidiary. For this purpose, income and expenses of the Subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of Equity of each Subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup Assets and Liabilities, Equity, Income, Expenses and Cash Flows relating to transactions between entities of the Group (profits or losses resulting from Intragroup transactions that are recognised in Assets, such as Inventory and Fixed Assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of Subsidiary to bring their accounting policies into line with the Group's accounting

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

policies. All intra-group Assets and Liabilities, Equity, Income, Expenses and Cash Flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control over a Subsidiary, it derecognises the assets and liabilities of the Subsidiary, and any related non-controlling interests and other components of Equity. Any interest retained in the form of subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the Statement of Profit and Loss.

### 2.3 Significant Accounting Estimates, Assumptions and Judgements

The preparation of the Group's Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of Revenues, Expenses, Assets and Liabilities, and the accompanying disclosures, and the disclosure of Contingent Liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of Assets or Liabilities affected in future periods.

#### Estimates and Assumptions

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

#### Taxes:

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

#### Defined Benefit Plans (Gratuity Benefits)

A liability in respect of Defined Benefit Plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present

value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent Actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 33 for details of the key assumptions used in determining the accounting for these plans.

#### Useful Economic Lives of Property, Plant and Equipment

Property, Plant and Equipment as disclosed in note 3 are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

#### Intangible Assets

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable. The costs which can be capitalised are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer note 2.3 (f) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in note 3.

#### Impairment of Non- Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate Cash Inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future Cash Flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 2.4 Summary of Significant Accounting Policies

#### a. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method based on the predecessor values retrospectively for all periods presented.

The pooling of interest method is considered to involve the following:

- (i) The Assets and Liabilities of the combining entities are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonies accounting policies and tax adjustments if any.
- (iii) The components of other equity of the acquired companies are added to the same components within other equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings.
- (iv) The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

#### b. CURRENT VS. NON-CURRENT CLASSIFICATION:

The Group presents Assets and Liabilities in the Consolidated Statement of Assets and Liabilities based on Current/ Non-Current classification.

An Asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of Trading
- Expected to be realised within twelve months after the reporting period, or

- Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A Liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of Trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other Assets and Liabilities are classified as Non-Current Assets and Liabilities. Deferred Tax Assets and Liabilities are classified as Non-Current Assets and Liabilities.

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

#### c. REVENUE RECOGNITION

Revenue from contracts with Customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the Customer.

##### 1) Sale of Goods

Revenue from Sale of Goods is recognised at the point in time when control of the goods is transferred to the Customer, generally on dispatch/ delivery of the goods or terms as agreed with the Customer. The normal credit term is 30 to 90 days from the date of dispatch. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the Customer (if any).

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### (i) Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the Customer. The variable consideration is estimated at the time of completion of performance obligation and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide Customers with cash discount in accordance with the Group policy. The cash discount component gives rise to variable consideration.

#### Volume Rebates

The Group provides retrospective volume rebates to certain Customers once the quantity of product purchases during the period exceeds a threshold specified in the contract.

### (ii) Contract Assets

A Contract Asset is the right to consideration in exchange for goods transferred to the Customer. If the Group performs its obligation by transferring goods to a Customer before the Customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### (iii) Trade Receivables

A Receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in (Financial Instruments – initial recognition and subsequent measurement.)

### (iv) Contract Liabilities

A contract liability is the obligation to transfer goods or services to a Customer for which the Group has received consideration (or an amount of consideration is due) from the Customer. If a Customer pays consideration before the Group transfers Goods to the Customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities

are recognised as revenue when the Group performs under the contract.

### 2) Interest Income

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit or Loss.

### 3) Export Incentives

Export incentives under various schemes notified by Government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in Revenue in the Statement of Profit and Loss due to its operating nature.

### 4) Dividend

Dividend income is recognised when the right to receive the same is established, which is generally when shareholders approve the dividend.

### 5) Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Group is virtually certain of their ultimate collection.

### d. FOREIGN CURRENCIES

The Group's Consolidated Financial Statements are presented in INR, which is also the Group's functional currency.

#### Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit or Loss are also recognised in OCI or Statement of Profit or Loss, respectively).

### e. FAIR VALUE MEASUREMENT

The Group measures certain financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the Board of Directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Refer note 40.

- Disclosures for valuation methods, significant estimates and assumptions.
- Quantitative disclosures of fair value measurement hierarchy.
- Investment in Equity Shares.
- Financial Instruments (including those carried at amortised cost).

### f. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment (PPE) and Capital Work in Progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Capital Work-in-Progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the Balance Sheet date.

Items of stores and spares that meet the definition of Property, Plant and Equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as Inventories.

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery pertaining to Power Generating Units, Chloromethane and Hydrogen Peroxide Plant capitalized on July 31, 2020. The estimated useful life of these assets are based on independent technical evaluation, The useful life of which has been estimated as 20 years for Plant and Machinery of Power Generating Unit and 12 years for Plant and Machinery of Chloromethane Plant (on single shift basis) 20 years for Plant and Machinery of Hydrogen Peroxide Plant which is different from that prescribed in schedule II of the Act. Depreciation

is not provided on Freehold Land. Leasehold Land is amortized over the lease period on Straight line basis. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Asset	Estimated Useful life
Leasehold Land	99 Years
Building	30 Years
Carpeted Roads – RCC	10 Years
Plant & Machinery	12-20 Years
Electrical Installation	10 Years
Captive Power Plant and Equipments	20-40 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Computers	3 Years
Other equipments	5 Years

### g. INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost include acquisition and other incidental cost related to acquiring the intangible asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable.

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### Intangible Assets

Assets	Amortization Method	Amortization Period
Usage Rights	On Straight-line basis	10 years
Technical Know How	On Straight-line basis	10 years

### h. IMPAIRMENT OF NON- FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of Profit and Loss, except for properties previously revalued with the revaluation

surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

### i. FINANCIAL INSTRUMENT

A Financial Instrument is any contract that gives rise to a financial asset of one Entity and a financial liability or Equity instrument of another Entity.

#### (A) Financial Asset

##### Initial Recognition and Measurement

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

##### Debt Instruments at Amortised Cost

A 'Debt Instrument' is measured at its amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such Financial Assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

Debt Instrument at Fair Value Through Other Comprehensive Income (FVTOCI)

A 'Debt Instrument' is classified at FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt Instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the Equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt Instrument at Fair Value Through Profit & Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Equity Investments

All Equity Investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTOCI. For all other Equity instruments, the Group may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. The Group makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an Equity Instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within Equity.

Equity Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Balance Sheet) when: The rights to receive Cash Flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or

- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of Financial Assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., Loans, Debt Securities, Deposits, Trade Receivables and Bank Balance
- b) Trade Receivables or any contractual right to receive cash or another financial asset that result from transactions that are within

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

the scope of Ind AS 18 (referred to as 'Contractual Revenue Receivables' in these Consolidated Financial Statements)

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade Receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an Entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

### (B) Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Loans and Borrowings, Payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of Loans and Borrowings and Payables, net of directly attributable transaction costs.

The Group's financial liabilities include Trade and Other Payables, Loans and Borrowings.

#### Subsequent measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement Profit or Loss.

#### Loan and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as Finance Costs in the Statement of Profit and Loss.

#### Trade and Other Payables

These amounts represent liability for good and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and Other Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Derivatives and Hedging Activities

The Group uses derivative financial instruments, such as forward currency contracts and currency

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### De-recognition

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

### Off-setting Financial Instrument

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

### j. INVENTORIES

Stores and Spares, Packing Materials and Raw Materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-Finished Products, Finished Products and By-Products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded Goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

### k. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### l. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Group has a Defined Benefit Gratuity Plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Group. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Group has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an insurance company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

### m. ACCOUNTING FOR TAXES ON INCOME

#### Tax Expense comprises of Current Income Tax and Deferred Tax

##### Current Income Taxes

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current Income Tax relating to items recognised outside Profit or Loss is recognised outside Profit or Loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred Taxes

Deferred Tax is provided using the liability method on temporary differences between the tax bases of Assets and Liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred Tax Liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred Tax Assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred Tax Assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the Deferred Tax Asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of Deferred Tax Asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised Deferred Tax Assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Deferred Tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred Tax Assets and Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable Entity and the same taxable Authority.

##### Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) is in the nature of unused tax credit which can be carried forward and utilised when the Group will pay normal income tax during the specified period. Deferred Tax Assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period.

### n. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a Finance Cost.

### o. CONTINGENT LIABILITIES

Provisions are not recognised for future operating losses.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a Contingent Liability but discloses its existence in the Consolidated Financial Statements.

A Contingent Assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, Contingent Assets are disclosed in the Consolidated Financial Statements.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### p. LEASES

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether (i) the contract involves the use of identified

asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

### Where the Group is the lessee

The Group recognises a Right-Of-Use Asset and a Lease Liability at the lease commencement date. The Right-Of-Use Asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The Right-Of-Use Assets and Lease Liabilities include these options when it is reasonably certain that the option will be exercised.

The Right-Of-Use Assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-Of-Use Assets or the end of the lease term. In addition, the Right-Of-Use Assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the Lease Liability.

The Lease Liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Lease Liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the Lease Liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the Right-Of-Use Asset or is recorded in profit or loss if the carrying amount of the Right-Of-Use Asset has been reduced to zero.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

Lease payments have been classified as financing activities in Statement of Cash Flow.

The Group has elected not to recognise Right-Of-Use Assets and Lease Liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognises the lease payments associated with these leases as an expense in statement of Profit and Loss over the lease term. The related Cash Flows are classified as operating activities.

### q. EARNING PER SHARE

#### Basic Earnings Per Share

Basic Earnings Per Share are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

#### Diluted Earnings Per Share

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

### r. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalent in the Consolidated Financial Statements comprise Cash at Banks and on Hand and Short-Term Deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents consist of Cash and Short-Term Deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### s. SEGMENT REPORTING

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general Corporate income and expense items which are not allocated to any business segment.

### Segment policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

### t. DIVIDEND TO EQUITY AND OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHAREHOLDERS OF THE GROUP

The Group recognises a liability for dividends to Equity Holders of the Group when the dividend is authorised and the dividend is no longer at the discretion of the Group. As per the Corporate laws in India, a dividend is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in Equity.

The Group recognises a liability for dividends to Optionally Convertible Preference Share Holders of the Group when the dividend is authorised by the Board of Directors. Dividend to Optionally Convertible Redeemable Preference Shareholders is recognised directly in Equity.

### u. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual Consolidated Financial Statements for the year ended March 31, 2020, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2020 and do not have material impact on the Consolidated Financial Statements of the Group.

- Amendments to Ind AS 1, Ind AS 8 and Ind AS 10: Definition of Material;
- Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform;
- Amendments to Ind AS 103 Business Combinations: Clarification on Definition of Business;
- Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 3 Property, Plant and Equipment, Capital Work in Progress and Other Intangible Assets as at March 31, 2021

Description	Gross Block			Depreciation/Amortisation		Net Block	
	April 1, 2020	Addition	Deduction / Adjustment	March 31, 2021	For the Year April 1, 2020	March 31, 2021	March 31, 2021
<b>3.1 TANGIBLE ASSET</b>							
Right of use Asset - Lease Hold Land	1,136.93	-	-	1,136.93	13.06	26.13	1,110.80
Building	12,064.44	3,420.86	-	15,485.30	584.56	2,898.84	12,586.46
Building ROU Assets	500.61	-	-	500.61	82.29	164.58	336.02
Plant & Machineries	42,274.04	50,209.67	-	92,483.71	5,334.43	24,468.24	68,015.48
Captive Power Plant & Equipments	12,254.28	16,262.31	-	28,516.59	1,025.60	4,070.87	24,445.72
Furnitures & Fixtures	281.41	173.51	-	454.92	28.27	133.61	321.31
Office Equipment	75.72	34.31	-	110.03	16.13	36.41	73.62
Vehicles	178.29	56.85	34.32	200.82	23.83	49.48	151.35
Computers	43.83	12.47	-	56.30	9.72	31.89	24.41
<b>TOTAL (A)</b>	<b>68,809.55</b>	<b>70,169.98</b>	<b>34.32</b>	<b>138,945.21</b>	<b>7,117.89</b>	<b>31,880.05</b>	<b>107,065.17</b>
<b>3.3 INTANGIBLE ASSET</b>							
Usage Rights	21.23	2,600.00	-	2,621.23	185.42	206.65	2,414.58
Technical Know-How	-	802.50	-	802.50	51.17	51.17	751.32
<b>TOTAL (B)</b>	<b>21.23</b>	<b>3,402.50</b>	<b>-</b>	<b>3,423.73</b>	<b>236.59</b>	<b>257.82</b>	<b>3,165.90</b>
<b>TOTAL (A+B)</b>	<b>68,830.78</b>	<b>73,572.48</b>	<b>34.32</b>	<b>142,368.94</b>	<b>7,354.48</b>	<b>32,137.87</b>	<b>110,231.07</b>

#### Notes:

During the Current Year exchange gain of ₹ Nil arising on reporting of long term foreign currency monetary item related to Property, Plant and Equipment has been added/deducted to cost of Property, Plant and Equipment and the unamortised balance carried as part of tangible asset as at the year end aggregate to ₹ 404.35 Lakhs, in view of option given in para D13AA of Ind-AS 101 on first time adoption of Ind-AS.

### 3.2 Capital Work-in-Progress

(₹ in Lakhs)	
Particulars	Amount
Cost	
As at April 1, 2020	69,115.68
Addition during the Year	6,976.09
Capitalisation	(63,508.04)
<b>As at March 31, 2021</b>	<b>12,583.73</b>

Capital Work in Progress as at March 31, 2021 comprises expenditure for Epichlorhydrin, Chloro Polyvinyl Chloride and Caustic Soda (including Captive Power Plant) which are in the course of construction.

The amount of borrowing costs added to cost of Capital Work-in-Progress during the year ended March 31, 2021 was ₹ 823.38 Lakhs. The rate used to determine the amount of borrowing costs eligible for capitalisation ranges between 6.75% to 8.75%, which is the effective interest rate of the specific borrowings taken for above mentioned Projects.

For Property Plant & Equipment existing as on April 1, 2015 i.e. the date of transition to Ind AS, the group has used Indian GAAP carrying value as deemed cost as permitted by Ind AS 101 "First Time Adoption of Indian Accounting Standard". Accordingly, the net WDV as per Indian GAAP as on April 1, 2015 has been considered as Gross block under Ind AS. The accumulated depreciation so netted off as on April 1, 2015.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 4 Other Financial Assets (Non-Current)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Security Deposits	611.87
Bank deposits with original maturity of more than 12 months (including interest accrued) (refer note below)	176.80
Mark to Market Derivative Assets	247.13
<b>Total</b>	<b>1,035.80</b>

Margin Money Deposits amounting ₹176.80 Lakh are given as Security Deposit against Bank Guarantee with Bank. These deposits are made for varying periods of between 1 year to 10 years and earn interest ranging between 6.52% to 7.25%.

### 5 Income Tax Assets (Net)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Advance payment of Income Tax (Net of Provision)	245.07
<b>Total</b>	<b>245.07</b>

### 6 Other Non-Current Assets

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Unsecured, Considered Good	
Capital Advances	2,584.16
Balance with Government Authorities (Amount paid under Protest)	61.20
<b>Total</b>	<b>2,645.36</b>

### 7 Inventories (valued at lower of cost or net realisable value)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Raw Materials (Including in transit of ₹126.03 Lakhs)	1,982.40
Finished Goods	907.80
Finished Goods In transit	6.51
Stock-in-Trade	8.89
Consumable Stores and Spares	2,413.75
Others (Packing Materials)	76.62
<b>Total</b>	<b>5,395.97</b>

### 8 Trade Receivables

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Trade Receivables	
Secured, Considered Good	560.56
Unsecured, Considered Good	11,323.17
Trade Receivables which have significant increase in Credit Risk	-
Trade Receivables - Credit Impaired	18.38
<b>Total</b>	<b>11,902.11</b>
Impairment allowance (allowance for Bad and Doubtful debts)	
Unsecured, Considered Good	-

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 8 Trade Receivables (Contd.)

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
Trade Receivables which have significant increase in Credit Risk	-
Trade Receivables - Credit Impaired	(18.38)
<b>Total</b>	<b>11,883.73</b>

Trade Receivable are secured to the extend of deposit received from the Customers.

Trade Receivables are non interest bearing and generally have credit period of 30-90 days.

For amount due and terms and conditions relating to related party, please refer note 34

No Trade or Other Receivable are due from Directors or other Officers of the Group either severally or jointly with any other person.

For information about Credit Risk and Market Risk related to Trade Receivables, please refer note 39.

### 9 Cash and Cash Equivalents

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
Balance with Banks	
- On Current Accounts	25.66
- Deposits with original maturity of less than three months (refer note below)	0.10
- Cash on Hand	1.33
- Cheques on Hand	40.91
<b>Total</b>	<b>68.00</b>

Deposits are made for varying periods of between 60 days to 90 days and earn interest rate around 5.10%

### 10 Loans

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
<b>Unsecured, Considered Good</b>	
Loans to Employees (refer note below)	11.42
<b>Total</b>	<b>11.42</b>

Loans to Employees are interest free and generally given for tenure of 6 to 12 months

Since all the above loans given by the Group are unsecured and considered good, the bifurcation of loan in other categories as required by Schedule III of Companies Act 2013 viz: a) Secured, b) Loans which have significant increase in credit risk and c) Credit Impaired is not applicable.

### 11 Other Financial Assets (Current)

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
<b>Unsecured, Considered Good</b>	
Export Benefits Receivables	0.21
Balances with Government Authorities (refer note below)	33.12
Security Deposits	26.00
Interest Accrued on Deposits with original maturity of less than three months	0.90
Mark to Market Derivative Assets	123.57
<b>Total</b>	<b>183.80</b>

Balance with Government Authorities pertains to Refund Receivable from Goods and Service Tax Authorities.

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

## 12 Other Current Assets

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
<b>Unsecured, Considered Good</b>	
Prepaid Expenses	127.00
Export Benefits Receivables	64.47
Balances with Government Authorities (refer note below)	120.09
Advance to Employees	0.97
Advances to Suppliers	273.73
<b>Total</b>	<b>586.26</b>

Balance with Government Authorities include VAT / Cenvat / Goods and Service Tax Credit Receivable.

## 13 Share Capital

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
<b>Authorised Share Capital</b>	
<b>Equity Shares of ₹10 each</b>	
12,05,00,000 Equity Shares each Share of ₹10/-	12,050.00
<b>12,05,00,000 Equity Shares each Share of ₹10/-</b>	<b>12,050.00</b>
<b>Preference Shares of ₹100 each</b>	
20,00,000 Preference Shares each Share of ₹100 /-	2,000.00
<b>Preference Shares of ₹10 each</b>	
43,26,28,796 Preference Shares each Share of ₹10 /-	43,262.88
<b>Total Authorised Capital</b>	<b>57,312.88</b>

The Authorised Share Capital has increased pursuant to Scheme of Arrangement. The Holding Company has filed Form INC 28 on May 10, 2021 for change in Authorised Share Capital with Ministry of Corporate Affairs and the same is under approval.(refer note 40)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>	
<b>Equity Share Capital</b>	
4,15,52,665 Equity Shares each of ₹10 /- Fully Paid Up	4,155.27
<b>Total</b>	<b>4,155.27</b>
<b>Instrument entirely Equity in Nature (Preference Share Capital)</b>	
21,09,19,871 8% Optionally Convertible Redeemable Preference Share (OCRPS) each of ₹10 /- Fully Paid Up	21,091.99
<b>Total</b>	<b>21,091.99</b>

Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

PARTICULAR	No. of Shares	Amount
<b>Equity Share Capital</b>		
As at April 1, 2020	4,15,52,665	4,155.27
Increase during the Year	-	-
As at March 31, 2021	4,15,52,665	4,155.27
<b>Instrument entirely Equity in Nature (Optionally Convertible Redeemable Preference Share Capital)</b>		
As at April 1, 2020	21,09,19,871	21,091.99
Increase during the Year	-	-
As at March 31, 2021	21,09,19,871	21,091.99



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 13 Share Capital (Contd.)

#### Equity Share:

The Holding Company has one class of Equity Shares par value of ₹10 per share. Each Equity Shareholder is entitled to one vote per share. All Equity Shareholders have equal dividend rights. In the event of liquidation of the Holding Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

#### Optionally Convertible Redeemable Preference Share ('OCRPS'):

Each Optionally Convertible Redeemable Preference Share has par value of ₹10 per share and is convertible at the option of the Holding Company. In case, redemption does not happen within 20 years, it will be compulsorily converted into 10 Equity Shares for every 125 OCRPS. The Preference Shares carry a dividend of 8% per annum, payable subject to approval of Board of Directors of the Holding Company. The dividend rights are non-cumulative.

Considering all the rights of conversion / redemption and dividend declaration are in the hands of Holding Company, same is classified as Equity in nature and disclosed as 'Instrument entirely Equity in nature'. The Preference Shares rank ahead of the Equity Shares in the event of a liquidation.

#### Conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) to Compulsory Redeemable Preference Shares (RPS):

As per the Order, OCRPS issued by the Company is transferred to Meghmani Organochem Limited as per the Scheme. Further, the OCRPS will be converted into equal number of RPS with same terms and conditions and tenure from the effective date May 10, 2021 i.e. the date of filing of certified copy of the Order (filing of INC 28). Accordingly, OCRPS is classified as equity instrument under total equity for the year ended March 31, 2021 and the same will be classified and accounted for as debt instrument from the effective date.

#### Shares held by the Meghmani Organics Limited in Holding Company:

The shares held by erstwhile holding company Meghmani Organics Limited (MOL) consisting of 2,35,45,985 Equity Shares have been cancelled pursuant to the Scheme of Arrangement. Further as per the Scheme, the Holding Company is in the process of issuing Equity Shares to share holders of MOL and accordingly, disclosures pertaining to shares held by MOL in the Holding Company is not made. Refer note 40 for further details.

#### Details of Shareholding (more than 5% Equity Shares)#

PARTICULAR	(₹ in Lakhs)
	As at March 31, 2021
<b>Number of Shares held by</b>	
(a) Natwarlal Patel	22,27,305
% of Share held	5.41%
(b) Ashish Soparkar	21,98,563
% of Share held	5.34%
<b>Optionally Convertible Redeemable Preference Share (OCRPS)</b>	
(a) Meghmani Organics Limited ('MOL')	21,09,19,871
% of Share held	100.00%

#Details of Shareholding (more than 5% Equity Shares): Does not include shares held by MOL which have been cancelled pursuant to the Scheme of Arrangement. Refer note 40 for further details.

As per records of the Holding Company, including its register of Shareholder / Members and other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares. Further the same is subject to shares to be issued pursuant to Scheme of Arrangement. (refer note 40)

No dividend has been proposed / declared on Equity and OCRPS during the year.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 14 Other Equity

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
<b>Capital Reserve</b>	
Balance as at the beginning of the Year	(24,668.28)
<b>Balance as at the end of the Year</b>	<b>(24,668.28)</b>
<b>Retained Earnings</b>	
Balance as at the beginning of the Year	57,768.08
Profit for the Year	10,083.90
Other Comprehensive Income for the Year	(17.57)
Less: Dividend Paid	-
Less: Tax on Dividend Paid	-
<b>Balance as at the end of the Year</b>	<b>67,834.41</b>
<b>Total</b>	<b>43,166.13</b>

#### Nature and purpose of Reserves:

##### Capital Reserve

The balance in Capital Reserve represents difference between consideration paid and net asset acquired under common control business combination transactions.

### 15 Borrowings

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
<b>Term Loan Facilities from Banks (refer note below):</b>	
Indian Rupee Loan (Secured) (refer note below)	25,814.74
<b>From Financial Institutions</b>	
Foreign Currency Loan (Secured) (refer note below)	8,232.00
<b>Total Non-Current Borrowing</b>	<b>34,046.74</b>
[refer note 20 for Current Maturities of Term Loan from Banks and Financial Institutions ₹ 12,280.91 Lakh]	
The above amounts includes:	
Secured Borrowing	34,046.74
Unsecured Borrowing	-

refer note - 39 For Interest Rate Risk and Liquidity Risk.

#### Details of Security and Repayment Terms :

- (i) The Holding Company has taken External Commercial Borrowing of Euro 180.00 Lakhs equivalent to ₹14,400.00 Lakhs from Standard Chartered Bank to finance its capital expenditure plans. Outstanding balance for this borrowing is Euro 144.00 Lakhs equivalent to ₹12,348.00 Lakhs. The borrowing is secured by first pari passu mortgage charge on all immovable properties, first pari passu hypothecation charge over all the moveable assets. The borrowing carries interest @ Euribor + 1.6% p.a. payable on quarterly rests. The Holding Company has entered into Interest Rate Swap ('IRS') agreement with the bank for a fixed interest @ 1.85% p.a. and hedging of the foreign exchange rate whereby the Holding Company will pay additional interest @ 4.95% p.a. The effective interest rate after considering basic interest rate and interest for hedging is 6.80%. The borrowing is repayable in 15 quarterly instalments of Euro 12 Lakhs each, starting from July 3, 2020.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 15 Borrowings (Contd.)

- ii) The Holding Company has availed following Rupee Term Loan facilities:
- 1) Term loan amounting ₹11,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of new Chloromethane Plant. Outstanding balance for this facility is ₹6,050 Lakhs. This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus spread (to be set every year) payable on monthly rest. The interest rate for the current year remained @ 7.65%. The Term Loan is repayable in 20 quarterly instalments of ₹550.00 Lakhs each and repayment started from March 9, 2019.
  - 2) Term loan amounting ₹15,000 Lakhs from HDFC Bank Limited for capital expenditure toward setting up of new Caustic Soda Lye Plant with new 36 MW Power Plant. Outstanding balance for this facility is ₹13,333 Lakhs. This borrowing carries interest @ 1 year MCLR (Benchmark rate) plus NIL spread (to be set every year) payable on monthly rest. The effective interest rate is 7.25%. The term loan is repayable in 18 quarterly instalments of ₹833.33 Lakhs each starting from November 1, 2020.
  - 3) Term loan amounting ₹12,500 Lakhs from Federal Bank Limited for capital expenditure toward setting up of new Hydrogen Peroxide Plant. Outstanding balance for this facility is ₹10,526 Lakhs. The borrowing carries interest @ 12 month T-bill rate (benchmark as published by RBI - to be reset every year) plus spread (fixed @ 0.94%) payable on monthly rest. The effective interest rate is 6.64%. The Term Loan is repayable in 19 quarterly instalments of ₹657.89 Lakhs each starting from September 29, 2020.
  - 4) Term loan amounting ₹19,000 Lakhs from State Bank of India for capital expenditure toward setting up of new Epichlorhydrin Plant. The Holding Company has drawn down ₹4,070 Lakhs as at the Balance Sheet date. The borrowing carries interest at 6 month MCLR (Benchmark rate) plus spread of 0.10% (to be reset every half year) payable on monthly rest. The effective interest rate is 7.05%. The Term Loan is repayable in 20 quarterly instalments of ₹950.00 Lakhs each starting from December 3, 2022.
  - 5) The Term Loan facilities are secured by first pari passu mortgage charge of all immovable properties of the Holding Company, first pari passu hypothecation charge over all the movable assets of the Holding Company.
- iii) The Holding Company has executed an Indenture of Mortgage with Lenders of these term loans (Secured Parties) by creating mortgages on Immovable Properties of the Holding Company by creating a charge by way of registered mortgage. According to the indenture, all the Secured Parties will share pari passu charge with first ranking and priority over the Immovable Properties of the Holding Company, both present and future.
- iv) Bank loans availed by the Holding Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Holding Company has complied with the covenants as per the terms of the loan agreements.

### 16 Others Non Current Financial Liabilities

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
Lease Liabilities (refer note 37)	306.00
<b>Total</b>	<b>306.00</b>

### 17 Long Term Provisions

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
Provision for Employee Benefits	
Gratuity (refer note 33)	103.81
Compensated Absences	59.04
<b>Total</b>	<b>162.85</b>

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

## 18 Borrowings

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
<b>Secured Loans</b>	
<b>Rupee Loans repayable on Demand</b>	
Cash Credit / Overdraft / WCDL Facility from Banks (refer note below)	7,503.49
<b>Total</b>	<b>7,503.49</b>

### Note:

The Holding Company has availed Working Capital Facility of ₹18,000 Lakhs as sanctioned limit from consortium comprising of ICICI Bank Limited ₹11,000 Lakhs, Standard Chartered Bank ₹3,000 Lakhs and HDFC Bank Ltd. ₹4,000 Lakhs. The Holding Company is in process of filing requisite forms with Ministry of Corporate Affairs for creating of first pari passu hypothecation charge over all the Current Assets for additional facilities sanctioned during the year.

Rate of interest stipulated by ICICI Bank Limited is 6 Month MCLR + Nil spread on the principal amount remains outstanding each day.

Interest rate for the year ranges between 7.25% - 8.70%.

Rate of interest stipulated by Standard Chartered Bank is monthly MCLR . Interest rate for the year ranges between 6.60% - 8.85%.

Rate of interest stipulated by HDFC Bank Limited is as per prevailing 1 year MCLR + applicable margin.

Interest rate for this ranges between @ 7.20% - 8.00%.

Bank loans availed by the Holding Company are subject to certain covenants relating to Interest Service Coverage Ratio, Current Ratio, Debt Service Coverage Ratio, Total Outside Liabilities to Total Net Worth, Fixed Assets Coverage Ratio, Ratio of Total Term Liabilities to Net Worth and Return on Property, Plant and Equipments. The Holding Company has complied with the covenants as per the terms of the loan agreements.

## 19 Trade Payables

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Trade Payables	7,304.93
<b>Total</b>	<b>7,304.93</b>

### Terms and conditions of the above outstanding dues :

Trade Payables are non-interest bearing and are normally settled on 90-360 days terms.

For amounts due to related parties and terms and conditions with Related Parties, refer note 34.

For Group's Credit Risk management processes refer note 39

## 20 Other Current Financial Liabilities

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
<b>Financial Liabilities carried at Amortised Cost</b>	
Current Maturities of Long-Term Debt ( refer note 15)	12,280.91
Interest Accrued but not due on Borrowing	332.10
Capital Creditors	4,148.40
Security Deposits Payable	950.00
Lease Liability (refer note 37)	69.55
Employee Benefits Payable	1,581.59
Bank Overdraft	48.33
Expenses Payable	3,895.97
<b>Total</b>	<b>23,306.85</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 21 Other Current Liabilities

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Advances from Customers	85.51
Statutory Dues Payables	640.26
<b>Total</b>	<b>725.77</b>

### 22 Short Term Provisions

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Provision for Employee Benefits	
Compensated Absences	10.04
<b>Total</b>	<b>10.04</b>

### 23 Current Tax Liabilities (Net)

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Current Tax Payable (net)	9.62
<b>Total</b>	<b>9.62</b>

### 24 Revenue from Operations

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
<b>Sales of Products</b>	
Sale of Products	82,493.37
Sales of By-Product	100.36
<b>Sales of Products</b>	<b>82,593.73</b>
<b>Other Operating Revenue</b>	
Export Benefits and Other Incentives	9.74
Scrap Sales	256.56
<b>Total Other Operating Revenue</b>	<b>266.30</b>
<b>Total</b>	<b>82,860.03</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 24 Revenue from Operations (Contd.)

#### 24.1 Disaggregated Revenue Information

Set out below is the disaggregation of the Group's Revenue from Contracts with Customers:

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
<b>Type of Goods or Service</b>	
Chlor Alkali & its Derivatives	82,464.66
Sales of Stock in Trade	129.07
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>
<b>Geographical location of Customer</b>	
India	82,017.51
Outside india	576.22
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>
<b>Timing of Revenue Recognition</b>	
Goods transferred at a point in time	82,593.73
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>

#### 24.2 Contract balances

The Group has recognised the following Revenue-related Contract Asset and Liabilities

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Trade Receivables	11,883.73
Advance from Customers	85.51

Trade Receivables are non interest bearing and generally have credit period of 30-90 days.

Trade Receivable are secured to the extend of deposit received from the Customers.

Contract Liabilities includes Short Term Advance received from Customers towards Sale of Products.

#### 24.3 Reconciling the amount of Revenue recognised in the Statement of Profit and Loss with the Contracted price

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Revenue as per contracted price	86,356.00
<b>Adjustments</b>	
Sale Returns	(40.87)
Trade Discount & Quantity Rebate	(2,446.38)
Cash Discount	(335.56)
Sales Commission	(939.47)
<b>Revenue from Contract with Customers</b>	<b>82,593.73</b>

#### 24.4 Performance Obligation

The performance obligation is satisfied upon dispatch of Goods from the Group's premises / delivery of Goods to the Customer in accordance with the terms of contract with Customer and payment is generally due within 30 to 90 days from date of dispatch of Goods.

#### 24.5 Information about Major Customers

No single Customer represents 10% or more of the Group's total Revenue during the year ended March 31, 2021.



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 25 Other Income

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Interest Income on	
- Bank Deposit	13.76
- Other	1.04
Net Gain on Foreign Currency Transactions and Translation (net)	38.36
Profit On Sale of Property, Plant and Equipment	0.28
Miscellaneous Income	58.53
Insurance Claims	106.58
Sundry Balance Written back	0.35
<b>Total</b>	<b>218.90</b>

### 26 Cost of Materials Consumed

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Chlor Alkali & its Derivatives	38,609.98
<b>Total</b>	<b>38,609.98</b>

Note: The above amount comprises of Raw Material consumption generated from the accounting system and related adjustment there to

### 27 Change In Inventories Of Finished Goods and Stock in Trade

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Inventories at the beginning of the Year	
(i) Finished Goods	766.53
(ii) Stock in Trade	36.15
<b>Total (A)</b>	<b>802.68</b>
Inventories at the end of the Year	
(i) Finished Goods	914.31
(ii) Stock in Trade	8.89
<b>Total (B)</b>	<b>923.20</b>
<b>Changes in Inventories (A-B)</b>	<b>(120.48)</b>

### 28 Employee Benefit Expenses

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Salaries and Wages	3,584.58
Director Remuneration	1,235.00
Contribution to Provident and Other Funds (refer note 33)	209.79
Staff Welfare Expenses	331.57
<b>Total</b>	<b>5,360.94</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 29 Finance Costs

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
<b>Interest Expense on :</b>	
- Term Loan	2,665.15
- Cash Credit and Working Capital Demand Loan	310.88
- Lease Liability (refer note 37)	34.90
- Others	79.18
(Gain) on Derivative Instruments	(528.50)
Exchange Loss on restatement of External Commercial Borrowing (ECB)	329.40
Other Borrowing Costs (includes Bank Charges, etc.)	20.36
<b>Total</b>	<b>2,911.37</b>

### 30 Other Expenses

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Consumption of Stores and Spares	1,426.66
Consumption of Packing Materials	1,291.42
Repairs and Maintenance:	
- Buildings	117.12
- Plant and Machinery	479.70
Rent (refer note 37)	2.99
Rates and Taxes	62.78
Insurance	366.83
Power and Fuel	441.85
Electricity Duty on Power Generation	2,350.93
Renewal Purchase Obligation	845.70
Contract Labour Charges	1,043.55
Selling and Promotion Expenses	449.76
Water Charges	2,167.28
Expenditure towards Corporate Social Responsibility (refer note i below)	966.93
Payments to the Auditors (refer note ii below)	17.87
Miscellaneous Expenses	803.40
<b>Total</b>	<b>12,834.77</b>

#### Notes:

(i) Corporate Social Responsibility Expenditure - spent during the year is ₹ 966.93 Lakh

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Amount required to be spent during the Year	383.37
Amount of opening unspent CSR expenses spent during the Year pursuant to representation made by the Holding Company with ROC & NCLT	579.29
<b>Amount Spend during the Year in Cash</b>	<b>966.93</b>
i. Construction / Acquisition of an Assets	-
ii. On purpose Other than (i) above	966.93
Details related to spent/unspent obligation	
i) Contribution to Public Trust	-
ii) Contribution to Charitable Trust	966.93
iii) Unspent amount	-

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 30 Other Expenses (Contd.)

#### (ii) Payment to Auditors (excluding Tax)

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
(a) Statutory Audit Fees	17.35
(b) Reimbursement of Expenses	0.52
	<b>17.87</b>

### 31 DISCLOSURE OF EARNING PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders of the Parent by the weighted average number of Equity Shares outstanding during the year, including effect of shares to be issued pursuant to Scheme of Arrangement.

'Diluted EPS amounts are calculated by dividing the profit for the year attributable to Equity Shareholders of the Parent by the weighted average number of Equity Shares outstanding during the year after adjusting effects of OCRPS which are Dilutive Potential Equity Shares.

The following reflects the Income and Share used in the Basic and Diluted EPS computation:

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Profit attributable to Equity Shareholders of the Parent (Figure in ₹)	10,083.90
Total number of Equity Shares at the end of the Year (Nos)	4,15,52,665
Weighted Average number of Equity Shares outstanding (Nos)	
- For Basic EPS calculation	4,15,52,665
- For Diluted EPS calculation	5,84,26,255
Nominal value per Equity Share (₹.)	10.00
Basic Earnings Per Share (₹.)	24.27
Diluted Earnings Per Share (₹.)	17.26
<b>Weighted Average number of Equity Shares</b>	
Weighted Average number of Equity Shares for basic EPS	4,15,52,665
Effect of dilution:	
Optionally Convertible Reddemable Preference Shares (OCRPS)	1,68,73,590
Weighted average number of Equity Shares adjusted for the effect of dilution	5,84,26,255

### 32 Tax Expense

#### (a) Amounts recognised in Profit and Loss

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Current Income Tax	2,816.76
Deferred Tax Expenses	3,185.10
<b>Tax Expense for the Year</b>	<b>6,001.86</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 32 Tax expense (Contd.)

#### (b) Amounts recognised in Other Comprehensive Income

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021		
	Before Tax	Tax (expense) benefit	Net of Tax
Items that will not be reclassified to Profit or Loss			
Remeasurement of the Defined Benefit Plans	(27.00)	9.43	(17.57)
<b>Total</b>	<b>(27.00)</b>	<b>9.43</b>	<b>(17.57)</b>

#### (c) Reconciliation of Effective Tax Rate

(₹ in Lakhs)

PARTICULAR	Year Ended March 31, 2021
Profit Before Tax	16,085.76
Tax using the Group's Domestic Tax Rate	5,621.01
(Current Year 34.944%)	
<b>Non Deductible Tax Expenses</b>	
Corporate Social Responsibility Expenses	337.95
Others	42.88
<b>Total</b>	<b>6,001.87</b>
<b>Effective Tax Rate</b>	<b>37.31%</b>

#### (d) Movement in Deferred Tax balances for the Year ended March 31, 2021

(₹ in Lakhs)

PARTICULAR	Net balance April 1, 2020	Recognised in Profit & Loss	Recognised in OCI	Other	As at March 31, 2021		
					Net	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(4,029.19)	(8,680.42)	-	-	(12,709.61)	-	(12,709.61)
Gain on Derivative - Mark to Market	129.64	30.16	-	-	159.80	159.80	-
Employee Benefits	57.25	(6.27)	9.43	-	60.41	60.41	-
Lease Liabilities	7.38	(0.95)	-	-	6.43	6.43	-
Carried Forward Loss	-	2,798.58	-	-	2,798.58	2,798.58	-
Tax Credit (MAT)	3,571.85	2,816.76	-	-	6,388.61	6,388.61	-
Others	358.20	(142.95)	-	-	215.25	215.25	-
<b>Tax Assets/ (Liabilities)</b>	<b>95.13</b>	<b>(3,185.09)</b>	<b>9.43</b>	<b>-</b>	<b>(3,080.53)</b>	<b>9,629.08</b>	<b>(12,709.61)</b>
Set off Tax							9,629.08
<b>Net Tax Assets / (Liabilities)</b>							<b>(3,080.53)</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 33 Gratuity and Other Employment Benefit Plans

#### (a) Retirement Benefits

The Gratuity Plan is governed by the Payment of Gratuity Act, 1972. Under the act, Employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

**Table 1: Reconciliation of Defined Benefit Obligation (DBO)**

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
Opening balance of Defined Benefit Obligation	332.34
<i>Service Cost</i>	
a. Current Service Cost	76.37
Interest Cost	20.27
Benefits Paid	(10.58)
<i>Re-measurements</i>	
a. Actuarial Loss/(Gain) from changes in financial assumptions	9.25
b. Actuarial Loss/(Gain) from experience over the past period	14.06
c. Actuarial (Loss)/Gain from change in demographic assumptions	-
Closing balance of the Defined Benefit Obligation	441.71

**Table 2: Reconciliation of Fair Value of Plan Assets**

(₹ in Lakhs)	
PARTICULAR	As at March 31, 2021
Opening balance of Fair Value of Plan Assets	230.02
Contributions by Employer	105.16
Benefits Paid	(10.58)
Interest Income on Plan Assets	16.99
<i>Re-measurements</i>	
a. Actuarial (Loss)/Gain from changes in financial assumptions	-
b. Return on plan assets excluding amount included in net interest on the net Defined Benefit Liability/(Asset)	(3.69)
Closing balance of Fair Value of Plan Assets	337.90
<i>Actual Return on Plan Assets</i>	13.30
<i>Expected Employer Contributions for the coming period</i>	100.00

**Table 3: Expenses Recognised in the Profit and Loss Account**

(₹ in Lakhs)	
PARTICULAR	Year Ended March 31, 2021
<i>Service Cost</i>	
a. Current Service Cost	76.37
b. Past Service Cost	-
c. Loss/(Gain) from Settlement	-
Net Interest on net Defined Benefit Liability/ (Asset)	3.28
Employer Expenses	79.65

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 33 Gratuity and Other Employment Benefit Plans (Contd.)

Table 4: Net Liability/ (Asset) recognised in the Balance Sheet

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Present Value of DBO	441.71
Fair Value of Plan Assets	337.90
Liability/ (Asset) recognised in the Balance Sheet	103.81
Funded Status [Surplus/(Deficit)]	(103.81)
Of Which, Short term Liability	-
Experience Adjustment on Plan Liabilities: (Gain)/Loss	14.06
Experience Adjustment on Plan Assets: Gain/(Loss)	(3.69)

Table 5: Percentage Break-down of Total Plan Assets

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Investment Funds with Insurance Company	100%
<i>Of which, Traditional/ Non-Unit Linked</i>	100%
Total	100%

Note: None of the assets carry a quoted market price in an active market or represent the Group's own transferable financial instruments or are property occupied by the Group.

Table 6: Actuarial Assumptions

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Salary Growth Rate	10% p.a.
Discount Rate	5.8% p.a.
Withdrawal Rate	
Up to age 35 years:	12% p.a.
Above age 35 years:	12% p.a.
Mortality	IALM 2012-14 Ult.
Expected Return on Plan Assets	6.1% p.a.
Expected weighted average remaining working life	5 years

Table 7: Movement in Other Comprehensive Income

(₹ in Lakhs)

PARTICULAR	As at March 31, 2021
Opening Balance (Loss)/Gain	(117.21)
<i>Re-measurements on DBO</i>	
a. Actuarial (Loss)/Gain from changes in financial assumptions	(9.25)
b. Actuarial (Loss)/Gain from experience over the past period	(14.06)
c. Actuarial (Loss)/Gain from change in demographic assumptions	-
<i>Re-measurements on Plan Assets</i>	
a. Actuarial (Loss)/Gain from changes in financial assumptions	
b. Return on Plan assets, excluding amount included in net interest on the net Defined Benefit Liability/(Asset)	(3.69)
Remeasurement (Loss) on Defined Benefit Plans	(27.00)
Closing Balance (Loss)/Gain	(144.21)



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 33 Gratuity and Other Employment Benefit Plans (Contd.)

Table 8: Sensitivity Analysis

Financial Year ended March 31, 2021	Increases 1%
Salary Growth Rate	DBO increases by ₹31.92 Lakh
Discount Rate	DBO decreases by ₹29.53 Lakh
Withdrawal Rate	DBO decreases by ₹8.44 Lakh
Mortality (increase in expected lifetime by 1 year)	DBO increases by ₹0.20 Lakh
Mortality (increase in expected lifetime by 3 years)	DBO increases by ₹0.41 Lakh

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

Table 9: Movement in Surplus/ (Deficit)

PARTICULAR	(₹ in Lakhs)
	As at March 31, 2021
Surplus/ (Deficit) at start of Period	(102.32)
Current Service Cost	(76.37)
Past Service Cost	-
Net Interest on net DBO	(3.28)
Actuarial Gain/ (Loss)	(27.00)
Contributions	105.16
Surplus/ (Deficit) at end of Period	(103.81)

#### (b) Defined Contribution Plans

The Group makes Provident Fund contributions to Defined Contribution Plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of payroll costs to fund the benefits. The Group has recognised Provident Fund contribution of ₹. 129.97 Lakhs as expense in Note 28 under the head 'Contributions to Provident and Other Funds'.

### 34 Related Parties Disclosures

Enterprises in which Key Managerial Personnel [KMP] & their Relatives have significant influence :	Meghmani Organochem Limited (MOL) Meghmani Dyes & Intermediates LLP ( MDI) Meghmani Industries Limited (MIL) Meghmani Pigments (MP) Trent Chemical Industries (Trent Chemicals) Arjan Owners LLP (Arjan)(Formerly Panchratna Corporation) Meghmani Novotech Pvt Ltd (Meghmani Novotech) Meghmani LLP (formerly Meghmani Unichem LLP) (MLLP)
Key Managerial Personnel	: Mr. Maulik Patel (Chairman and Managing Director) Mr. Kaushal Soparkar (Managing Director) Mr. Ankit Patel (Executive Director) Mr. Karana Patel (Executive Director) Mr. Darshan Patel (Executive Director) Mr. Kamlesh Mehta ( Company Secretary ) Mr. Sanjay Jain ( Chief Financial Officer)
Relatives of Key Managerial Personnel	: Mr. Jayanti Patel Mr. Ashish Soparkar Mr. Natwarlal Patel Mr. Ramesh Patel Mr. Anand Patel
Non Executive Directors	: Mr. Manubhai Patel Mr. Balkrishna Thakkar Ms. Nirali Parikh

# Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

## 34 Related Parties Disclosures (Contd.)

(₹ in Lakhs)

Particulars	Enterprises in which Key Managerial Personnel (KMP) and its Relatives have significant influence	Key Managerial Personnel and its Relatives (KMP)	Total
	March 31, 2021	March 31, 2021	March 31, 2021
Sale of Goods to MOL	6,265.17	-	6,265.17
Sale of Goods to MDIL	551.33	-	551.33
Sale of Goods to MIL	829.19	-	829.19
Sale of Goods to MP	104.51	-	104.51
Sale of Goods to MLLP	2,331.23	-	2,331.23
Sale of Goods to Trent Chemicals	793.10	-	793.10
Sale of Goods to Meghmani Novotech	8.23	-	8.23
Availing of Services (Rent) Arjan	123.11	-	123.11
Purchase of Services from MOL	13.82	-	13.82
Purchase of MEIS Licence from MOL	352.49	-	352.49
Sitting fees	-	5.50	5.50
Maulik Patel- Remuneration	-	305.78	305.78
Kaushal Soparkar- Remuneration	-	305.78	305.78
Ankit Patel- Remuneration	-	305.49	305.49
Karana Patel- Remuneration	-	195.49	195.49
Darshan Patel- Remuneration	-	140.49	140.49
Sanjay Jain - Remuneration	-	40.63	40.63

### Outstanding Balance with Related Parties:

(₹ in Lakhs)

Particulars	Enterprises in which Key Managerial Personnel (KMP) and its Relative have significant influence	Key Managerial Personnel and its Relatives (KMP)	Total
	March 31, 2021	March 31, 2021	March 31, 2021
Receivable from MOL	1,644.24	-	1,644.24
Receivables from MDI	102.47	-	102.47
Receivables from MIL	202.34	-	202.34
Receivables from MP	12.94	-	12.94
Receivables from MLLP	519.11	-	519.11
Receivables from Trent Chemical	159.91	-	159.91
Receivables from Meghmani Novotech	5.06	-	5.06
Payable to MOL	13.82	-	13.82
Payable for MEIS Licence	29.12	-	29.12
Remuneration Payable to Maulik Patel	-	275.04	275.04
Remuneration Payable to Kaushal Soparkar	-	275.04	275.04
Remuneration Payable to Ankit Patel	-	275.15	275.15
Remuneration Payable to Karana Patel	-	166.98	166.98
Remuneration Payable to Darshan Patel	-	111.98	111.98
Remuneration Payable to Sanjay Jain	-	2.31	2.31

- (i) Transaction entered into with Related Parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- (ii) Group's transactions with Related Parties are at arm's length. Management believes that the Group's domestic transactions with related parties post March 31, 2021 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the Financial Statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 35 Segment Reporting

The Group's Chief Operating Decision Maker (CODM) examines the Group's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Group, which primarily relate to manufacturing of Chlor Alkali & its Derivatives, the Group does not operate in more than one business segment.

#### Analysis By Geographical Segment

Segment Revenue is analysed based on the location of Customers regardless of where the goods are produced. The following provides an analysis of the Sales by Geographical Markets.

(₹ in Lakhs)	
Particulars	Year ended March 31, 2021
<b>Revenue :</b>	
Within India	82,017.51
Outside India	576.22
<b>Total Revenue from Contracts with Customers</b>	<b>82,593.73</b>

The following is analysis of the carrying amount of Non Current Assets, which do not include Deferred Tax Assets, Tax Assets, Investments in Subsidiary and Financial Assets analysed by the geographical area in which the assets are located:

(₹ in Lakhs)	
Particulars	As at March 31, 2021
<b>Carrying Amount of Segment Assets</b>	
Within India	1,25,460.17
Outside India	-

### 36 Contingent Liabilities & Commitments

#### A. Claim against the Group not acknowledged as Debts (excluding Interest and Penalty)

(₹ in Lakhs)	
Particulars	March 31, 2021
Disputed Service Tax Liability	108.37
Disputed Custom Duty Liability	621.83
(In respect of the above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements pending at various Forums / Authorities)	
The Group has assessed that it is only possible but not probable, the outflow of economic resources will be required	
In respect of Letter of Credit	565.12

#### B. Capital Commitment

The Estimated amount of Contract to be executed on Capital Account of ₹36,282.83 Lakhs has not provided for (Net of Advances).

#### C. Other Commitment

The Holding Company has imported capital good for the various expansion projects under the EPCG Scheme at Nil rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is ₹. 3,070.20 Lakhs which is equivalent to 6 times of duty saved of ₹. 696.28 Lakhs. The export obligation has to be completed by 2024-25.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 37 Leases

The Group has lease contracts for office premise. Leases of office premise is having lease terms of 9 years. The Holding Company's obligations under its leases are secured by the lessor's title to the leased assets. The Holding Company is restricted from assigning and subleasing the leased assets and some contracts require the Holding Company to maintain premises in good state. The lease contract include extension and termination options.

The Group also has a Sales Office with lease terms of 12 months or less. The Holding Company applies the 'short-term lease' recognition exemptions for this lease.

#### Terms of Cancellation and Escalation

The Leases are cancellable by giving one month notice by either parties and these does not carries any escalation

#### (A) Leases as Lessee

(₹ in Lakhs)	
(i) The movement in Lease liabilities during the Year	As at March 31, 2021
Opening Balance	439.45
Additions during the Year	-
Finance costs incurred during the Year	34.90
Payments of Lease Liabilities	(98.80)
<b>Balance at the end of the Year</b>	<b>375.55</b>

(₹ in Lakhs)	
(ii) The carrying value of the Rights-of-Use and Depreciation charged during the Year	As at March 31, 2021
Opening Balance	1,542.17
Re-Classification on account of adoption of Ind AS 116	-
Additions during the Year	-
Depreciation charged during the Year	(95.36)
<b>Balance as at March 31, 2021</b>	<b>1,446.82</b>

(₹ in Lakhs)	
(iii) Amount Recognised in Statement of Profit & Loss Account during the Year	Year ended March 31, 2021
Depreciation expense of Right-of-Use Assets	95.36
Interest expense on Lease Liabilities	34.90
Expense relating to Short-Term Leases (included in Other Expenses)	2.99
<b>Total Expenses</b>	<b>133.25</b>

(₹ in Lakhs)	
(iv) Amounts Recognised in Statement of Cash Flows	As at March 31, 2021
Total Cash outflow for Leases	(98.80)

(₹ in Lakhs)	
(v) Maturity Analysis of Lease Liabilities	As at March 31, 2021
<b>Maturity Analysis of contractual undiscounted Cash Flows</b>	
Less than one Year	98.80
One to five Years	349.09
More than five Years	-
<b>Total undiscounted Lease Liability</b>	<b>447.89</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 37 Leases (Contd.)

	(₹ in Lakhs)
Balances of Lease Liabilities	As at March 31, 2021
Non Current Lease Liability	306.00
Current Lease Liability	69.55
<b>Total Lease Liability</b>	<b>375.55</b>

### 38. Capital Management

Capital includes Equity and OCRPS attributable to the Equity and OCRPS holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its Capital Structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the Capital Structure, the Group may adjust the dividend payment to Shareholders, return on capital to Shareholders or issue new Shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2021.

The Group monitors capital using a ratio of 'Adjusted Net Debt' to 'Adjusted Equity'. For this purpose, adjusted net Debt is defined as Total Liabilities, comprising Interest-Bearing Loans and Borrowings, less Cash and Cash Equivalents. Adjusted Equity comprises all components of Equity.

	(₹ in Lakhs)
Particulars	As at March 31, 2021
<b>Total Interest bearing Liabilities</b>	<b>53,831.14</b>
Less : Cash and Cash Equivalent	68.00
<b>Adjusted Net Debt</b>	<b>53,763.14</b>
Total Equity	68,413.39
<b>Adjusted Equity</b>	<b>68,413.39</b>
Adjusted Net Debt to Adjusted Equity Ratio	0.79

### 39. Financial Instruments – Fair Values and Risk Management

The Significant Accounting Policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note 2 to the Financial Statements.

#### A. Category-wise classification of Financial Instrument

The carrying value of Financial Instruments by categories as of March 31, 2021 as follows:

	(₹ in Lakhs)			
March 31, 2021	Carrying Amount			
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total
<b>Financial Assets</b>				
Other Non-Current Financial Asset (refer note 4)	247.13	-	788.67	1,035.80
Trade Receivables (refer note 8)	-	-	11,883.73	11,883.73
Cash and Cash Equivalents (refer note 9)	-	-	68.00	68.00
Loans (refer note 10)	-	-	11.42	11.42
Other Current Financial Assets (refer note 11)	123.57	-	60.23	183.80
<b>Total Financial Assets</b>	<b>370.70</b>	<b>-</b>	<b>12,812.05</b>	<b>13,182.75</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 39. Financial Instruments – Fair Values and Risk Management (Contd.)

(₹ in Lakhs)

March 31, 2021	Carrying Amount			
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total
<b>Financial Liabilities</b>				
Non-Current Borrowings (refer note 15)	-	-	34,046.74	34,046.74
Other Non-Current Financial Liabilities (refer note 16)	-	-	306.00	306.00
Current Borrowings (refer note 18)	-	-	7,503.49	7,503.49
Trade Payable (refer note 19)	-	-	7,304.93	7,304.93
Other Current-Financials Liabilities (refer note 20)	-	-	23,306.85	23,306.85
<b>Total Financial Liabilities</b>	-	-	<b>72,468.01</b>	<b>72,468.01</b>

#### B. Measurement of Fair values and Sensitivity analysis

##### Fair Value Hierarchy:

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

- (i) **Level 1:** quoted prices (unadjusted) in active markets for identical Assets or Liabilities.
- (ii) **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the Asset or Liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- (iii) **Level 3:** inputs for the Asset or Liability that are not based on observable market data (unobservable inputs).

##### Financial Instrument measured at Fair Value

(₹ in Lakhs)

Financial Assets / Financial Liabilities	Fair value as at	Fair value hierarchy	Significant observable inputs
	March 31, 2021		
Mark to Market Derivative Assets on interest Rate Swap and Cross Currency Swap valued at FVTPL. (refer note 4 & 11)	370.70	Level 2	Fair value as ascertained and provided by Bank

##### Financial Instrument measured at Amortised Cost

The carrying amount of Financial Assets and Financial Liabilities measured at amortised cost in the Financial Statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

There have been no transfers between level 1, level 2 and level 3 during the year ended March 31, 2021.

##### Financial Risk Management Framework

The Group's Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends risk management objectives and policies. The activities of this operations include management of cash resources, hedging of foreign currency exposure, credit control and ensuring compliance with market risk limits and policies.

The Group's principal Financial Liabilities, other than Derivatives, comprises of Long Term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Group's operations. The Group's principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Other Bank Balances and Other Financial Assets that derive directly from its operations.



## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 39. Financial Instruments – Fair Values and Risk Management (Contd.)

The Group has an effective risk management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Group takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Group has exposure to the following risks arising from Financial Instruments

- Credit Risk ;
- Liquidity Risk ; and
- Market Risk

#### i. Credit Risk

Credit Risk is the risk that counter party will not meet its obligation leading to a financial loss. The Group is exposed to credit risk arising from its operating activities primarily from Trade Receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Group considers probability of default upon initial recognition of Assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

#### Financial Instruments and Cash Deposit:

Credit Risk from Balances with Banks and Financial Institutions is managed by the Group's Treasury Department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### Trade Receivables

The Sales Department has established a Credit Policy under which each new Customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each Customer and reviewed periodically. Any sales exceeding those limits requires further approval.

Trade Receivables of the Group are typically unsecured, except to the extent of the security deposits received from the Customers or Financial Guarantees provided by the market organizers in the business. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of Customers to which Group grants credit terms in the normal course of business. The Group performs ongoing credit evaluations of its Customers' financial condition and monitors the creditworthiness of its Customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade Receivables is created to the extent and as and when required, based upon the expected collectability of Accounts Receivables. The Group evaluates the concentration of risk with respect to Trade Receivables as low, as its Customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group measures the expected credit loss of Trade Receivables and Loan from individual Customers based on historical trend, industry practices and the business environment in which the Entity operates. Loss rates are based on actual credit loss experience and past trends.

The maximum exposure to Credit Risk for Trade Receivables by geographic region is as follows:

		(₹ in Lakhs)
Particulars		March 31, 2021
Domestic		11,729.11
Other Regions		154.62
<b>Total</b>		<b>11,883.73</b>

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 39. Financial Instruments – Fair Values and Risk Management (Contd.)

#### Age of Receivables

		(₹ in Lakhs)
Particulars		March 31, 2021
Neither due nor Impaired		9,343.52
Past due 1–90 days		2,309.45
Past due 91–180 days		53.86
More than 180 days		176.91
		<b>11,883.73</b>

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of Customer Credit Risk, including underlying Customers' Credit Ratings if they are available.

Management estimates that the amount of provision of ₹18.38 Lakh is appropriate.

#### ii. Liquidity Risk

Liquidity Risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### Exposure to Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the Financial Assets and Liabilities. The table below summarises the remaining contractual maturities of Financial Liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

#### Non-Derivative Financial Liabilities

							(₹ in Lakhs)
March 31, 2021	Carrying amount	Contractual Cash Flows					
		Total	1 Year or Less	1-2 Years	2-5 Years	More than 5 Years	
India Rupee Loan	33,979.65	33,979.65	8,164.91	8,164.91	17,649.82		
Foreign Currency Loan	12,348.00	12,348.00	4,116.00	4,116.00	4,116.00		
Working Capital Loans from Banks	7,503.49	7,503.49	7,503.49	-	-	-	
Trade Payables	7,304.93	7,304.93	7,304.93	-	-	-	
Other Payables	11,030.92	11,030.92	11,030.92	-	-	-	
<b>Total</b>	<b>72,166.99</b>	<b>72,166.99</b>	<b>38,120.25</b>	<b>12,280.91</b>	<b>21,765.82</b>		<b>-</b>

The Gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted Cash Flows relating to Derivative Financial Liabilities held for Risk Management purposes and which are not usually closed out before contractual maturity. The disclosure shows net Cash Flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

#### Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular Industry

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 39. Financial Instruments – Fair Values and Risk Management (Contd.)

#### iii. Market Risk

Market Risk is the risk that the fair value of future Cash Flows of a Financial Instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Currency Risk, Interest Rate Risk, and Other Price Risk such as Equity Price Risk. Financial Instruments affected by market risk include Loans and Borrowings, Deposits, FVTOCI and Amortised Cost Investments and Derivative Financial Instruments.

#### Foreign Currency Risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when Revenue or Expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

#### Exposure to Currency Risk

The Currency profile of Current Financial Assets and Current Financial Liabilities as at March 31, 2021 as below:

The Group's exposure to Foreign Currency Risk at the end of the reporting period expressed in INR, are as follows

(₹ in Lakhs)

March 31, 2021	Total	INR Equivalent to USD	INR Equivalent to Euro	INR Equivalent to CNY	INR
<b>Financial Assets</b>					
Trade and Other Receivables	11,883.73	154.62	-	-	11,729.11
Other Non-Current Financial Assets	1,035.80	-	247.13	-	788.67
Other Current Financial Assets	183.80	-	123.57	-	60.23
	<b>13,103.33</b>	<b>154.62</b>	<b>370.70</b>	<b>-</b>	<b>12,578.01</b>
<b>Financial Liabilities</b>					
Non Current Borrowings	34,046.74	-	8,232.00	-	25,814.74
Trade Payables	7,304.93	-	6.86	-	7,298.07
Other Current Financial Liabilities	23,306.85	1,319.98	4,120.15	117.88	17,748.84
Less : Foreign Currency Hedged	12,348.00	-	12,348.00	-	-
<b>Total</b>	<b>52,310.52</b>	<b>1,319.98</b>	<b>11.01</b>	<b>117.88</b>	<b>50,861.64</b>

#### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against Foreign Currency at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

March 31, 2021	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>5% movement</b>				
USD	(58.27)	58.27	(37.91)	37.91
EUR	17.98	(17.98)	11.70	(11.70)
CNY	(5.89)	5.89	(3.83)	3.83

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 39. Financial Instruments – Fair Values and Risk Management (Contd.)

#### Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future Cash Flows of a Financial Instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Long-Term Debt obligations with floating interest rates. The Group manages its Interest Rate Risk by having balanced portfolio of fixed and variable rate Loans and Borrowings.

#### Exposure to Interest Rate Risk

The Group's Interest Rate Risk arises from Borrowings obligations. Borrowings is exposed to fair value interest rate risk. The interest rate profile of the Group's interest-bearing Financial Instruments as reported to the management of the Group is as follows.

	(₹ in Lakhs)
Variable-Rate Instruments	March 31, 2021
Non Current - Borrowings	34,046.74
Current - Borrowings	7,503.49
Current portion of Long Term Borrowings	12,280.91
<b>Total</b>	<b>53,831.14</b>

#### Cash Flow Sensitivity Analysis for Variable-Rate Instruments

A reasonably possible change of 100 basis points in Interest Rates at the reporting date would have increased (decreased) Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular Foreign Currency Exchange Rates, remain constant.

	(₹ in Lakhs)			
Particulars	Profit or Loss		Equity, Net of Tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Non Current - Borrowings	(340.47)	340.47	(221.49)	221.49
Current - Borrowings	(75.03)	75.03	(48.81)	48.81
Current portion of Long Term Borrowings	(122.81)	122.81	(79.89)	79.89
<b>Total</b>	<b>(538.31)</b>	<b>538.31</b>	<b>(350.20)</b>	<b>350.20</b>

### 40. Composite Scheme of Arrangement

Subsequent to the year end, NCLT Ahmedabad Bench vide its order dated May 03, 2021 (the "Order"), approved the Composite Scheme of Arrangement ("the Scheme") to merge the Company Meghmani Organics Limited (MOL) with the Holding Company Meghmani Finechem Limited along with its Trading Division and Equity Investment in the Company. The Holding Company has filed the certified true copy of the Order with the Ministry of Corporate Affairs (the "MCA") on May 10, 2021.

The Group has given effect to the merger for the year ended March 31, 2021 considering it as an adjusting event and has accounted the same as per the pooling of interest method since the conditions as per the requirements of Ind AS 103 – Business Combinations of entities under common control are met. Further, previous year numbers have been Restated as per the requirements of Ind AS 103.

As per the share swap ratio approved by NCLT in its Order, the Parent Company is in process of making allotment of Equity Shares in the ratio of 94 Equity Shares of ₹10 each for every 1,000 Equity Shares of ₹1 each held by the shareholders of MOL. Further, as per the Order, shares issued to MOL comprising of 2,35,45,985 shares of ₹10 each stands cancelled.

The impact of the merger on these Financial Statements is as under:

	(₹ in Lakhs)		
Particulars	Net Asset Acquired (along with Reserves)	Value of Equity Shares issued	Capital Reserve
Merger of Meghmani Organics Limited along with its Trading Division and equity investment in the Company.	2,416.35	2,390.55	25.80

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

### 40. Composite Scheme of Arrangement (Contd.)

**Conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) to Compulsory Redeemable Preference Shares (RPS):** As per the Order, OCRPS issued by the Parent Company is transferred to Meghmani Organochem Limited as per the Scheme. Further, the OCRPS will be converted into equal number of RPS with same terms and conditions and tenure from the effective date May 3, 2021 i.e. the date of the Order. Accordingly, OCRPS is classified as equity instrument under total equity for the year ended March 31, 2021 and the same will be classified and accounted for as debt instrument from the effective date.

**Increase in Authorised Share Capital:** As per the Order, Authorised Share Capital representing 2,55,00,000 Equity Shares of Meghmani Organics Limited has been transferred to the Holding Company. Holding Company has filed form INC 28 for the change in Authorised Share Capital with the MCA on May 10, 2021 which is under approval.

### 41. Covid 19 Impact :

The Group continues to adopt measures to curb the impact of COVID-19 pandemic in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc.

The Group has taken into account all the possible impacts of COVID-19 in preparation of these Consolidated Financial Statements, including but not limited to its assessment of liquidity and going concern assumption and recoverable values of its financial and non-financial assets. The Group has carried out this assessment based on available internal and external sources of information up to the date of approval of these Consolidated Financial Statements and believes that the impact of COVID-19 is not material to these financial results and expects to recover the carrying amount of its assets and meet the current financial obligations. However, the impact assessment of this pandemic is a continuing process given the uncertainties associated with its nature and duration. Accordingly, the Group will continue to monitor any material changes to future economic conditions.

### 42. Events occurred after the Balance Sheet date

The Group evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to approval of Consolidated Financial Statement to determine the necessity for recognition and/or reporting of any of these events and transactions in the Consolidated Financial Statements. As of May 20, 2021 there were no material subsequent events to be recognized or reported that are not already disclosed.

### 43. (a) Information about Subsidiary

The Consolidated Financial Statements consists of the Holding Company Meghmani Finechem Limited and one subsidiary Company Meghmani Advanced Sciences Limited. The Subsidiary Company has share capital consisting solely of Equity Shares which are fully held directly by the Holding company. The Subsidiary Company was incorporated on January 27, 2021 in India and is yet to commence its business operations.

### 43 (b) Additional Information Required by Schedule III

Name of the Entity in the Group	Net Assets (Total Assets minus Total Liabilities)		Share in Profit/(Loss)		Share in Other Comprehensive Income/(Loss)		Share in Total Comprehensive Income/(Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit/(Loss)	Amount	As % of Other Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
<b>A Parent</b>								
Meghmani Finechem Limited March 31, 2021	100%	68,413.39	100%	10,083.90	100%	(17.57)	100%	10,066.33
<b>B Subsidiary</b>								
<b>(I) Indian</b>								
Meghmani Advanced Sciences Limited March 31, 2021	0%	-	0%	-	0%	-	0%	-

## Notes to the Consolidated Financial Statement for the Year Ended March 31, 2021

**44.** The Holding Company had not made investment in Subsidiary/Associate upto the year ended March 31, 2020 and accordingly requirement for preparation of Consolidated Financial Statement was not applicable. During the year, the Holding Company has invested in a newly incorporated Company Meghmani Advanced Sciences Limited which is its 100% subsidiary. Accordingly, as per the requirements of Schedule III, the Holding Company has prepared Consolidated Financial Statement for the first time and the disclosure pertaining to previous year figures are not applicable.

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### As per our Report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. - 324982E / E300003

per **Sukrut Mehta**

Partner

Membership No. 101974

Place: Ahmedabad

Date: May 20, 2021

For and on behalf of the Board of Directors of

**Meghmani Finechem Limited**

(CIN: U24100GJ2007PLC051717)

**Maulik Patel**

Chairman and Managing Director

DIN: 02006947

**Sanjay Jain**

Chief Financial Officer

**K.D. Mehta**

Company Secretary

**Kaushal Soparkar**

Managing Director

DIN: 01998162

Place: Ahmedabad

Date: May 20, 2021



## MEGHMANI FINECHEM LIMITED

CIN No. U24100GJ2007PLC051717

**Regd. Office:** Plot No.CH1/CH2, GIDC Industrial Estate, Dahej, Taluka - Vagara, Dist. Bharuch 392 130, Gujarat, India.

**Corporate Office :-** Meghmani House", B/h Safal Profitaire, Corporate Road,  
Nr. Auda Garden, Prahlad Nagar, Ahmedabad – 380 015, Gujarat, India.

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS hereby given that 14th Annual General Meeting of Meghmani Finechem Limited will be held on Thursday, 23rd September, 2021 at 12:00 Noon through Video Conferencing / Other Audio Visual Means to transact the following businesses:-

#### **ORDINARY BUSINESS:-**

##### **Adoption of Financial Statements**

- 1) To receive, consider, and adopt:
  - (i) the Audited Standalone Financial Statement of the Company for the financial year ended 31st March, 2021 together with report of the Board of Directors & Auditors thereon and
  - (ii) the Audited Consolidated Financial Statement of the Company for the financial year ended on 31st March, 2021 together with report of Auditors thereon.

##### **Appointment of Director to retire by rotation**

- 2) To appoint a Director in place of Mr. Ankit Patel (DIN 02180007) who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Darshan Patel (DIN 02047676) who retires by rotation and being eligible offers himself for re-appointment.

#### **SPECIAL BUSINESS:-**

- 4) TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION AS SPECIAL RESOLUTION:-

##### APPOINTMENT OF MR. SANJAY ASHER AS INDEPENDENT DIRECTOR

**"RESOLVED THAT** pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 **Mr. Sanjay Asher (DIN-00008221)** who was appointed as an Additional Director of the Company, under Section 161 of

the Companies Act, 2013 and the Articles of Association of the Company, and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Non Executive Independent Director of the Company for a period of 5 (Five) years from the date of this Annual General Meeting, with an option to resign from the office at any time during the term of appointment. "

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

- 5) TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION AS SPECIAL RESOLUTION:-

##### APPOINTMENT OF MR. KANUBHAI PATEL – INDEPENDENT DIRECTOR

**"RESOLVED THAT** pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 **Mr. Kanubhai Patel (DIN-00008395)** who was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Non Executive Independent Director of the Company for a period of 5

(Five) years from the date of this Annual General Meeting, with an option to resign from the office at any time during the term of appointment. "

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6) **TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION AS SPECIAL RESOLUTION:-**

**APPOINTMENT OF MR. RAJU SWAMY – INDEPENDENT DIRECTOR**

"RESOLVED THAT pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 **Mr. Raju Swamy (DIN-03032679)** who was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Non Executive Independent Director of the Company for a period of 5 (Five) years from the date of this Annual General meeting, with an option to resign from the office at any time during the term of appointment. "

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things

as may be considered necessary, desirable or expedient to give effect to this resolution

7) **TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION AS ORDINARY RESOLUTION:-**

**TO RATIFY REMUNERTION OF COST AUDITOR FOR FY 2021-22**

"RESOLVED THAT pursuant to the provisions of Section 148, of the Companies Act, 2013 read with the Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or amendments or re-enactments thereof for the time being in force), at a remuneration of ₹ 1,75,000/- (Rupees One Lakh Seventy Five Thousand only) per financial year, plus applicable service tax and out of pocket expenses to be paid to **M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497)**, being Cost Auditors appointed by the Board of Directors to Conduct the Audit of the Cost Records of the Company for the financial year ending on 31st March, 2022 be and are hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including Audit Committee), be and is hereby authorized to ratify the remuneration and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

**By Order of the Board**

**Registered Office:** for MEGHMANI FINECHEM LIMITED  
Plot No. CH1 & CH 2  
GIDC Dahej,  
Taluka : Vagra, Bharuch.

Place: Ahmedabad  
Date: May 20, 2021

**K. D. Mehta**  
*Company Secretary*  
Membership No. FCS 2051

## Notes:

### Convening of Annual General Meeting (AGM) through video conferencing ("VC") or any Other Audio-Visual Means ("OAVM")

1. In view of the situation of COVID-19 still prevailing, the Government of India; Ministry of Corporate Affairs allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed the personal presence of the members at the meeting. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 Circular No. 20/2020 dated May 05, 2020 and Circular No.02/2021 dated 13th January, 2021 prescribing the procedures and manner of conducting the AGM through VC/ OAVM. In terms of the said circulars, the 14th AGM of the members of the Company will be held through VC/OAVM. So that members can attend and participate in the AGM through VC/ OAVM only. **The Members are requested not to visit Corporate Office / Registered Office to attend the AGM.**

### E-Voting facility

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. Shareholders are requested to refer **page no. 204** for detailed procedure for e-Voting and participation in the AGM through VC/OAVM.
3. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. In view of e-AGM Circular Printed copy of the Annual report (Including Notice) is not being sent to the Members.
5. The detailed procedure for participation in the meeting through VC/OAVM is available at the Company's website **[www.meghmanifinechem.com](http://www.meghmanifinechem.com)**.

6. The helpline number regarding any query / assistance for participation in the AGM through VC/ OAVM is **022-23058542/43**.

7. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

The facility of participation at the AGM through **VC/ OAVM available for 1,000 members on first come first served basis**. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

8. AGM convened through VC/OAVM is in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

### Quorum

9. The attendance of Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning quorum under Section 103 of the Companies Act, 2013.

### Proxy form

10. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence **the Proxy Form and Attendance Slip are not annexed to this Notice**. However, Pursuant to Section 112 and Section 113 of the Companies Act, 2013, representatives of the President of India or the Governor of State or the Body Corporates are entitled to attend the AGM through VC/OAVM and cast their votes through e-voting.

### Book Closure and Cut-off date

11. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 17th September, 2021 to Thursday, 23rd September, 2021 (both days inclusive) for the purpose of Annual General Meeting.

12. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. **Thursday, 16th September, 2021**.

#### Scrutinizer for conducting E-Voting

13. The Company has appointed **Mr. Mukesh Khandwala – Chartered Accountants** to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

#### Voting Result

14. The voting results shall be declared within two working days from the conclusion time of the Meeting. The results declared along with the Scrutinizer's Report will be placed on the website of the Company at <http://www.meghmanifinechem.com/> immediately after the result is declared by Chairman or any other person authorised by him in this regard and will simultaneously be sent to National Stock Exchange of India Limited and BSE Limited, where equity shares of the Company are listed.

#### Explanatory Statement and details of Directors seeking appointment/reappointment

15. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
16. Details in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
17. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

#### Dispatch of Notice and Annual Report through electronic means

18. In compliance with the aforesaid MCA circulars and SEBI circular dated May 12, 2020 and January 15, 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.
19. The Notice can also be accessed from the websites of the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited at [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively and the AGM Notice is also

available on the website of CDSL (agency for providing the Remote e-Voting facility) [www.evotingindia.com](http://www.evotingindia.com).

#### PREVENT FRAUDULENT TRANSACTIONS

20. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.

#### Inspection of Documents

22. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode by sending an e-mail to [helpdesk@meghmanifinechem.com](mailto:helpdesk@meghmanifinechem.com)

#### Financial Information required

23. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the **Company at least 10 (Ten) days before the date of the Meeting** from their registered e-mail address, mentioning their name, DPID and Client ID number/folio number and mobile number at the Company's investor desk at [helpdesk@meghmanifinechem.com](mailto:helpdesk@meghmanifinechem.com) or [ir@meghmanifinechem.com](mailto:ir@meghmanifinechem.com) so that the information required may be made available at the Meeting.
24. The Company is pleased to provide members, facility to exercise their right to vote at the 14th Annual General Meeting (AGM) by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
25. The Recording/transcript of the AGM will be made available on the website of the Company [www.meghmanifinechem.com](http://www.meghmanifinechem.com) in the Investors Section, as soon as possible after the Meeting is over.

## INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING

### PROCESS AND MANNER FOR MEMBERS OPTING FOR VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting. The facility of participation at the AGM through VC/OAVM will be made available to **atleast 1,000 members on first come first served basis**. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the EGM through VC/OAVM and cast their votes through e-voting.
5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at **www.meghmanifinechem.com**. The Notice can also

be accessed from the websites of the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited at [www.nesindia.com](http://www.nesindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. **www.evotingindia.com**.

6. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
7. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January, 13, 2021.

### THE INSTRUCTION TO SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER :

**Step 1 Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

**Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

- (i) The voting period begins on **Monday, 20th September, 2021 at 09:00 a.m. and ends on Wednesday, 22nd September, 2021 at 05:00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Thursday, 16th September, 2021** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional



shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all **the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but

also enhancing ease and convenience of participating in e-voting process.

**Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. <b>The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</b></li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a Mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>



Type of Shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a Mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

**Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.

- 6) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant Meghmani Finechem Limited on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the

stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; **helpdesk@meghmanifinechem.com** (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the Company suitably by email.
8. **Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.**
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

1. **For Physical shareholders-** please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. **For Demat shareholders,** Please update your email id & mobile no. with your respective Depository Participant (DP)

3. **For Individual Demat shareholders** – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to **Mr. Rakesh Dalvi, Sr. Manager, (CDSL)** Central Depository Services India Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**CONTACT DETAILS**

**COMPANY**

MEGHMANI FINECHEM LIMITED  
"MEGHMANI HOUSE",  
B/H SAFAL PROFITAIRE,  
CORPORATE ROAD, PRAHALADNAGAR,  
AHMEDABAD- 380 015  
E-MAIL:- [helpdesk@meghmanifinechem.com](mailto:helpdesk@meghmanifinechem.com)

**REGISTRAR AND TRANSFER AGENT**

LINK INTIME INDIA PRIVATE LIMITED  
C 101, 247 PARK, L.B.S.MARG, VIKHROLI (WEST),  
MUMBAI - 400083.  
Tel: +91 022 - 4918 6270, Fax: +91 22 4918 6060  
E-MAIL:- [rnt.helpdesk@linktime.co.in](mailto:rnt.helpdesk@linktime.co.in)

**E-VOTING AGENCY**

CENTRAL DEPOSITORY SERVICES INDIA LIMITED  
E-MAIL:- [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**SCRUTINIZER**

MR. MUKESH KHANDWALA – Chartered Accountants  
M/S C N K KHANDWALA & ASSOCIATES  
E-MAIL - [mukesh@cnkkhandwala.in](mailto:mukesh@cnkkhandwala.in)

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4 :- Appointment of Sanjay Asher as an Independent Director

**Sanjay Asher** (DIN: 00008221) has been appointed by the Board of Directors as an Additional Director on the Board of the Company w.e.f. May 20, 2021. As per the provisions of Section 161 of the Companies Act, 2013 ("the Act"), he holds office as an Additional Director up to the ensuing Annual General Meeting of the Company.

In accordance with the provisions of the Act, it is proposed to appoint **Sanjay Asher as Non-Executive Independent Director** of the Company for a term of five (5) consecutive year's up to 2026. Sanjay Asher has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

In the opinion of the Board, **Sanjay Asher** fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board considers that his experience in the field of law and corporate matters would be of immense benefit to the Company.

The details of Sanjay Asher as required under the provisions of Regulation 36(3) of the Listing Regulations.

Name	Sanjay Asher
Age	55 years
Designation	Independent Director
Qualification	Bachelor's Degree in Commerce and in Law from the University of Bombay. He is also a qualified Chartered Accountant and a Solicitor
Brief Profile	Over twenty nine years (29) of experience in the field of law and corporate matters. He is presently a senior partner at M/s. Crawford Bayley and Co., and deals with corporate laws, mergers and acquisitions and capital market transactions.
Interest in Other Listed Entities	<ol style="list-style-type: none"> <li>1) Sudarshan Chemical Industries Limited</li> <li>2) Tribhovandas Bhimji Zaveri Limited</li> <li>3) Ashok Leyland Limited</li> <li>4) Balkrishna Industries Limited</li> <li>5) Deepak Nitrite Limited</li> <li>6) Sona Software Limited</li> <li>7) Deepak Phenolics Limited</li> <li>8) Indusind Bank Limited</li> </ol>

A copy of the draft Letter of Appointment of **Sanjay Asher** as an Independent Director will be available for inspection without any fee for the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays.

None of the Directors or Key Managerial Personnel of the Company or their relatives except **Sanjay Asher** are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at **Item No. 4** of the Notice.

The Board recommends the Special Resolution set out at **Item No. 4** of the Notice for approval by the Members.

### Item No. 5 :- Appointment of Kanubhai Patel (DIN 0008395) as an Independent Director

**Kanubhai Patel** (DIN 0008395) has been appointed by the Board of Directors as an Additional Director on the Board of the Company w.e.f. May 20, 2021. As per the provisions of Section 161 of the Companies Act, 2013 ("the Act"), he holds office as an Additional Director up to the ensuing Annual General Meeting of the Company.

In accordance with the provisions of the Act, it is proposed to appoint **Kanubhai Patel as Non-Executive Independent Director** of the Company for a term of five (5) consecutive year's up to 2026. **Kanubhai Patel** has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

In the opinion of the Board, **Kanubhai Patel** fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder

for his appointment as an Independent Director of the Company and is independent of the management. The Board considers that his association would be of immense benefit to the Company in the field of finance, marketing and commercial matters.

The details of **Kanubhai Patel** as required under the provisions of Regulation 36(3) of the Listing Regulations.

Name	Kanubhai Patel
Age	64 years
Designation	Independent Director
Qualification	Bachelor's degree in Commerce from the M. S. University, Vadodara and is a Fellow Member of the Institute of Chartered Accountants of India and also the Institute of Company Secretaries of India. He has also attended advance management programme conducted by the Kellogg School of Business (USA).
Brief Profile	<b>Kanubhai Patel</b> is associated with VOLTAMP Group since more than 38 years He is presently working with Voltamp Transformers Limited as Chairman & Managing Director. <b>Kanubhai Patel</b> has vast experience of in the field of Finance, Marketing and Commercial Matters and General Management of the Company. <b>Kanubhai Patel</b> also worked for short tenures with Atul Products Ltd., Bombay Dyeing & Manufacturing Company Ltd. and Cadbury India Ltd.
Interest in Other Listed Entities	1. Paramount Limited

A copy of the draft Letter of Appointment of **Kanubhai Patel** as an Independent Director will be made available for inspection without any fee for the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays.

None of the Directors or Key Managerial Personnel of the Company or their relatives except **Kanubhai Patel** are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at **Item No. 5** of the Notice.

The Board recommends the Special Resolution set out at **Item No. 5** of the Notice for approval by the Members.

#### **Item No. 6 :- Appointment of Raju Swamy (DIN 03032679) as an Independent Director**

**Raju Swamy (DIN 03032679)** has been appointed by the Board of Directors as an Additional Director on the Board of the Company w.e.f. May 20, 2021. As per the provisions of Section 161 of the Companies Act, 2013 ("the Act"), he holds office as an Additional Director up to the ensuing Annual General Meeting of the Company.

In accordance with the provisions of the Act, it is proposed to appoint **Raju Swamy** as Non-Executive Independent Director of the Company for a term of five (5) consecutive year's up to 2026

In the opinion of the Board, **Raju Swamy** fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board considers that his association would be of immense benefit to the Company in the field of management.

The details of **Raju Swamy** as required under the provisions of Regulation 36(3) of the Listing Regulations.

Name	Raju Swamy
Age	79 years
Designation	Independent Director
Qualification	MBA from the first batch of IIMC
Brief Profile	He has 18 years of professional management experience in the ANAND Group, a reputed family-promoted business group in the Automotive Components Manufacturing Sector. He founded at PROMAG Consultancy Services, in 1985 and since then he is an Advisor to Family BusinessLtd., Bombay Dyeing & Manufacturing Company Ltd. and Cadbury India Ltd
Interest in Other Listed Entities	Nil

A copy of the draft Letter of Appointment of **Raju Swamy** as an Independent Director will be made available for inspection

without any fee for the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays.

None of the Directors or Key Managerial Personnel of the Company or their relatives except **Raju Swamy** are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at **Item No. 6** of the Notice.

The Board recommends the Special Resolution set out at **Item No. 6** of the Notice for approval by the Members.

#### **ITEM NO. 7 TO RATIFY REMUNERATION OF COST AUDITORS FOR FY 2021-22**

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022 at a remuneration amounting to ₹ **1,75,000/-** (Rupees One Lakh Seventy Five Thousand) per annum plus applicable service tax and out of pocket expenses payable to the Cost Auditors.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at **Item No. 7** of the Notice. The Board accordingly recommends the resolution at Item No. 7 of this Notice for the approval of the Members.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors need to be ratified by the members of the Company.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution at **Item No. 7** of this Notice.

The Board recommends the Ordinary Resolution set out at **Item No. 7**.

#### **Registered Office:**

Plot No. CH1 & CH 2  
GIDC Dahej, Taluka: Vagra  
Place: Bharuch  
Date: May 20, 2021

**By Order of the Board  
for MEGHMANI FINECHEM LIMITED**

**K. D. Mehta**  
*Company Secretary*  
Membership No. FCS 2051



The details required under the provisions of Regulation 36(3) of the Listing Regulations regarding directors re-appointed as under:

Item No.	2	3
Name	Mr. Ankit Patel	Mr. Darshan Patel
Age	35 years	34 years
Designation	Executive Director	Executive Director
Qualification	B.E. (Chemical), M.E. (Engineering Management), MBA (Investment banking)	B.E. (Chemical), M.E. (Engineering Management), MBA.
Brief Profile	He holds a Bachelor of Engineering (Chemical) from D. D. Desai University, Master of Engineering (Engineering Management) from Griffith University, Australia and Global Masters in Business Administration (Investment banking) SP Jain Center of Management. He has experience of more than 10 years in Chlor-Alkali and its Derivative Industry.	He holds a degree of Bachelor's of Engineering (Chemical) from Nirma University and Master of Engineering (Engineering Management) from Griffith University, Australia. He has experience of more than 09 years in Chlor-Alkali and its Derivative Industry. He has also pursued MBA from New York Institute of Technology NYIT from U.S.A.
Expertise	Finance and Corporate Affairs	Human Resource and Administration
Disclosure of relationship between directors inter-se	Maulik Jayantibhai Patel, Ankit Natwarlal Patel, Karana Rameshbhai Patel and Darshan Anandbhai Patel are related as cousin brothers.	Maulik Jayantibhai Patel, Ankit Natwarlal Patel, Karana Rameshbhai Patel and Darshan Anandbhai Patel are related as cousin brothers.
Interest in other listed entities	Nil	Nil
Shareholding of Executive Directors/ Non-Executive Directors	19,15,409 Equity Shares	4,07,743 Equity Shares
Date of First Appointment on the Board	10.05.2016	10.05.2016

## Notes

[illegible]



**CORPORATE OFFICE:**  
**MEGHMANI HOUSE**

B/h, Safal Profitare, Corporate Road,  
Prahiadnagar, Ahmedabad-380015,  
Gujarat (India)  
Phone: +91 79 29709600 / 71716000  
Fax: +91 79 29709605  
Email: [info@meghmanifinechem.com](mailto:info@meghmanifinechem.com)

**MANUFACTURING SITE:**

CH/1 and CH/2, GIDC Industrial Estate,  
Dahej, Tal. Vagra, Dist. Bharuch - 392130  
Gujarat (India)  
Phone: +912641-256688/77/99

Chlorine Helpline 1800-11-1735

[meghmanifinechem.com](http://meghmanifinechem.com)